

## **AGENDA ITEM 5**

### **REPORT TO THE TEES VALLEY COMBINED AUTHORITY CABINET**

**1 JUNE 2018**

### **REPORT OF THE MANAGING DIRECTOR**

#### **MANAGING DIRECTOR'S UPDATE**

##### **SUMMARY**

This report provides a general update on the key activities of the Combined Authority since the last Cabinet meeting which are not covered in other reports to this meeting.

##### **RECOMMENDATIONS**

For information.

##### **DETAIL**

##### **Mayor's "One Year On" Speech**

1. The Tees Valley Mayor marked one year since his election, and the creation of the Mayoral Combined Authority, through a keynote speech at AV Dawson entitled "A Record of Delivery, A Promise of More". He highlighted the decisions made by the authority over the last 12 months, and set out his views about priorities for the future. A particular emphasis was placed on initiatives to support careers education, access to finance by small business, and key infrastructure priorities in particular Darlington Station.

##### **Other Combined Authorities**

2. The one year anniversary was also marked by the other Combined Authority Mayors. Dan Jarvis was elected as Mayor for the South Yorkshire Combined Authority, and agreement was reached by members of the North East Combined Authority to enable the creation of a Mayoral Combined Authority for the North of Tyne area.

##### **Durham Tees Valley Airport**

3. On 14<sup>th</sup> May, the Combined Authority held a second Special Cabinet Meeting to discuss the future of the Airport. Detailed discussions are now underway with the current majority owner, Peel Holdings, enabled by a non-disclosure agreement. As

well as approving the creation of an Air Connectivity Facility to support proposals for new routes, Cabinet had the opportunity to review, in confidential session, the current position in the negotiations, and the financial and operational options under consideration. Further reports will be brought to Cabinet in due course.

### **Northern Powerhouse Chemicals and Process Sector Innovation Audit**

4. An audit of the chemical and processing sector innovation ecosystem across the North of England is currently underway, led by the Tees Valley Combined Authority. The review encompasses chemical manufacturing, speciality chemicals, pharmaceutical intermediaries, formulated performance products, polymers and plastics, technical consultancies sub sectors and the associated supply chain in the economic corridor between Tees Valley, Humberside and the North West Cluster around Liverpool.
5. The Audit will inform the North's contribution to the delivery of the Strategy for Chemistry-Fuelled Growth, which aims to increase the annual contribution to the UK economy of this sector from £195 billion to £300 billion by 2030. It will investigate what networks, skills, capabilities and facilities are needed to ensure continued global competitiveness and to identify actions that the consortium can take or investment needed to increase productivity and innovation in the North. It is anticipated that the audit will be completed by June 2018, when it will inform two emerging funding streams: the Chemicals Sector Deal, and Industry Strategy Challenge Fund.

### **Heathrow Logistics Hub**

6. South Tees Development Corporation recently hosted a delegation from Heathrow as part of the Tees Valley's bid to become a logistics hub for the airport's proposed expansion. Logistics hubs will help to make sure that businesses from across the UK can be part of the supply chain Heathrow's new third runway, and a successful bid could bring 5100 jobs to the region. During the visit representatives of the airport's expansion team toured the Development Corporation site and met with local business stakeholders; including PD Ports, Redcar Bulk Terminal and British Steel.

### **Education, Employment and Skills Strategy**

7. "Inspiring our Future", the Strategy agreed by Cabinet in February, has now been formally launched at an event at Middlesbrough Football Club hosted by the Education, Employment and Skills Partnership Board. The Combined Authority has identified more than £100million of investment for the period from 2017 to 2021 in employment, education and skills, which the strategy will help deliver. The strategy will assist businesses in identifying and addressing current and future skills need, support innovation and collaboration in education, develop careers and enterprise education and help address long-term unemployment. Specific areas of activity will be brought forward to Cabinet as the Strategy is delivered.

### **Rugby League World Cup Bid**

8. Following Cabinet agreement to support a Tees Valley bid to host the Rugby League World Cup 2021, its Chief Executive visited the Tees Valley to deliver a presentation to business leaders on the potential economic benefits to the region of hosting part of the competition. Businesses heard how hosting matches in the Combined Authority area could boost the local economy by £8million. The bid is now being taken forward by a range of partners from the public and private sectors.

### **Local Content Working Group**

9. The combined authority is taking forward work to maximise the local benefits of spend and investment in the Tees Valley. Cabinet agreed to establish a working group, which will initially examine the extent of existing local content; develop a baseline and targets for improvement; and support the development of initiatives to increase local impact. This work is key to our ambitions to maximise the local value of regional investment and procurement decisions alongside the traditional cost and quality weightings, with the Combined Authority leveraging our relationship with businesses to develop a menu of local impact standards such as local labour sourcing, local supply chain initiatives, reducing CO<sub>2</sub> emissions, recycling and renewable energy sources, apprenticeships and schools outreach.
10. The group is expected to meet for the first time in June, chaired by Board members David Solely and Cllr Sue Jeffrey. A survey for businesses and public bodies is currently being developed, with a view to returns being received and analysis of results taking place over the summer.

### **Free Ports**

11. Work continues to develop and promote the proposal for the Tees to become a Free Port (or Free Zone), post-Brexit. A unique set of circumstances exists in the region, which make it an ideal location to test the potential of Free Zones nationally. A technical workshop took place in May, involving industry experts and academics to progress our thinking and set the scope for more detailed research; covering areas such as the legal and customs framework, financial incentives and trade-enabling technology. As a next stage, we will develop a package of measures which would offer benefits to export-orientated businesses locating on the Tees, focused particularly on the South Tees site. We remain in close touch with the Treasury, who are also interested in exploring new ideas to facilitate trade and promote local economic growth through the Free Zone concept.

### **East Coast Mainline**

12. In the light of developments with the East Coast Rail franchise, discussions are underway to step up collaboration between the local and combined authorities along the route of the East Coast Main Line, to lobby for investment and establish common priorities. The Tees Valley Combined Authority is a member of the East Coast Mainline Authorities Group, chaired by the Leader of York City Council, which will

now be more formally constituted and resourced. The Group will also support a new All Party Parliamentary Group on the East Coast Mainline.

### **FINANCIAL IMPLICATIONS**

13. There are no financial implications to this report.

### **LEGAL IMPLICATIONS**

14. There are no legal implications to this report.

### **RISK ASSESSMENT**

15. This report is an update and therefore is categorised as low risk.

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