
REVIEW OF TEES VALLEY UNLIMITED (TVU)

Responsible Cabinet Member - Councillor John Williams, Economy Portfolio

Responsible Director - Richard Alty, Assistant Chief Executive (Regeneration)

SUMMARY REPORT

Purpose of the Report

1. This report sets out the progress to date on the review of Tees Valley Unlimited (TVU) and seeks Members' endorsement of the work undertaken and of the next steps.

Summary

2. The partners involved in TVU have carried out a review, looking at its role, purpose and structure. The approach taken looks to build a partnership fit to deliver the emerging strategic aims and objectives of the Statement of Ambition (see separate report of this agenda).
3. The main proposals of the review are:
 - (a) TVU continues as an informal partnership with additional Board members from One North East and the Homes and Community Agency.
 - (b) A new Investment Board to be established to develop and manage the integrated Investment Plan.
 - (c) Task and Finish Groups will replace the existing sub boards.
 - (d) A New Managing Director, equivalent to a local authority Corporate Director, reporting to the Board and Chair, is appointed to drive forward the partnership.
 - (e) The establishment of a detailed transition process, with the involvement of partners, to establish the new TVU.
4. The costs of the new TVU will be at least 15% less than the current Tees Valley joint arrangements, and the cost of the Managing Director is to be met within that reduced budget.

Recommendation

5. It is recommended that Cabinet :-

- (a) Note progress made to date.
- (b) Agree the principles of the revised TVU and the appointment of a new Managing Director.
- (c) Note the proposed next steps and the delivery of the detailed transition plan.

Reasons

6. The recommendations are supported by the following reasons :-

- (a) To create more effective arrangements for driving forward the delivery of the Tees Valley Statement of Ambition
- (b) To create efficiencies, greater clarity and improved collaborative working.

Richard Alty
Assistant Chief Executive (Regeneration)

Background Papers

- (i) TVR Succession arrangements – reports to Cabinets and Executives - October 2009
- (ii) TVU Statement of Ambition - June 2010
- (iii) TVU Leadership Board papers – 10.6.10

Richard Alty : Extension 2603

S17 Crime and Disorder	NA
Health and Well Being	NA
Sustainability	The proposals are intended to better promote economic, social and environmental sustainability through more effective joint working.
Diversity	NA
Wards Affected	All
Groups Affected	All
Budget and Policy Framework	No implications
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	The proposals will help deliver key economic strategies and investment plans which will contribute to the Perfectly Placed priorities of OD:PP
Efficiency	The proposals produce savings compared to the current arrangements.

MAIN REPORT

Information and Analysis

7. As part of the emerging Statement of Ambition, which will establish the agreed priorities for Tees Valley to improve economic performance, the partners involved in TVU have carried out a review looking at its role, purpose and structure. Partners were keen to look at the purpose of TVU and activity of a range of supporting organisations including the Joint Strategy Unit, Tees Valley Living, Visit Tees Valley, and the functions previously delivered by Tees Valley Regeneration.
8. To inform the review, a series of structured conversations and sessions were held with a range of key stakeholders including TVU Board members, Tees Valley Directors of Regeneration, Local Authority Chief Executives, the HCA, ONE, and Government Office North East (GO-NE).
9. The review process has been managed through a high level Project Board reporting to the TVU Leadership Board, and to member organisations through regular updates to Local Authority Chief Executives, and via the Tees Valley Directors of Regeneration.
10. The main proposals of the review, which were endorsed by the TVU Leadership Board on 10th June 2010 are:
 - (a) TVU continues as an informal partnership with additional Board members from One North East and the Homes and Community Agency.
 - (b) A new Investment Board to be established to develop and manage the integrated Investment Plan.
 - (c) Task and Finish Groups will replace the existing sub boards.
 - (d) A New Managing Director, equivalent to a LA Corporate Director, reporting to the Board and Chair, is appointed to drive forward the partnership.
 - (e) The establishment of a detailed transition process, with the involvement of partners, to establish the new TVU.
11. In considering the various options, including a radical 'blank sheet' approach, the Project Board agreed that there was considerable merit in an approach that built an partnership fit to deliver the emerging strategic aims and objectives of the Statement of Ambition, rather than reflecting past activity. The recommended way forward and guiding principles for a renewed TVU reflect this, and are set out below.

Way Forward/Guiding Principles

12. The fundamental purpose of TVU is to support the economic development of the Tees Valley, helping create the conditions for a more diverse economy by driving the transition to a high value, low carbon economy, creating a more diversified and inclusive economy, and building on existing strengths through its partnership working. TVU will focus on things to improve the economy which can only or best be done above Borough level, at a sub-regional level.
13. This is a significantly refocused role, leading to a reduced staffing and governance, reflecting the changed financial circumstances going forward.
14. The Statement of Ambition will establish the agreed priorities for Tees Valley, and TVU will play a key role in driving this ambition forward through encouraging collaborative working, providing strategic direction and offering a holistic view of economic development.
15. TVU activities will help to deliver the agreed Tees Valley targets over the next 15 years of:
 - (a) increasing the gross value added (GVA) per head from its current level of 75% of the national average to 82%;
 - (b) increase the employment rate to the national average;
 - (c) create 1000 new businesses over the existing trend, and
 - (d) increase the number of people with high level skills by 5%
16. The detailed contribution of TVU to this wider agenda will be included in a revised 1 year operational plan, and 3 year Business Plan produced as part of the transition to the new TVU.

Functions/Core Activities of TVU

17. TVU will operate where it adds value and it can be demonstrated there is a Tees Valley need. These will include:
 - (a) **Functions**
 - (i) Strategy and Investment Planning
 - (ii) Commissioning and Co-ordination
 - (iii) Implementation /Evaluation
 - (b) **Core Activities**
 - (i) Production and oversight of the economic strategy for the sub region
 - (ii) Production of an integrated Tees Valley Investment Plan
 - (iii) Co-ordination and commissioning to ensure delivery of key economic priority areas, e.g. North/South Tees Study
 - (iv) Development of a high-powered and intelligent lobbying and influencing capacity

- (v) Building a strong external brand for the sub region
- (vi) Focus on place shaping and key strategic economic projects, e.g., developing the transition to a high value, low carbon economy, and a more diversified economy

How TVU Will Operate

- 18. TVU will be higher level, light touch, with specific focussed objectives on shaping high level strategy, programme development, defining the phasing and scale of activity and commissioning delivery. TVU will have fewer, but more highly skilled staff, and will operate on the basis of not carrying generic in-house capacity. TVU will have clear and agreed governance and accountability to its core funding partners.

Future Governance Arrangements

- 19. TVU will continue as an informal partnership, with the addition of a Members Agreement, Memorandum of Understanding, protocols for communication, and a clear system for working with partners. These will support the following governance structure.

Revised Leadership Board:

- 20. The Board will have an independent private sector Chair, be composed as currently of the Borough Leader/Mayors and five private sector representatives, but supplemented with a Board member from HCA and ONE. It will draw up the agreed Tees Valley Statement of Ambition and the integrated Investment Plan to deliver it. Private sector Board membership will be reviewed to reflect the emerging strategic priorities.

Investment Board

- 21. The Investment Board will be responsible for ensuring the development of the Integrated Investment Plan, which will be overseen by the TVU Leadership Board, and will subsequently take responsibility for the management of the agreed programmes and key projects on behalf of the Board.
- 22. The Managing Director will, with support from TVU staff, and others where appropriate, provide leadership and direction in support of the Investment Board.

23. Membership will be primarily of senior officials from public sectors organisations with a stake in the agreed Investment Plan. The Board will be Chaired by the Vice Chair (Leader or Mayor) from the Leadership Board and will have one other Leadership Board member.

Task and Finish Groups:

24. Task and Finish Groups will replace the existing sub boards, where appropriate, incorporated into the Investment Board. The groups will provide the main mechanism for the engagement of private sector Board members in relevant areas of experience and interest, and will offer a flexible and efficient mechanism to address strategic priorities in an appropriate time scale.
25. TVU and the Task and Finish Groups will be supported and informed by appropriate sub regional themed partnership forums.
26. The presumption is that the current Executive Group, Programme Board, and sub boards will be removed, but a pragmatic approach will be taken through the transition planning process to ensure the correct level of support and engagement is available in the new TVU.

New Managing Director

27. The new Managing Director will provide high level strategic direction, and report to the Leadership Board, but working closely with the LA Chief Executives and senior officers from partner organisations. The post will be equivalent to a Local Authority Corporate Director. The cost of this post will, to a large extent, be offset by the retirement of the current Director of the JSU within the next two years. As with all Tees Valley joint arrangement staff, the Managing Director would be employed by Stockton-on-Tees Borough Council on behalf of the funding partners.

The Transition to the New TVU

28. The transition process will be modelled on the successful TVR succession work. It is anticipated that the transition to the new TVU will be substantially completed within a six month period.

Efficiency Gains

29. The Project Board are confident that the original envisaged savings for TVU as a whole of 15% over three years will be achieved. However, the exact level of savings may be greater depending upon the final level and numbers of staff, which will be determined as the detailed transition work moves forward. Higher levels of saving will be sought wherever possible.

Financial Implications

30. The majority of the transition work will be undertaken using in-house and partners' expertise. JSU reserves, plus existing partner contributions, will fund this.
31. Existing budgets are in place for the various organisations within the review through to 2011. A revised budget for the new consolidated TVU will be prepared as part of the transition process, and the operational and business plans will be produced under the direction of the new MD.
32. Funding for the TV joint arrangements is principally from the five Borough Councils, One NorthEast and the Homes and Communities Agency. The transition work will take account of the decreases in funding available to all these organisations.

Legal Implications

33. Current proposals are that TVU continues as an informal partnership. Decision-taking remains with the partner organisations. The implications of this, and other emerging potential changes, such as Local Enterprise Partnership, will be considered by a Legal/Governance Task and Finish Group as part of the transition process.

Risk Assessment

34. A comprehensive risk register will be developed and maintained by the transition management team throughout the review process.