
NORTHERN WAY: TEES VALLEY CITY REGION DEVELOPMENT PROGRAMME

**Responsible Cabinet Member(s) - Councillor David Lyonette,
Regeneration and Planning Portfolio**

Responsible Director(s) - John Buxton, Director of Development and Environment

Purpose of Report

1. To update Members on the development of the Northern Way Growth Strategy and to seek endorsement of the Tees Valley City Region Development Programme contained within it.

Summary

2. A key proposal in the Northern Way Growth Strategy is the development of City Region Development Programmes. **Attached** to this report is the Tees Valley City Region Development Programme, which has recently been submitted to One NorthEast. The programme is designed to develop the economic assets of the Tees Valley and remove the barriers to economic growth and performance.
3. The process and timetable for producing the City Region Development Programme have been specified by the Office for the Deputy Prime Minister (ODPM). The tight deadline set by ODPM has not allowed sufficient time for individual local authorities to gain approval for the programme, *prior* to its submission to One NorthEast.

Information and Analysis

The Northern Way Growth Strategy

4. The Northern Way Growth Strategy was published in September 2004 by the three northern Regional Development Agencies (One NorthEast, Yorkshire Forward and North West Regional Development Agency). The strategy is concerned with narrowing the £29 billion productivity gap between the north and the UK average, and identifies actions that will accelerate the growth of the northern economy.
5. As a result of the strategy, ten Pan-Northern ‘Workstreams’ have been developed including:
 - (a) Bringing more people into work
 - (b) Strengthening our knowledge base to support innovation
 - (c) Building a more entrepreneurial culture
 - (d) Capturing a larger share of global trade
 - (e) Meeting the skills needs of employers
 - (f) Developing an airports priorities plan
 - (g) Improving access to sea ports

- (h) Better integrated transport within and between regions
 - (i) Creating sustainable communities
 - (j) Marketing the north to the world.
6. A £100 million Growth Fund has been established by the three RDAs to fund pan-northern initiatives.
7. Development programmes have also been commissioned to cover the eight city regions identified in the strategy. One NorthEast commissioned the Tees Valley Joint Strategy Unit to write the Tees Valley City Region Development Programme (CDRP), guided by a Sounding Board comprising representatives from Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland, Stockton and Sedgefield Borough Councils, North Yorkshire and Durham County Councils; One NorthEast, Government Office North East; Tees Valley Regeneration; Tees Valley Partnership, Tees Valley Learning & Skills Council; Business Link Tees Valley and the North East Chamber of Commerce.

The Tees Valley City Region

8. For the purpose of the Northern Way, the Tees Valley City Region has been defined as the Boroughs of Darlington, Hartlepool, Middlesbrough, Redcar & Cleveland, Sedgefield, and Stockton on Tees. The Northern Way also considers the Tees Valley City Region's area of influence to extend as far as Peterlee, Bishop Auckland, Barnard Castle, Richmond, Northallerton and Whitby.

The Tees Valley City Region Development Programme

9. The role of the Tees Valley City Region Development Programme is to:
- (a) Build on the economic assets of the Tees Valley to improve economic performance;
 - (b) Identify the barriers to economic growth and outline the actions that need to be taken to remove these barriers to growth;
 - (c) Influence the Regional Spatial Strategy and the Regional Economic Strategy; and
 - (d) Identify how a review of aspects of Government policy could help the economic performance of the region, particularly the forthcoming Comprehensive Spending Review (SR2006).
10. It is important to recognise that the CDRP is not a comprehensive economic strategy for the Tees Valley. The programme concentrates primarily on the public sector investment (predominantly capital investment and infrastructure), which will enable the private sector to invest in the City Region. It accepts that most of the programmes in skills, worklessness and business support are ongoing and only proposes changes or modifications to these programmes, rather than a host of new initiatives.
11. The programme takes forward the Tees Valley Vision, which was approved by the Tees Valley Partnership in 2004, and the work of the County Durham Economic Partnership in developing the County Durham Vision. The programme concentrates on those elements of the Vision that will improve economic performance.

12. The economic analysis in this programme identifies the key challenges facing the Tees Valley City Region as:
 - (a) To grow the Tees Valley economy faster than the UK economy to narrow the gap in Gross Value Added (GVA);
 - (b) To continue the rise in employment in the Tees Valley, encourage manufacturing industry to innovate and improve its productivity, and develop the service economy particularly in financial and business services;
 - (c) To increase the stock of businesses in the Tees Valley;
 - (d) To increase economic activity and reduce worklessness;
 - (e) To improve household income and develop less dependency on benefits;
 - (f) To reduce migration out of the Tees Valley and to reverse the level of migration from the core to the outer suburbs through the provision of a wider choice of housing in the centre of our main towns; and
 - (g) To upskill the workforce to obtain NVQ3 and 4 level qualifications but also reduce the number of people of working age with no qualifications.

13. The programme also sets out the actions required to develop the economic drivers of the Tees Valley notably:
 - (a) Chemicals
 - (b) The new energy economy
 - (c) Teesport
 - (d) Durham Tees Valley Airport
 - (e) The universities, particularly Digital City and the expansion of the Wolfson Research Institute
 - (f) NetPark
 - (g) Stockton-Middlesbrough Initiative
 - (h) Darlington Gateway
 - (i) Aycliffe Industrial Park
 - (j) Coastal Arc.

14. The five flagship Tees Valley Regeneration schemes are also seen as critical to improving economic performance.

15. The CRDP identifies the main barriers to growth in the Tees Valley economy as:
 - (a) Worklessness
 - (b) Low skill levels
 - (c) Low aspirations
 - (d) Lack of enterprise culture
 - (e) Low business stock
 - (f) Poor connectivity particularly by public transport

(g) The need to create a viable housing market.

16. The CRDP concludes with an examination of governance and implementation issues and makes recommendations to central Government on how they can help to develop the City Region. These recommendations include:

- (a) Working with the industry to develop the potential of the chemicals industry and the new energy economy in the Tees Valley;
- (b) Developing a better understanding of the role northern ports can play in the UK economy, particularly in the growth of container traffic;
- (c) Giving greater priority to the development of rail infrastructure to serve northern ports, particularly Teesport;
- (d) Identifying how the demise of European funding for business support programmes in the university sector could be sustained in the long term;
- (e) Consider giving priority to funding NVQ3 and 4 programmes in the Tees Valley and developing enterprise awareness programmes in schools;
- (f) Consider giving greater priority to the transport needs of the City Region;
- (g) Addressing the issue of the potential impact of Highways Agency Development Control powers on the slowing down of key development sites in the City Region through the Northern Way Connectivity workstream;
- (h) Giving greater priority to the city region's housing market renewal needs in the CSR06;
- (i) Giving flexibility in Regional Spatial Strategy planning totals for housing to allow regeneration sites to go ahead; and
- (j) Consider how affordable housing can be provided in rural areas without the need for substantial build rates to subsidise the affordable housing.

17. The full Tees Valley City Region Development Programme is included as **Appendix I**.

The Darlington Perspective

18. The CRDP identifies the Darlington Gateway concept as a key driver, and highlights the contribution that Darlington can make to the economy of the Tees Valley.

19. The text includes all key projects that form the Gateway programme such as Central Park, Morton Palms, Faverdale East Business Park, Commercial Street and the Pedestrian Heart. Links are also made to the cultural and tourism aspects of Darlington's economic contribution, as is the vital role of linking North Yorkshire and South Durham.

20. Representatives from the Council have been involved at all stages in the development of the CDRP and have ensured its contents are in line with the strategic direction mapped out for the Borough.

Next Steps

21. The Sounding Board set up to guide the Tees Valley CDRP have endorsed the programme and it has subsequently been submitted to One NorthEast for inclusion in the overall Northern Way Business Plan, to be launched in late June. This Plan will set out the proposals and budgets for the ten Pan-Northern Workstreams and the eight City Region Development Programmes.
22. The proposals contained within the Tees Valley CRDP will be used to influence the Regional Spatial Strategy, the Regional Economic Strategy and the Single Programme for Tees Valley and County Durham. The recommendations to central Government will be considered as part of the 2006 Comprehensive Spending Review.
23. In terms of the main Northern Way workstreams, three projects in the City Region are being looked at for support from the £100 million Growth Fund. They are:
 - (a) Enhancement of the Pathways to Work pilot for Middlesbrough;
 - (b) Improvements to rail junctions and infrastructure serving Teesport; and
 - (c) The setting up of a Centre of Excellence in Biocatalysis at Wilton.

Outcome of Consultation

24. Consultation on the CDRP has involved representatives from all key stakeholders in the region, through technical input by officers, direct consultation with partner organisations and comprehensive involvement in the overall steering group. The document has been shaped by a continual process of consultation, the result of which is a final submission to One NorthEast that represents the aims and ambitions of the whole sub region.

Legal Implications

25. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

26. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Council Policy Framework

27. The issues contained within this report do not represent change to Council policy or the Council's policy framework

Decision Deadline

28. For the purpose of the 'call-in' procedure this does not represent an urgent matter

Recommendation

29. It is recommended that Members endorse the Tees Valley City Region Development Programme.

Reasons

30. The recommendation is supported by the following reasons :-
- (a) To enable the Tees Valley to maximise the opportunities presented by the Northern Way Growth Strategy
 - (b) To enable Darlington to confirm its key economic role in the future of the Tees Valley.

John Buxton
Director of Development and Environment

Background Papers

Tees Valley Vision – Tees Valley Partnership 2004

Richard Horniman : Extension 2681
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