



# **Economic and Regeneration Statement of Ambition**

Executive Summary – Leadership Board Draft (June 2010)



## Executive Summary

### What is the Statement of Ambition?

This Statement of Ambition sets out our vision for the Tees Valley for the next 15 years, taking forward the work of the Tees Valley Vision (2002) and City Region Business Case (2006). The Statement builds on the achievements of the Tees Valley economy for the last decade, develops our economic assets, tackles our barriers to growth and sets out our key priorities.

### What have We Achieved?

Over the last decade, the Tees Valley has seen the largest increase in employment since the 1970s. Notable achievements include:

- The continued development of the process industries, through SABIC's investment in the world's largest polyethylene plant, the expansion of biofuels, biotechnology and advanced engineering, particularly maritime engineering in Hartlepool.
- The growth of container traffic through Teesport and the establishment of national import centres at the port.
- The continued growth of the service sector at Teesdale, Wynyard and in Darlington.
- The regeneration of our town centres, through schemes such as the Pedestrian Heart in Darlington and mima in Middlesbrough, together with the development of Middlehaven and the creation of a new digital/multi-media cluster at Boho.
- The provision of the infrastructure necessary to take the City Region forward, through the development of Teesside University and Durham University, the construction of new colleges of further education, the creation of the Centre for Process Innovation and the work towards a transport network that meets our future needs.

### Our Economic Assets

The Tees Valley is home to the largest integrated heavy industrial area in the United Kingdom, containing petrochemicals, energy and industrial biotechnology plants of a world scale, the third largest port in the United Kingdom, a steel industry specialising in construction steels and a world-class advanced engineering industry. Our future economy will need to build on these nationally significant assets.

However we have other major assets. Our Boroughs each bring their own distinctive advantages to the "offer" of the City Region, which we will seek to exploit moving forwards. These include the market town and mainline connectivity of Darlington, the marina facilities and business incubation space in Hartlepool, the cultural and retail

facilities and Teesside University in Middlesbrough, the Northern Gateway terminal at Teesport, the rural and coastal splendour of Redcar & Cleveland and the engineering companies and business connectivity of Stockton.

If we are to continue to diversify the economy we need to build on these assets and all the Boroughs have major plans to develop them.

### **Ambition 1: Drive the Transition to the High Value Low Carbon Economy**

Our first ambition is to drive the transition from a high value, high carbon economy to a high value, low carbon economy, focused on renewable energy, new technologies, biological feedstocks and the reduction of the carbon footprint of our existing industries. Our key priorities to achieve this ambition are to:

- Facilitate pilot projects, using the existing assets and skill base, to test and scale up new and novel low carbon technologies through innovation such as developing a carbon capture and storage network for existing industries and new users or resource recovery through anaerobic digestion.
- Building on the Tees Valley Industrial Programme, invest in innovative delivery vehicles to bring forward land for development, upgrade utilities, run steam and heat networks and remove barriers to investment, focused around the spatial area of the North and South Tees.

There is an £8 billion pipeline of commercial investment in the medium term interested in setting up biofuel plants, energy from waste plants, port developments, an oil refinery, nuclear power and maritime wind farm construction. Our priority is to deliver this pipeline of investment through the public and private sector working together to remove the barriers to investment. We recognise that manufacturing still plays a fundamental role in the economy of the Tees Valley. We must build on our industrial strengths where we have particular expertise or might gain an advantage.

Increased environmental regulation, climate change and the need to secure energy supplies for the future, act as both a threat and an opportunity to the Tees Valley. A more stringent carbon emissions trading scheme introduced in 2013/14 could add £½ billion to £1 billion of taxation to the costs of the 18 major CO<sub>2</sub> emitters in the Tees Valley, unless technical and financial solutions are found to the problem.

### **Ambition 2: Create a More Diversified and Inclusive Economy**

Our second ambition is to create the conditions for a more diverse and inclusive economy that builds on our strengths and allows all our people to realise their potential. Our key priorities to achieve this ambition are to:

- Continue to support growth in the service and retail sectors, both in our town centres and major regeneration sites, through developing the digital and creative industries, new business development, logistics, the health sector, relocation of government departments, financial and business services and

the creation of a property market for office/industrial development which is viable without public sector support.

- Build an improved environment through continued investment in our town centres, major regeneration sites, natural assets and green infrastructure.
- Ensure that our housing offer is attractive to people who want to invest and locate in the Tees Valley.
- Ensure that residents of the Tees Valley from all backgrounds have the employability and skills to access the new jobs created in the Tees Valley.
- Provide a transport network is fit for purpose for the movement of goods and people by continuing to invest in our public transport network and targeted highway infrastructure improvements, as well as enhancing our links to national and international gateways.
- Improve the coverage and speed of our broadband network.

The Northern Way's work on City Relationships emphasises the importance of the 'pull' of the economic centre to the success of a City Region. For the Tees Valley, in addition to the industrial base in the North and South Tees area, the economic 'pull' of the City Region will remain our centres. In Middlesbrough, as our major retail centre, there is the opportunity to develop the high level specialist retail services the Tees Valley needs and attract office development around the success of Boho, Middlehaven and Teesside University. In Darlington, whose town centre serves the western end of the Tees Valley and beyond, because of its locational advantages and its market town ambiance, there is the opportunity for office development with minimum public subsidy. Stockton similarly has the potential to grow the office market, building on the success of Teesdale and Durham University.

Whilst overall conditions have improved across the Tees Valley, the last quarter of the 20<sup>th</sup> Century has led to a more polarised society between the rich and the poorer and between the older, inner areas of our towns and cities and the more affluent suburbs. Our programmes on employability, skills, neighbourhood renewal and our interventions to encourage the physical regeneration of older areas have begun to tackle this problem. We will continue with this investment, helped by national and regional agencies.

### Anticipated Outcomes

In setting out our ambition we need to set out the outcomes we can realistically achieve over the next 15 years. These are to:

- Increase our gross value added (GVA) per head from its current level of 75% of the national average to 82%;
- Reduce the gap in the employment numbers with the national average by 60%;

- Create 1,000 new businesses over the existing trend; and
- Increase the number of people with higher level skills by 5%.

Progress towards these outcomes will be measured on an annual basis.

### **What will Tees Valley Unlimited Contribute?**

Tees Valley Unlimited cannot deliver the Statement of Ambition on its own. It needs to bring together the public sector at local, regional and national levels with the private sector to deliver the strategy. We will do this through:

- Preparing a Tees Valley Investment Plan, which will link the growth of the key economic sectors with the development of the Tees Valley as a place (infrastructure, housing, skills and transport), and will include a process for monitoring and reviewing its activity.
- Engaging with the private sector to deliver the Statement of Ambition, supporting economic activity which operates across administrative boundaries (for example, labour and housing markets).
- Influencing regional and national policy to secure resources, shape strategy and tackle barriers to investment resulting from the operations of Government and its agencies.
- Taking a lead in securing investment in carbon capture and storage, a new nuclear power station, government relocations and further growth in our priority sectors.
- Examining new ways of funding our priorities, including joint ventures, accelerated development zones and a new framework for securing energy supplies.
- Developing an integrated employment and skills offer by joining up policy and practice and articulating the views of Tees Valley employers to steer the direction and scope of our employment and skills activities at a City Region level.
- Working with the voluntary sector to ensure that the outcomes are felt across the Tees Valley and that this issue of a polarised society is tackled.

Through Tees Valley Unlimited, we now have a rare opportunity to work closely with a new Government to help realise the opportunities set out in this document. Delivering our interventions and realising our goals will be difficult, but the assets that the Tees Valley has, and our belief in our ambition, mean that we can play a major role in the recovery of the UK economy.

### **This is the Tees Valley, and this is where we are going.**





# *Tees Valley* *unlimited*



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