

**FIRST DRAFT**

***TEES VALLEY PARTNERSHIP***

***2005-2008 INVESTMENT PLAN***



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## **INTRODUCTION**

1. The Tees Valley Partnership continues to be guided by the principal aims and objectives of:
  - Acting as the strategic body for the economic regeneration and development of the Tees Valley and co-ordinating the activities of the main agencies involved to ensure a joined up approach to regeneration.
  - Monitoring and implementing the Tees Valley Sub regional Programme.
  - Acting as a lobby and working with One NorthEast, Government Office for the North East, and the North East Regional Assembly to ensure that the needs of the Tees Valley are recognised.
  - Acting as principal delivery agent for One NorthEast in respect of both the Regional Economic Strategy and in the allocation and monitoring of their delegated resource.
2. In preparation of this, the first draft of our 2005 - 2008 Investment Plan we have been led by the Regional Economic Strategy and the emerging national strategy of the Northern Way to which, through the delivery of the Tees Valley Vision we are totally committed.
3. Our proposals illustrate and highlight the crucial phase that the Partnership has entered in delivering the Vision as a number of partner programmes and initiatives progress from the planning to the implementation phase.
4. As a consequence, as the planning process has continued it has become clear that the indicative level of resource to be awarded to the Tees Valley from the Single Programme over the life of the Plan is insufficient to meet the needs of the Tees Valley in delivery of a comprehensive and regionally significant programme of regeneration.
5. Our plan endeavours to identify the “real” level of resource required, including a prudent element of over-programming of 30% and an assumption of support from the regional budget of circa £9. 0 m per annum, and sets the foundation for further discussion and negotiation with the One NorthEast for further support from the Agency’s regional budget in line with the guidance document dated 14 May 2004.

## **A STRATEGIC CONTEXT**

- A1.1 The core strategic objectives of the Tees Valley Partnership have emerged through the Tees Valley Vision process. The Vision reflects the delivery of the Regional Economic Strategy within the Tees Valley sub-region. It translates the Regional Economic Strategy into a sub-regional strategy and long-term programme for the Tees Valley. The Vision has been prepared by the Tees Valley Partnership, made up of the five sub-regional local authorities, the key sub-regional agencies (e.g. Business Link Tees Valley; Learning and Skills Council; Connexions; NHS etc. etc) and private and voluntary sector organisations (via the Chamber of Commerce and One Voice Tees Valley), who have come together in developing the Vision, seeking to implement its Programme and to strategically co-ordinate their economic development activities in the Tees Valley.
- A1.2 The Strategic Framework of the Vision has been prepared following a rigorous consultation process. This Framework will guide and assist the Partnership in delivery of the sub regional 2005 – 2008 Investment Plan.
- A1.3 The Vision and Strategic Framework are built around 3 key strategic themes broadly reflecting and complementing the Agency's own 2005 - 2008 delivery themes of Business (RES 1&2); People (RES 3&4); and Place (RES 5&6). These are identified in the Tees Valley Vision as :
- Creating sustainable jobs - to build a more diversified and sustainable economy. (RES 1&2 Business)
  - Creating confident communities - to raise self – esteem and aspirations of all young people and those excluded from the labour market. (RES 3&4 People)
  - Creating attractive places – to create liveable and inspiring environments.(RES 5&6 Place)

It is however recognised that there are elements of the Vision that do have cross cutting themes and will impact across all areas and RES objectives.

- A1.4 The Tees Valley Vision remains valid in the context of the Regional Economic Strategy setting the strategic framework as detailed above for the economic recovery of the sub region It has further been reinforced with the release of the ODPM consultation document “Making it Happen : **The Northern Way**” presenting the Partnership and the sub region with an exciting and challenging opportunity to reduce inequalities in the sub region and develop and build on the key economic assets of the “Tees Valley City Region”.
- A1.5 It is within this framework that the Tees Valley Partnership aims to deliver the Tees Valley 2005 -2008 Investment Plan, complementary with the One NorthEast broad themes of Business ( RES 1&2); People

(RES 3&4); and Place (RES 5&6) providing added value to the wider regional programme. It is this framework that provides the strategic justification for the investment priorities to be funded by the Single Programme through the Tees Valley Investment Plan.

## **B INVESTMENT PRIORITY THEMES**

### **B1 BUSINESS (RES 1&2) – Creating sustainable jobs**

B1.1 Our overall priority is to make the best use of the economic assets of the Tees Valley. Our priority themes are therefore:

- The further development of the chemical and engineering sectors in the Tees Valley.
- Support for the retention of a sustainable steel industry in the Tees Valley.
- The development of new and emerging industries around the areas of the hydrogen economy, environmental industries and digital/multimedia.
- To raise awareness of e-commerce and broadband in business.
- To foster innovation and product development through the universities and colleges.
- To encourage social enterprise.
- To develop a co-ordinated delivery of business support services through the Tees Valley Business Support Partnership

B1.2 These priorities are integral to the Tees Valley Vision, and are closely aligned and complementary to the Regional Economic Strategy building on and adding to the North East Strategy for Success and the North East Innovation Strategy and Action Plan. The Partnership will thus continue to seek to support development in these key areas and take forward new and existing Partnership programmes and initiatives.

### **B2 PEOPLE (RES 3&4) – creating confident communities**

B2.1 Education and skills issues feature high upon the priority agenda within the Tees Valley. Low achievement in secondary schools results in a higher than national average figure of school leavers not settling into employment, further education or training six months after leaving school. In addition despite the fact that the Tees Valley is a net importer of post 18 learners, a low proportion of graduates are employed in the sub-region.

B2.2 If we are to develop the skills needed for the future economy we need to raise aspirations. The FRESA reinforces the importance of continual workforce development as a driver of business competitiveness. Building on the FRESA, and the work of the emerging Regional Skills Partnership, the Tees Valley Partnership, will develop a comprehensive programme of workforce development initiatives to stimulate employer demand and enhance the quality and flexibility of learning provision.

B2.3 The Universities of Durham and Teesside are important to the future of the economy and are economic generators in their own right. They are already focussed on their role in securing the regeneration of the Tees Valley and are key partners in this process.

B2.4 Our priority themes are therefore:

- To raise aspirations of our young people.
- To encourage the development of new initiatives which transfer people from school to further and higher education.
- To develop skills initiatives which cannot be funded from core mainstream resources.
- To encourage workforce development.
- To enable those on incapacity benefit to obtain jobs.
- To encourage diversity.

### **B3 PLACE (RES 5&6) – creating attractive places**

B3.1 The strategic framework of the Vision must strengthen the competitive advantage of the Tees Valley as a business location and secure significant improvements in the quality of life. Through the Single Programme the Partnership will seek to create attractive distinctive places by investing in the Tees Valley's existing assets – the main towns – particularly in the urban core, along the River Tees Corridor, the coastline and countryside.

B3.2 The Partnership will seek to achieve this vision through the implementation of challenging and innovative programmes that not only address the key sub regional economic issues, but will have impact of regional significance, adding value to the regional economy set within the framework regional and national policy drivers such as the Regional Economic Strategy and the Northern Way.

B3.3 Our priority themes will therefore be:

- The Stockton/Middlesbrough Initiative – a strategic approach to create a core city for the Tees Valley City Region.
- Darlington Gateway – a strategic approach to make the most of Darlington's key location on the east coast mainline, A1, and Durham Tees Valley Airport.
- The Coastal Arc – A strategic approach to make best use of the economic asset of the coast.
- The regeneration of rural East Cleveland.
- The South Tees Strategy – a strategic response to the decline of the South Tees Industrial base and the legacy of dereliction and contamination of a substantial portfolio of potentially developable sites.
- The development of a destination management office and a major cultural/events programme for the Tees Valley

- Support for the Housing Market Renewal Programme
- Overarching these key themes for priority investment within the Tees Valley is the need for an integrated transport infrastructure to improve connectivity both within and beyond the Tees Valley

## **C PROGRAMMES AND INITIATIVES**

C1 It is clear from the work of the Tees Valley Vision that the Tees Valley needs to obtain extra resources from both mainstream sources and the Single Programme if a real and material difference is to be achieved in the regeneration of the Tees Valley. Through the course of our programme the Partnership will work closely with One NorthEast in an effort to make the case to both the Agency and Government for more resource to support our programmes, particularly those that we consider to have not only sub regional but also regional significance. For the purpose of this draft Plan however assumptions have been made as to a level of support from One NorthEast regional budget over the life of the plan to facilitate the delivery of a comprehensive programme of sub regionally and regionally important projects.

### **C2 BUSINESS (RES 1&2) – creating sustainable jobs**

C2.1 The need for an improvement in the economic performance of the north east and in particular the Tees Valley cannot be understated. Any number of regional and national statistics confirm that as a region the north east lags behind the national average. The Tees Valley sub region seeks to play an active role in addressing and making up this shortfall and is compiling a programme within this Investment Plan that will address the wider identified priorities of Innovation and Competitiveness; Business Support and the Encouragement of Enterprise.

C2.2 Set within the framework of our key investment priorities our proposed programme will be:

#### **C2.2.1 The further development of the chemical and engineering sectors in the Tees Valley.**

The Tees Valley has a world class chemicals industry employing 12,000 people at Wilton and Seal Sands and a growing speciality chemical industry at Billingham. The Wilton Research Centre, which houses One NorthEast's Centre of Excellence for the Process Industries, is the largest private-sector funded research and development facility in the North of England. A recent study by Arthur D Little, funded by the DTI, has confirmed that the chemicals cluster has a long-term future and growth potential.

The chemical industry has been radically restructured in recent decades as a result of ICI's extensive and almost total divestment programme. Some 30 multi-national companies have acquired

interests and have, subsequently, made investment decisions in line with their individual global operations, the general impact of which has been to the detriment of the strength and integration of the complex as a whole. Government policy on RSA, which is based on jobs created, has not been beneficial to this capital-intensive sector and it has been estimated that an average of £200m per year to 2020 is now required to ensure a robust future for the industry.

A range of initiatives has been set up to support the development of the industry including the Teesside Chemical Initiative (a partnership between DTI and the industry), the Centre for Process Innovation, a speciality chemical park at Wilton and various courses for degrees and apprenticeships. However, a more fundamental programme of investment in the industry is needed to secure its long-term future. The report from Arthur D Little, commissioned by the DTI, outlines the support that is necessary. It concludes that:

- there needs to be better integration of on-site infrastructure and further development of port, road and rail access.
- the new polyethylene plant proposed is essential to the future competitiveness of the industry because it provides a use for the ethylene product of the cracker and enables further developments in aromatics and cyclohexane.
- A team, perhaps founded on the Teesside Chemical Initiative, is needed to provide better promotion and to lead on the implementation of the Arthur D Little report.

The Partnership will look to engage One NorthEast in delivery of its regional role furthering the development of key clusters and provide a programme of complementary activity to be delivered at the sub regional level.

The Tees Valley engineering industry is world class and directly and indirectly provides a greater proportion of local GDP and employment than anywhere else in the UK. However, the legacy of world class strengths and expertise is diminishing in the face of global competition. The sector has a relatively poor profile locally, creating difficulty in the recruitment of high quality operatives. Inward investment has slowed yet there remains a strong infrastructure and core of engineering skill, expertise and capability.

The Partnership will work in collaboration with the Tees Valley Engineering Partnership in developing a strategy for the engineering sector.

The objective through use of the TVEP expertise and resource will be to re-establish the sub region, on a global scale, as an area of demonstrably high level capability in a range of engineering disciplines.

This will be achieved through the creation of an aspirational environment that will encourage engineering organisations to continually improve and re-assess their quality and capability.

### **C2.2.2 Support for the retention of a sustainable steel industry in the Tees Valley:**

The second major industry within the Tees Valley is steel. Corus has formed a separate company, Teesside Cast Products, to transform the Redcar steel-making plant from an internal supplier to a merchant mill selling bulk steel products to the world market. Over 3,000 jobs in the Tees Valley and 12,000 jobs in the North East depend on the success of the Tees Valley steel industry.

The requirement placed on the Redcar steel plant, to operate as a merchant mill by 2006, selling 3.5 million tonnes of bulk steel on the world market, is a major challenge. However, the business plan for the plant shows that this is achievable provided that the local export handling provision is enhanced by bringing the South Bank Wharf back into use. A task force led by One NE is examining development options, assisted by our local URC, Tees Valley Regeneration, that will include the redevelopment of wharfage and hinterland at South Bank that support the export requirements of a restructured steel industry and the development of an environmental industries park that will seek to maximise commercial opportunity arising from the EU End of Life Directives .

### **C2.2.3 The development of new and emerging industries around the areas of the hydrogen economy, environmental industries and digital/media industries:**

The industrial infrastructure and expertise of the Tees Valley provides unrivalled opportunities for research and development and, just as importantly, application opportunities in the emerging new energy sectors. With a vast underground hydrogen storage capacity, a hydrogen network and the skills and experience in handling and utilisation, Tees Valley is now a UK leader in developments that will open the way to a hydrogen-based economy in this country. The expertise and facilities at the Centre for Process Innovation at Wilton, one of the North East's five industrial centres of excellence, will be the basis for a National Fuel Cell Application Centre. Fuel cell demonstration projects are already being implemented. Both UK and international commercial interest is confirming the unique position of Tees Valley in providing opportunities for linking commercial and academic research with facilities to test applications.

The Tees Valley Partnership, through continued support for RENEW Tees Valley and collaboration with the Centre of Excellence for Process Innovation will seek to ensure that the momentum and the lead the Tees Valley has gained in these new and emerging energy sectors is maintained.

Building on the work and ICT reputation of the University of Teesside, a prime objective is the development and delivery of Digital City. This will maximise the contribution of digital technology to business, commerce, culture, entertainment and education.

Based on the expertise at the University, this initiative will develop a digital media cluster including an institute of digital innovation within the University campus in Middlesbrough, BOHO, digital business cluster in the heart of Middlesbrough linking the Town centre with the newly developing Middlehaven flagship TVR project and a museum of digital media to be located in the heart of the Middlehaven development. These will be the core to developing the infrastructure, expertise and training facilities to realise the greater commercialisation of digital technology in which the University, working with the Council, TVR, Codeworks and the Tees Valley Partnership will seek to maximise and help establish the Tees Valley as a location with a world class reputation in the field of digital and media based industry and animation. .

#### **C2.2.4 To raise awareness of e-commerce and broadband in business**

By the end of 2005 all telephone exchanges in the Tees Valley will be broadband enabled. ADIT are also providing a major high capacity broadband network for the Tees Valley for users which have large information flows. A major plank of our business support programme is therefore to raise awareness of broadband and improve take-up amongst the business community in the Tees Valley.

#### **C2.2.5 To foster innovation and product development through the universities and colleges.**

The University Of Durham has a base in Stockton with the development of the Queens Campus. The Partnership will work with the University to support its further aims and objectives of expanding the Wolfson Institute at the Queen's Campus and developing the campus further in collaboration with the TVR development of the NorthBank flagship scheme in Stockton, creating the capacity within the University to provide extra post graduate/research fellow accommodation, spin off businesses in medicine, and helping to improve service delivery in health/medicine in the Tees Valley.

### **C2.2.6 To encourage social enterprise**

Business Link Tees Valley has recently commissioned the University of Teesside to identify the extent of social enterprise in the Tees Valley and to identify their business needs. From this work Business Link Tees Valley will develop a programme to encourage social enterprise.

### **C2.2.7 To develop a co-ordinated delivery of business support services through the Tees Valley Business Support Partnership**

Working with the Tees Valley Business Support Partnership the Partnership will address the issue of un co-ordinated business support in the Tees Valley. This will be achieved by offering dedicated brokered support to businesses over 26 weeks old. An operational plan for the Partnership for approval by ONE will shortly be available.

The new way of working will mean that dedicated business support workers will be based in key venues across the Tees Valley, as well as Business Links, providing a single contact point for all business support.

Businesses wanting to develop will go to an advisor and be given a diagnosis of their business in order to identify where they need help and support. Funding will then be available to help broker in that support, thus providing a flexible resource for the customer.

All business support projects for businesses over 26 weeks old will fall within this brokerage model. Businesses less than 26 weeks old will not but projects for such businesses will still need to fit the overall strategy of the Tees Valley Business Support Partnership. This will become the standard model of business support in the Tees Valley and will complement similar models developed within the other sub regions of Tyne & Wear, Durham and Northumberland.

The programme for business development comprises two programmes:

- a) Developing an entrepreneurial culture – Start Up Programme;  
and
- b) Developing an entrepreneurial culture – Start A Better Business

In the period to March 2005 Business Link Tees Valley have taken the lead in the provision of services to pre-start and business start up customers (up to 12 months) in the Tees Valley. Services available and the delivery mechanism employed to achieve this have been based upon the findings of a number of regional and sub-regional studies, with the common objectives of developing services to more closely match customer needs and to improve the quality of provision.

During the period 2005 – 2008 Business Link seeks to build upon the experiences gained to continue to improve Start Up services and has agreed a number of objectives with partners to achieve this. These objectives are included in BLTV's Delivery Plan for 2004-2007 and are shown below:

- To lead an increase in the enterprise culture via a comprehensive birth rate strategy encompassing the UK's 'Action plan for small businesses'.
- Improve the applied knowledge of entrepreneurship.
- To animate the customer base to consider starting a business.
- Increase the level of pre-starts in the Tees Valley.
- Increase the number of Start-ups in the Tees Valley.
- Ensure enterprise skills are developed for all communities.
- Ensure all staff have the requisite professionalism and skills.
- To increase enterprise awareness amongst the young.
- To increase enterprise awareness amongst the graduate community.

The actions to underpin the achievement of these objectives include to:

- Implement BLTV's holistic 'Enterprise Plan'.
- Work with University of Teesside in the development of a Centre for Entrepreneurship and SME Development.
- Analyse, plan and implement local events comprising ONE's Regional Enterprise campaign.
- Forge a partnership with the key influencers and contractors inc. HMCE, Inland Revenue etc.
- Provide direct information and advice and assistance to those people looking to start trading.
- Ensure contributions towards and integration of the new national Start-up Service.
- Continue to operate the regional policy of the Business Link brand being the brand for start-up.
- Work with BLTV in their role as regional lead to ensure consistent regional service development.
- Develop an enterprise skills strategy with LLSC and local colleges.
- Ensure all directly employed and sub-contracted staff are SFEDI accredited.
- Work with the Enterprise Insight campaign and regional and local initiatives to increase the profile of enterprise amongst the young.
- Participate in development and implementation of Council for Graduate Entrepreneurship.

A central feature of these actions is the continued provision of a Start Up Service throughout the Tees Valley. This service will seek significant investment into the pre-start market to ensure that strategies are employed to both raise individuals' aspirations to become more

entrepreneurial and to put practical help in place to assist these individuals to start up business. For new traders existing brokered services will continue to be developed and improved, with the aim of increasing the volume and sustainability of new business starts and survivals. The impact from this is expected to be further job creation and increased business turnover thereby increasing the wealth of the sub-region.

The Start Up service will also be enhanced by a programme of incubator units/managed workspace. For the first two years of the programme this will be concentrated in Hartlepool where business birth rate is extremely low.

BLTV will continue to build upon best practice and implement the findings of relevant research to ensure that business customers receive services which are high quality and responsive to the individual clients needs. Recent research which has influenced the project has included the regional Business Support Review carried out by ONE and the Business Incubation research funded by TVP. Also expected to inform local strategy is the currently ongoing ONE/UKBI regional incubation research.

The project will operate in parallel with the Build a Better Business project by assisting local SMEs to identify their relative strengths across key business processes as part of a detailed diagnostic of the business, and dependent on the need(s) identified, will prioritise actions and broker each SME to a range of suppliers who would be able to improve their business performance. It will be up to the SME to choose the most appropriate supplier from those suggested. BLTV will also act as project manager to ensure that supplier and business clients each meet agreed terms of reference in the timescales agreed. All businesses will therefore receive a service which is tailored to their individual business needs and in this way BLTV will act as an impartial and independent manner to achieve the best results for the business.

### **C2.3 SINGLE PROGRAMME FUNDING**

<b>2005/2006</b>		<b>2006/2007</b>		<b>2007/2008</b>	
<b>Capital</b>	<b>Revenue</b>	<b>Capital</b>	<b>Revenue</b>	<b>Capital</b>	<b>Revenue</b>
<b>£5.0m</b>	<b>£5.0m</b>	<b>£5.1m</b>	<b>£5.0m</b>	<b>£5.2m</b>	<b>£5.1m</b>

### **C3 PEOPLE (RES 3&4) – creating confident communities**

C3.1 A major constraint on our international competitiveness is a lack of aspiration which partly accounts for our low level of business formation, skill shortages and a lack of achievement amongst our young people. Business Link Tees Valley, is addressing the business formation problem through a radical start-up in business programme. Programmes to encourage the transfer of young people from school to further education have resulted in 83% of 16 to 18 year olds remaining in learning, one of

the highest rates in the country. These programmes require further development in connection with which the Partnership is taking the following action against the key identified investment priorities:

#### **C.3.1.1 To raise aspirations of our young people .**

Previous research by the Tees Valley Partnership reveals very low levels of business start up in comparison to other parts of the country. Statistics reveal that there are only 83 18 & 19 year olds are in self employment in the Tees Valley.

Whilst organisations like Business Link can provide business support to adults interested in self employment there is a need to look at growing local entrepreneurs.

The Partnership will be seeking to work with the Learning and Skills Council in developing programmes to look and potential entrepreneurs and processes to nurture their latent talents right through business start up and beyond.

A programme of this nature would complement the already highly successful Single Programme funded Enterprise Academy which currently provides more general business and enterprise education to 14 – 19 year olds in the Tees Valley, enhancing that work by providing further and more intensive individual support packages in real –life settings.

In addition Connexions Tees Valley have been invited to develop a pilot project that will directly address low achievement in secondary schools, and begin the process of raising aspiration in Key Stage 3 – 4.

#### **C3.1.2 To encourage the development of new initiatives which transfer people from school to further and higher education.**

Working in collaboration the Learning and Skills Council and FEPlus will further develop programmes for enabling 16 year olds to move from further into higher education and develop vocational skills development programmes that cannot be provided or funded through core mainstream activity.

#### **C3.1.3 To encourage workforce development**

In order to achieve a competitive economy offering sustainable jobs there needs to be specific targeted investment in training in the sectors identified in the Tees Valley Vision. Taking the lead on behalf of the Partnership the Learning and Skills Council will work with employers in designing new programmes that meet employer needs and encourage employers to invest in training and skills. This will build on initiatives such as apprenticeships, foundation degrees and COVEs to ensure that there is a strong alliance between employers and education and training providers in

the Tees Valley and will promote the development of basic skills training in the workforce.

The programmes will link into the national Skills Strategy, FRESA, Regional Economic Strategy and the Adult Skills Pilot.

#### **C3.1.4 To enable those on incapacity benefit to obtain jobs**

The formation of Jobcentre Plus brought together services delivered by the Employment Service and the Benefits Agency.

People claiming Incapacity Benefit (IB) previously had little intervention in order to consider their ability to work and help them overcome barriers. Jobcentre Plus now require customers claiming IB to attend interview with a specialist adviser sign posting the claimant to specialist advice and support that is available through Jobcentre Plus. It now seems appropriate for Jobcentre Plus to work more closely, in partnership with appropriate bodies to help people on IB manage their conditions in order to help them back in to work.

There will be a number of initiatives that will emerge from this process but the Partnership will be seeking to support the collaborative working of the Primary Care Trusts and Jobcentre Plus and the exploration of ways in which partners such as the NECC and Business Link could support efforts in convincing local employers to take on people with disabilities or health problems.

It is envisaged that projects developed will be pilot projects for new initiatives which Job Centre Plus or others find difficult to fund from mainstream resources.

#### **C3.1.5 To encourage diversity**

The Tees Valley contains a relatively small ethnic minority population. Nevertheless this population has special needs and the Partnership proposes to continue to support the Tees Valley Diversity Project which deals with the special business development, employment and training needs of these communities.

### **C3.2 SINGLE PROGRAMME FUNDING**

<b>2005/2006</b>		<b>2006/2007</b>		<b>2007/2008</b>	
<b>Capital</b>	<b>Revenue</b>	<b>Capital</b>	<b>Revenue</b>	<b>Capital</b>	<b>Revenue</b>
<b>£2.0m</b>	<b>£2.3m</b>	<b>£2.17m</b>	<b>£2.3m</b>	<b>£2.31m</b>	<b>£2.4m</b>

### **C4 PLACE (RES 5&6) – creating attractive places**

C4.1 The Tees Valley Vision, produced in 2003 by the Tees Valley Partnership, provides the framework for the urban and rural renaissance

and the creation of new sustainable communities through housing market renewal and through major comprehensive redevelopment schemes providing new vibrant urban and rural environments. Much of this renaissance is being taken forward by our Government sponsored urban regeneration company, Tees Valley Regeneration. The key themes within this urban and rural renaissance are:

#### **C4.1.1 The Stockton/Middlesbrough Initiative**

A 10 year programme providing a strategic approach to create a core city for the Tees Valley City Region. Middlesbrough will be the regional shopping, cultural and entertainment centre and Stockton the employment/medical research centre. The Initiative has been founded with the aim of creating a 'city zone' straddling the river at the heart of the Tees Valley providing city scale facilities at the hub of the transport network. A joint study has been commissioned to establish the scale of the challenge and the opportunities which the area presents. This will bring forward a deliverable vision for the Zone. It will change the image of the area by developing a dynamic and renewed centre, enabling its repositioning on a European and global stage.

The development strategy for the city zone seeks to bond the two complementary town centres, building on the particular market strengths of each and connecting them with 'a string of pearls' along the River Tees. This will retain and attract people to support the creation of a sustainable community.

For Middlesbrough town centre to fully realise its sub-regional role, it needs to further integrate and develop its existing commercial, educational, retail and cultural offers. The proposals are based on a linear corridor of city-scale activities, which will link the River Tees waterside at Middlehaven through vibrant cultural and university quarters to a high-class retail centre. Cutting edge architecture and urban design will create the vibrancy and quality required to sustain city-level functionality.

Within the town centre, the focus of investment is on enhancing the retail and cultural offer. A new art gallery is being developed and major improvements to performing arts venues are planned. A new, state of the art University development at Central Gardens, combined with the Digital City initiative, will add vibrancy, educational development and new business opportunities. The development of Greater Middlehaven, led by Tees Valley Regeneration, will provide a whole new waterfront quarter for the town centre, linking it to the River Tees. The site's location, adjacent to the premier league Riverside Stadium, means that it has very high media visibility and will become a symbol of the successful revival of the Tees Valley's urban core.

The regeneration opportunities in central Stockton are complementary to those in Middlesbrough. Northbank is at the forefront of Stockton's regeneration with a riverside frontage located close to the Tees Barrage

and Town Centre which allows it to offer excellent prospects for Durham University to develop its medical research and social science capabilities from the Queen's Campus site. Like Middlehaven, this project is led by the Tees Valley Regeneration Company, and is supported by English Partnerships in recognition of its regional significance. At Stockton Town Centre, the re-establishment of the linkage between the Town Centre and the river will be an investment priority, along with a new high quality "Southern Gateway" development based around new open space, commercial development and an integrated transport link.

Whilst the development and enhancement of the two town centres brings many benefits, their full potential will not be realised without the wider regeneration of the River Tees Corridor within which they sit. Unlike almost all of Britain's major river conurbations, the Tees Valley has not yet fully capitalised on the huge assets and economic potential of its river. A high quality urbanised waterfront is proposed through the regeneration of the two town centres and the area between them provides the opportunity to create new, exciting riverside development within an extensive parkland setting creating a waterfront worthy of any major regional city. A new, twenty first century park will become a major visitor attraction of similar stature to the RHS Harlow Carr Gardens to the south and Alnwick Gardens to the north. It is intended that the park will be a signature project, designed by landscape architects of international standing and setting a new standard for public parks. The scale of the potential land assets allows for significant development projects within the park which, combined with the Middlehaven and Stockton Riverside developments, provide the opportunity to create a chain of development along the river with an emphasis on leisure attractions. Key existing leisure assets include the Tees Barrage with its international standard rowing and canoe course, the Riverside Stadium and South Tees Motorsports Academy which has major potential for further development as a regional attraction. The combination of 'conventional' city-level commercial, retail and cultural assets with extensive parkland and major sporting/leisure attractions will create a unique, twenty-first century city zone at the heart of the city region.

#### **C4.1.2 Darlington Gateway**

Research carried out in 2003 confirmed that Darlington plays a vital 'gateway' role, linking Tees Valley with South Durham and North Yorkshire and has particular characteristics, which, if capitalised upon, would make a significant contribution to the prosperity of the region. These unique characteristics have been harnessed under the banner of 'Darlington Gateway' and include the excellent road, rail and air communications and an excellent quality of life.

Darlington is well placed to create new inward investment opportunities that will support growth and expansion of existing businesses in the town.

There is sufficient demand within specific sectors, notably prestige offices, distribution and logistics operations, to justify major development. In particular, the financial and business services market is growing in the North East and Darlington is ideally placed to add to its existing cluster of similar successful businesses. This is also true of the distribution and logistics sector where Darlington can fulfil a national role as existing hubs elsewhere in the North are operating at capacity and Darlington represents an attractive and potentially lower cost alternative.

The nature of the developments underpinning the gateway concept, have been designed to further develop these key sectors and maximise the opportunities where growth is expected. The key elements of these developments are as follows:

- a) Development of key employment sites to provide modern accommodation capable of attracting new businesses to the Tees Valley and space for indigenous businesses looking to expand. These include a Tees Valley Regeneration flagship, mixed-use development site adjacent to the East Coast Main Line at Haughton Road. This site, bordering the town centre, will incorporate a new home for Darlington College of Technology, and residential and commercial accommodation. Faverdale East Business Park will also be developed to accommodate the growing logistics hub along with prestige office accommodation at Morton Palms and Lingfield Point. In addition, the strategic reserve site at Faverdale could provide a further 120 hectares of development land directly adjacent to the A1(M). This portfolio of high quality, accessible sites and premises will enable Darlington to make the most of its locational advantages and make a significant contribution to the regional economy. The development of new accommodation is also being supported by the upgrading, improvement and re-development of existing sites, where they reflect the principles of high quality design and construction.
- b) Development of a first class environment capable of attracting visitors and investment with a range of retail and cultural opportunities. To support the range of planned site developments in Darlington, the excellent retail and cultural offer needs to continually develop. The retail economy is based around a strong town centre which draws visitors from a wide catchment area stretching from North Yorkshire to County Durham which will be underpinned by a significant investment in the public realm. This will also enable the integration of a major new shopping centre in to the historic streetscape. The development of a cultural quarter centred on a refurbished Darlington Civic Theatre will link with the town centre offer and increase the scope for cultural events and festivals. Added to this will be enhancement of the tourism package focussing on Darlington's railway heritage, linking with other railway based attractions in the North of England to provide a coordinated visitor experience.

### C4.1.3 The Coastal Arc

The regeneration of the coastal areas of the Tees Valley is also a priority within the Tees Valley Vision. The aim is to boost economic activity and attract development into the eastern part of the Tees Valley, focussing on the communities of Hartlepool, Redcar and East Cleveland.

The Coastal Arc programme provides the opportunity to attract new investment, improve the physical environment and make a major contribution to changing external perceptions of the Tees Valley.

Whilst Hartlepool has achieved a significant transformation of its marina and central area, there remain major opportunities on which to build. The coastal resort towns of Redcar and Saltburn are already major visitor attractions, as are the Heritage Coast and the National Park in the rural area of East Cleveland. Whilst regeneration proposals are being implemented throughout the Coastal Arc, the main focus of development is on Hartlepool and Redcar.

Hartlepool is an important commercial centre for the north-east of the conurbation and parts of East Durham and is the Tees Valley's major visitor destination. The continuing renaissance of Hartlepool is focused particularly on the Hartlepool Quays area, an expanding major centre for business, commerce, leisure, and tourism. Hartlepool Quays builds upon Hartlepool's maritime heritage and the successful ongoing regeneration of the Marina/ Central Area and Hartlepool Headland. The Quays includes these areas plus major new development opportunities at Victoria Harbour.

The proposed £500million Victoria Harbour development, at the 120 hectare North Docks site, is one of five Tees Valley Regeneration's key projects and presents a unique opportunity for a major mixed-use waterfront development including high quality residential accommodation, important leisure and visitor facilities and the creation of a prestige employment location of regional significance. The Master Plan (2004) proposes distinctive high quality urban designs incorporating outstanding public realm and water features, substantial iconic buildings and structures and new connections to the Headland via a landmark bridge and to the Marina/Central Area via Middleton Beach Promenade. This showpiece development will underpin a further step change in the regeneration of the area and has the potential to contribute significantly to the region's prosperity.

Development of Hartlepool's Marina/Central Area will also continue with further office, retail and residential development. Emphasis will be on enhancing, expanding and consolidating the Historic Quay and Jackson's Quay as the core visitor facilities, including new accommodation and conference facilities. There are also opportunities for significant additional development and improvement of the Middleton Grange Shopping Centre and adjoining areas, development of an education and

cultural quarter including higher and further education facilities, revitalisation of the East Central Area, upgrading of key buildings, spaces and corridors, and investment in the southern business zone.

At Hartlepool Headland and Seaton Carew, comprehensive regeneration and a mix of heritage restoration, major environmental improvements and development of visitor facilities including a fish restaurant complex, will add to the cluster of visitor attractions completing the transformation of the waterfront.

Redcar is a well-established visitor destination attracting in excess of one million visits per annum. However, in common with many traditional coastal resorts, founded on the attractions of its excellent beach, it has suffered from changing trends in the holiday industry and is re-establishing itself in the day visitor market. A flagship development scheme is proposed at Coatham Links where a 12.9 hectare seafront site is being promoted for a mixed leisure and residential development with a special focus on extreme sports and family attractions, including an iconic visitor centre, and which will act as a catalyst for investment along the adjacent seafront and promenade. Major environmental enhancement of the whole promenade is also proposed together with enhanced town centre linkage. The new attractions at Coatham will complement heritage attractions at the historic Kirkleatham Village on the edge of Redcar where a restoration programme for a regionally significant cluster of grade 1 and 2 star properties is being combined with major enhancement of its existing tourist attractions. Redcar Racecourse, located in the centre of the town, is poised for major investment and diversification as a family leisure attraction and venue for 'business tourism' and corporate events. The revitalisation of Redcar as a visitor destination will act as a catalyst for a wider programme of coastal investment including continued enhancement of the Victorian Resort of Saltburn, the location for the only remaining pier on the north east coastline.

#### **C4.1.4 The regeneration of rural East Cleveland.**

The Tees Valley Partnership has identified its key rural area as East Cleveland including the market town of Guisborough. The combined population of this area represents 5% of the overall population of the Tees Valley and it is in this context that the Partnership remains committed to taking forward and delivering the Rural Strategy for East Cleveland. Endorsed by the Partnership in 2004 the strategy addresses decline of the rural economy, identifies opportunities for diversification, seeks to halt the migratory tendencies of the young mobile population and providing the basis for a vibrant rural economy based on 4 delivery themes of:

- A people's partnership
- A quality environment
- Delivering Rural Services
- A Diversified Rural Economy.

#### **C4.1.5 The South Tees Strategy**

The Partnership will continue its support for programmes that address the issue of industrial decline and dereliction in South Tees. Prolonged periods of dis-investment and industrial migration from the South Tees has left a legacy of contamination and vacant and derelict land. Building on the work already undertaken as part of the South Tees Strategy that has produced a food park development and freight park in South Bank the strategy will continue to reinforce site clearance and re-development envisaging an greatly improved business environment in which businesses in key sectors appropriate to the areas remaining and emerging economic base can thrive.

The strategy seeks to address the issues from the removal of blight and assembling sites through to security and environmental improvement setting a framework for the economic resurgence of the area.

#### **C4.1.6 The development of a destination management office and a major cultural/events programme for the Tees Valley**

The Development of a Destination Management Office and a Major Cultural Events Programme for the Tees Valley

A major plank of ONE's Regional Tourism Strategy is the setting up of a Destination Management Office for Tourism in the Tees Valley to encompass strategy, marketing, product development and development of business support/workforce development for the tourism industry. The programme includes proposals for funding the DMO.

The programme also includes the required £1 million over the next five years to support Culture 10. In 2005/6 the major year of Culture 10 is Year of the Sea. It is proposed to enhance the Culture 10 budget to support a whole series of events in the Tees on this theme. We have set up a partnership group to deal with Culture 10 initiatives. However, the themes for Culture 10 are set by the Newcastle/Gateshead Initiative and may not be relevant to the Tees Valley. We therefore would like to use some of the Culture 10 resources to support a programme of key events in the Tees Valley.

#### **C4.1.7 Housing Market Renewal/Community Regeneration**

The North East has had the lowest average house prices nationally for decades and, within the North East, Tees Valley prices are the lowest. In nine of the 94 Tees Valley postcode areas, the average terraced house is worth less than £30,000.

An improving economy, combined with highly attainable owner-occupation, means that demand for social rented accommodation and for pre-1919

owner-occupied terraced housing, has declined leading to a major over supply of both.

The five Tees Valley councils have embraced the new housing agenda with three Large Scale Voluntary Transfers and one Arms Length Management Organisation underway. Collectively, the councils have demolished about 3,000 houses between 1996 and 2002.

Despite clear evidence of extensive low demand and market failure, Tees Valley was not chosen as a Housing Market Renewal pathfinder. As a result, Tees Valley Living has been formed to develop a sub-regional response to the problem and to help promote the case for a national policy. A comprehensive range of interventions is being planned including:

- Clearances – some 18,000 dwellings may need to be cleared, of which about one third will be social rented. The creation of “urban villages” will be a key feature of the ensuing redevelopment schemes;
- Housing Improvement – the best of the existing stock in the Intervention Areas will be identified, maintained and improved to decent homes standards;
- RSL Business Plans – Registered Social Landlords will be encouraged to adapt their business plans in line with the strategy.

Over the next 15-20 years, the Tees Valley Living programme aims to achieve net inward migration, attainment of the ‘decent homes’ standard for all social rented accommodation, an increase in owner occupancy to 70%, a higher proportion of middle and upper income families living within the conurbation and improved living standards such that no ward appears within the national top 100 deprived wards. The greater mix of housing type and tenure, together with high quality urban design and public realm improvements, will ensure the creation of sustainable communities where people will live through choice.

The resource requirement to gap-fund this programme has been estimated at £600m or £30m/year. The recent comprehensive spending review has indicated that the resources for this work will be substantially increased and it is expected that the Tees Valley will benefit from these resources. In the meantime the agency is asked to maintain its contribution to the revenue costs of Tees Valley Living to enable the case for resources to be made.

#### **C4.1.8 Integrated transport Infrastructure and improved connectivity**

External connectivity to and from the Tees Valley via the A1(M), A19 and East Coast Main Line is generally good. However, there is a need to improve road connections within the sub region. Connectivity within the city region by public transport requires major investment. The current emphasis is on improving bus services including the development of guided bus systems. However, some form of light rapid transit will

ultimately be required in order to ensure that transportation issues do not retard economic growth. At present, LRT does not achieve the required cost/benefit ratio due to the lack of one pre-eminent central node within the City Region. Assessment criteria need to be amended to take account of regeneration benefits so that the planning of a future rapid transportation system can proceed. Also, the capacity of the A19 Tees Flyover together with the need for a second Tees crossing needs to be reviewed. The Tees Valley Partnership in collaboration with Tees Valley Regeneration will seek to build on and take forward the detailed findings of the initial scoping and feasibility studies commissioned by the Corus Task Group in 2001 in respect of both of these key infrastructure issues. We have included in the programme further resources to continue the process of making the case for an LRT scheme for the Tees Valley.

Rail connections to Darlington are excellent though the frequency of trains stopping at Darlington needs to be improved. Faster rail connections to the rest of the City Region are also required. Introducing services to run on the Durham Coast Line from Newcastle via Sunderland, Hartlepool and Middlesbrough would greatly improve external connectivity. In the longer term, the upgrading of the Stillington line would allow express services to run between Stockton/Middlesbrough and Newcastle to the benefit of both City Regions. There is also a need to consider further upgrading of transpennine rail services from Middlesbrough and Darlington through Leeds to Manchester as part of the Northern Way agenda. The Tees Valley Partnership will continue to lobby for recognition of resource to address these important issues for the economic regeneration of the Tees Valley

External connectivity is also being improved through major investment at Durham Tees Valley Airport (formerly Teesside International Airport) where £20m is being invested by Peel Holdings who have recently acquired a 75% stake from the local authority shareholders. Passenger numbers are expected to reach one million this year, doubling again in two years time. A 100 hectare site at the airport has been designated for commercial use with an emphasis on airport-related activity. The Partnership will work in collaboration with the Airport and its shareholders in further raising the profile of the Tees Valley on a national and international scale and developing an airport of international scale and quality to serve the sub region and beyond.

It is important to recognise that P D Teesport is the second largest port in terms of volume in the UK. Teesport has great potential to attract more container traffic from the SE ports but its ability to do so is hindered by problems with rail capacity both locally and on the East Coast Main Line which need to be addressed through the Northern Way if the port is to expand its role.

## C4.2 SINGLE PROGRAMME FUNDING

2005/2006		2006/2007		2007/2008	
Capital	Revenue	Capital	Revenue	Capital	Revenue
£21.6m	£2.0m	£26.0m	£2.02m	£24.3m	£2.17m

C.5 The delivery of a programme of this scale through Area Based Growth Initiatives, meeting the aims and aspirations of the Agency theme of PLACE will provide the foundation and framework to deliver a strategic approach to the urban and rural renaissance providing a ready supply of sites and premises complementary to the recommendations of the Regional Sites & Premises Study and a quality environment for business and community that will further support the development of the Tees Valley City Region and delivery of the long term aspiration and objectives of the Tees Valley Vision.

## D. TABLES

RES OBJECTIVE	2005/2006		2006/2007		2007/2008	
	Capital	Revenue	Capital	Revenue	Capital	Revenue
BUSINESS (1&2)	£5.0m	£5.0m	£5.1m	£5.0m	£5.2m	£5.1m
PEOPLE (3&4)	£2.0m	£2.3m	£2.17m	£2.3m	£2.31m	£2.4m
PLACE (5&6)	£21.6m	£2.0m	£26.0m	£2.02m	£24.3m	£2.17m
Man. & Admin		£1.2m		£1.2m		£1.2m
TOTAL	£29.0m	£11.0m	£33.0m	£11.0m	£32.0m	£11.0m

## E. ISSUES

E.1 We have as requested set out the strategic programme key themes and priorities. We have also tried to produce a balanced programme following the guidelines set by the agency. We have assumed an over-programming on capital of 35%. However we have not produced outputs and outcomes at this stage until we are much clearer, following discussions of a series of issues outlined below, about the level of resource that is likely to be available to us. We want to have a constructive detailed dialogue over the programme over the next month so that we can produce by the end of September an investment programme which the Partnership and One NorthEast can be confident of approval.

E.2 The issues which we want to discuss are:

E2.1 The level of capital resource required to fund RES5/6 element of the programme is not sufficient to make a key impact on the urban renaissance of the Tees Valley. We want to explore the possibility of the agency either funding extra resource from other programmes or working with the Partnership to put pressure on English Partnerships to provide extra resources for the Tees Valley; (our Plan as presented makes an assumption of the availability of regional resource over the programme period of £8.98m per annum in addition to the prudent level of over-programming included)

E2.2 A key element of the RES is the role the universities can play in regenerating the economy of the Tees Valley both in terms of providing new

industries and in contributing to the urban and cultural renaissance of the Tees Valley. The Digital City project of the University of Teesside and the expansion of Queen's Campus at Stockton are critical elements of this programme but both require considerable support from the agency if the impact of the expansion of the two universities is to have a regional impact;

E2.3 in relation to (2.1) and (2.2) there is a perception amongst the partners in the Tees Valley that with the exception of the Centre for Process Innovation and the RSA scheme, the Tees Valley sub region benefits very little from regional projects which tend to be concentrated on activity in the Tyne and Wear part of the region. We feel there is a strong case for increasing regional expenditure on projects in the Tees Valley.

E2.4 in relation to the development of the chemicals cluster in the Tees Valley and support for the development of key sectors in the hydrogen economy, renewable energy, engineering etc, the clarity of ONE's own proposals for the development of these sectors is essential if the Tees Valley is to complement and support this work through its own sub regional programme.

E 3 Dealing with these issues in turn:

### E3.1 Reasons for Regeneration

In our submission on the Northern Way we made clear that there was an urgent need to accelerate the urban renaissance of the Tees Valley. The level of capital support required to fund the RES5/6 element of the programme is not sufficient to make a major impact on the urban renaissance of the Tees Valley within the next five years. Preliminary estimates for the Stockton/Middlesbrough Initiative alone show that nearly £100 million is required over a ten year time span, requiring expenditure of £10 million per year.

The treatment of Tees Valley Urban Regeneration Company projects is critical in this matter. We have assumed that we will have to provide 30% of the resources required for the TVR projects. Excluding over-programming this leaves. This leaves circa £9.0 million in 2005/6, £7.7 million in 2006/7 and £8.8 million in 2007/8 for other regeneration projects not under the remit of TVR but within our core spatial priorities.

Given the significant impact of our proposals, the importance of the urban renaissance of the Tees Valley City Region to the economic regeneration of the region and the perceived deficit in expenditure on regional projects in the Tees Valley, we believe ONE should consider increasing the level of expenditure for regeneration projects in the Tees Valley and/or helping us to maximise expenditure from English Partnerships and Europe for our major regeneration projects.

### E3.2 The Role of the Universities

A key element of the regional economic strategy is the role the universities can play in the regeneration of the economy of the Tees Valley both in terms of providing new industries and in contributing to the urban and cultural renaissance of the Tees Valley. The Digital City proposal from the University of Teesside is about the development of a new digital/media cluster in the Tees Valley, the retention of graduates in the Tees Valley, the creation of new businesses and the development of a regional facility in the university. It is also about the urban renaissance of the Tees Valley. The proposal to expand the Wolfson Initiative at the Queen's Campus is about creating the capacity of the university to provide extra post graduate/research fellow accommodation, spin off businesses in medicine, and helping to improve service delivery in health/medicine in the Tees Valley and a major contribution to the expansion of the university. If we are to truly succeed in these objectives, ONE needs to invest capital in the development of these facilities to enable the research and economic activity to take place.

### E.3.3 Regional Funding

With the exception of the RSA programme and the Centre for Process Innovation, there is a perception that little of the regional programme resource helps the Tees Valley. For this reason we have asked for details of the regional programmes. Many of the regional programmes have most benefit to the Tyne and Wear area e.g. the £10 million resource promised from central funds to Culture 10, the Regional Conference Centre Proposal. In the south of the region the key regeneration initiatives of the Stockton-Middlesbrough Initiative, South Tees, Coastal Arc and Darlington Gateway are of equal regional importance. We feel therefore that ONE needs to recognise this in supplementing key initiatives in the Tees Valley from regional programmes.

### E3.4 The Manufacturing Powerhouse of the North East

Of critical regional importance to the NE is the continued development of the chemicals cluster taking forward the Arthur D Little report recommendations, the development of the engineering sector, and the hydrogen economy. There is expected to be the largest inward investment in the UK at Wilton announced at the end of the year. This latter investment will have major regional impact in the creation of 400 jobs. It would help if these resources for the proposals could come from regional sources.

## **E.4 Conclusion**

We would welcome a constructive dialogue on these issues in order to develop a final programme which matches the aspirations of the Tees Valley partners but also merits the requirements of One NorthEast. Whilst the £75m resources for the Tees Valley will help the regeneration of the Tees Valley, they are not enough to achieve a comprehensive programme of regeneration for the area. It is important to recognise that:

- a) we have a clear vision for the Tees Valley supported by the partners and regional agencies of government;
- b) we have an Urban Regeneration Company which is ready to implement a series of key initiatives;
- c) the local authorities have developed proposals of significant impact for the regeneration of their communities taken forward from the Tees Valley Vision and are ready to implement them;
- d) the economic cluster work has been developed further from the Economic Futures report prepared as part of the Tees Valley Vision with the Arthur D Little report, the work of Renew Tees Valley and the Centre for Process Innovation;
- e) the two universities have developed imaginative proposals to develop new business clusters based on their research strengths and to contribute by their expansion to the urban renaissance of the Tees Valley;
- f) the Northern Way report will designate the Tees Valley as a City Region where growth is to be encouraged and an area whose economic growth can help reduce inequalities between the north and south.

The regeneration of the Tees Valley of these key projects will have a major regional impact – but only if the proper resources can be found to implement these key initiatives.