
OVERVIEW OF ECONOMY AND REGENERATION PORTFOLIO

1. Since the last meeting of Council, the following are the main areas of work undertaken under the Economy and Regeneration Portfolio.

Business Compass Tees Valley Investment Scheme

2. The new investment scheme to support business growth across the Tees Valley launched 4 June 2014. Tees Valley Business Compass, has secured £2.4m to deliver the Business Growth Investment Scheme, which offers between £25,000 and £1,000,000 of grant support to small and medium-sized enterprises (SMEs) looking to invest in their business to achieve sustainable growth.
3. The Business Growth Investment Scheme can be used to improve or expand premises, invest in research and development or to invest in new plant, equipment and machinery. Alternatively the grant could help cover the cost of new staff whose jobs have been created as a result of a capital funded project. Our business support team are currently working with five Darlington based companies with potential projects in the pipeline for a grant application.

Let's Grow Grant – North East Scheme

4. The third round of the Let's Grow scheme has been launched. Let's Grow is a £30 million Regional Growth Fund (RGF) programme which can provide grant support in the range £50,000 to £1,000,000 for capital investment and research and development projects creating or safeguarding jobs in the North East of England. In most cases the level of support will be between 10 and 25 per cent of total expenditure.
5. Let's Grow is available to businesses based in the North East and will be focussed on businesses that manufacture or provide services to manufacturing. The programme will not be available to businesses in the retail, construction, leisure, healthcare and tourism sectors. Businesses of all sizes can apply however non-SMEs will need to be located in an Assisted Area to access support.
6. In partnership with all North East authorities the Council is supporting the Let's Grow Grant programme through a three year contribution to cover the administrative costs of the programme.
7. Three Darlington based companies received funding from the previous Let's Grow programme. Collectively amounting to a grant value of £1.095M against a total investment of £6.095M and it is anticipated that this will create 98 new jobs across the three projects. Job creation is ongoing.

Foundation for Jobs (FFJ)

8. Redcar and Cleveland Borough Council has made a request to use the Foundation for Jobs branding and name as it launches its own version of the initiative. Use of the Foundation for Jobs brand by Redcar will be subject to a Memorandum of Understanding or similar legal document outlining the acceptable use of the brand and not using it for commercial purposes.

Tees Valley Jobs and Skills Investment Scheme

9. Funded through Regional Growth Fund the investment scheme can contribute up to 50 per cent of the salary costs of a new post. As of July 2014, 68 jobs had been created and five safe-guarded in Darlington, the value of wage subsidy approved is £583,403. There are a further 19 applications from Darlington in the pipeline with a subsidy value of £345,076k.

Tees Valley Workforce Skills Programme

10. The Tees Valley Workforce Skills Programme has engaged with 94 Darlington businesses. The programme will cover 100 per cent of the cost of training employees and can provide training across a wide range of sectors and skills.
11. Referrals have been made for 1277 individual employees to receive free workforce development training provision which is coordinated through an administrative team based in Hartlepool. To date 147 Darlington-based employees have been trained with a further 220 in the pipeline for training.

Homes and Community Agency (HCA) Affordable Housing Programme Bid Success

12. The Council's bid for grant to the HCA's Affordable Housing Programme 2015-18 (AHP2) has been successful. In addition to the Council's success, three housing associations (Coast & Country, Thirteen and Railway Housing) have been successful in Darlington. The first two will be building on land bought from the Council. In Darlington, the AHP2 grants will contribute to 196 new affordable rent units; 27 affordable home ownership units and will bring 20 empty homes back into use. All will be delivered between April 2015 and April 2017. Council Officers are already looking at possible sites to go into the next round of bidding which is likely to open in October this year.

Employment Rate – Darlington

13. Recent press coverage has focussed on the rising employment rate in the North East). Darlington's employment rate (April 13 – March 14) is 74.3 per cent, which is broadly comparable with our pre-recession rate of 74.6 per cent. Not only is our employment rate the highest within the North East, it is now higher than the national average. This is positive news for the Borough and is evidence that the Borough is making good progress on our strategic economic objectives of providing the right conditions for businesses to grow and getting people into jobs.

14. Darlington's unemployment rate for the same period (April 13 – March 2014) is 9.1 per cent, which is marginally lower than it was for the previous reporting figure (April 12 – March 13), but it is still higher than our pre-recession rate of around 5 per cent to 6 per cent, and it is still higher than the national average.
15. Darlington's Job Seekers Allowance (JSA) claimant count is also coming down, currently standing at 3.6 per cent (July 2014), which although is higher than pre-recession levels it is much improved on the past few years where it stood at around 5.8 per cent.

Collective Energy Switching

16. The third round of the Collective Energy Switching scheme closed to household registrations on 9 June 2014.
17. Out of the 394 households who registered for this round, 95 households accepted to switch (a switching rate of 24.1 per cent which is over the initial expected switching rate of 10 per cent and over the national iChoosr switching rate for this round of 21 per cent).
18. The total combined savings for registrants was £21,813, which is a good figure, especially considering that this round was held in the summer months when less people are thinking of switching their energy supplier.
19. The average saving to switchers who saved through the third round was over £229 per year.
20. The highest average savings for this round were £361 in the dual fuel monthly direct debit paper billing (online registration) category.
21. According to iChoosr, a league table of previous scheme registrations highlights Darlington as one of the top performing regions (Darlington is placed seventeenth among 160 participating regions).
22. The one year trial/pilot for the scheme has now come to an end and a report is to be taken to Cabinet evaluating the overall performance of the scheme.

Letter to Energy Companies

23. I wrote to the UK's largest energy supply companies and the local Distribution Network Operators (Northern Powergrid and Northern Gas Networks) regarding Fuel Poverty and Climate Change.
24. The companies were asked to provide information as to what their organisation is delivering locally, regionally and nationally with regards to:
 - Energy affordability;
 - Energy efficiency;
 - Smart meter installation rollout and timescales;
 - Support provided to vulnerable and priority customers;
 - Grants and funding provided to individuals or groups; and

- Partnership working with Local Authorities.

25. Responses will be compiled in order to support development of the Council's future work around Fuel Poverty and Climate Change.

BDUK Broadband

26. The Council is currently participating in a programme to rollout superfast broadband. Darlington is a partner in the BDUK programme which is being delivered through Durham County Council who is managing a programme that has enabled Tees Valley to access the BDUK funding. Phase 1 of the programme is currently underway which will focus on Darlington Town Centre, Central Park and other key areas currently without access to superfast broadband. A second round of funding has been released. The focus of the second round will be older industrial areas. The Faverdale and Yarm Road areas, including Morton Park and Morton Palms Business Park, have previously been identified as key areas with no access to superfast broadband. For £50,000 match funding, the Council will secure superfast broadband to these areas (**see attached maps Appendix 1**).

Local Growth Fund

27. The Council has been successful in securing £2.5m funding from the Local Growth Fund; a funding programme that is administered by Tees Valley Unlimited. The allocation is currently provisional and subject to a due diligence process and finalisation of costs. The funding has allocated to be spent in 2016/17; however, any expenditure in 2015/16 can be claimed in 2016/17. The funding is to support two key projects:

(a) **Central Park**

£2.2m has been allocated for 2016/17 to enable the Council to install key enabling infrastructure comprising a new junction on the southern gateway to Central Park, a spine road that will link existing and planned developments on the north of the site to the southern end as well as selected remediation and the installation of an electricity substation in anticipation of the National Horizons Centre; a planned development by a partnership comprising Teesside University, Centre for Process Innovation/The National Biologics Manufacturing Centre (NBMC), C-State and Darlington College.

(b) **Bank Top Station**

The Council has been successful in securing £300k of Local Growth Fund to undertake feasibility work on improvements to Bank Top Station. Access to the East Coast Main Line (ECML) through Darlington Station is vital for the Tees Valley economy, with our direct route to London providing journey time benefits of £413m, supporting £3.4m in GVA benefits and facilitating visitor revenue of £5.4m in the local community per year. ECML is also essential for UK PLC as it is estimated that up to 49% of total UK GVA is supported via the East Coast Mainline.

National Horizons Centre

28. The National Horizons Centre is the name of a major development that is currently being developed by a partnership comprising Teesside University, The National Biologics Manufacturing Centre, C-State and Darlington College. The project has been provisionally allocated £17.5m of Local Growth Funding in 2016/17. The project's ambition is to establish Darlington as the centre of academic and vocational excellence for the process and subsea industries and will establish strong links with the innovative work of Digital City. The project will be located on Central Park.

Factories of the Future

29. The Centre for Process Innovation (CPI) has been provisionally allocated £10m of Local Growth Fund towards the establishment of the Biotherapeutics Centre on Central Park (also known as the Factories of the Future Initiative). This has previously been identified as the second phase of the NBMC project for which land has already been identified on Central Park. The allocation is provisional and the project will start in 2016/17.

National College: Expression of Interest

30. As part of the development of the National Horizons Centre, the partners have identified an opportunity to formalise the development as having a 'national' status. The Department of Business Innovation and Skills (BIS) has made a call for expressions of interest for National Colleges. According to BIS:

'National Colleges will provide high level technical skills to those industries or sectors where there is an identified skills gap. They will operate at the cutting edge of vocational skills development, offering expert specialist skills training at levels 3, 4 and 5; leading innovation and setting standards for training at a national level within their industry or sector'

31. Although there is no capital funding associated with National Colleges, the partners working on the development of the National Horizons Centre believe that the submission of an expression of interest could lead to attracting essential revenue funding and establish the National Horizons Centre as the national college for process industries and help form links and share the benefits of a wider national college network. The expression had to be submitted by 5 September 2014.

Feethams Leisure Scheme

32. Terrace Hill's contractors anticipate that work will begin during this month on the Feethams Leisure Scheme. With a proposed 65 week build period it is anticipated that the cinema, hotel and restaurants will open early in 2016. Bringing over £22M of investment into the local economy this scheme will further add to the offer of the Town Centre and be the next phase of development after the Department for Education offices next door.

Scrap Metal Dealers Act 2014

33. Cabinet agreed to delegate to the to the Assistant Director, Regulatory Services all of the powers available to the Council from the Scrap Metal Dealer's Act 2013 (SMDA) in order to deal with applications and variations of licences to collect scrap metal.
34. The SMDA requires that scrap metal dealer sites and mobile collector dealers are licensed and the Council has the power to refuse to grant a licence where the applicant is deemed unsuitable to operate as a scrap metal dealer.
35. A Site licence authorises the licensee to carry on a scrap metal business at any site in the Council's area identified in the licence; a Collector's licence allows the licence holder to operate as a collector only in the area of the issuing authority; and a scrap metal dealer can only hold one type of licence in any one local authority area.
36. All licenses are issued for a period of three years and a fee is applicable.
37. The SMDA requires the creation of a national public register of scrap metal dealers which will be maintained by the environment Agency for all licenses issued in England.

Release of Capital Programme Funding for Regeneration Projects

38. Cabinet agreed to the release of £150,000 Advanced Design Fee funding, allocated in the Capital Medium Term Financial Plan Programme, in order to bring forward regeneration projects and prepare sites for development.
39. The funding is required for up front expenditure to enable the Council to deliver its priorities and to meet income targets in the MTFP through attracting new business and growing the economy.
40. The developed sites are expected to achieve a capital receipt in the first instance but equally lead to new business rates income and new jobs.

Darlington Community Infrastructure Levy

41. Cabinet agreed not to introduce the optional Community Infrastructure Levy (CIL) in Darlington due to the positive impacts the planning obligations system has had to date in securing appropriate infrastructure as part of viable development in the Borough.
42. The introduction of a CIL would require considerable supporting evidence which would be required to inform the new Local Plan and it is that it is premature to begin work on a CIL until there is more certainty associated with the Local Plan and its evidence base.

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Economy and Regeneration Portfolio



