

Tees Valley Area Action Plan Progress Report



**October
2011**



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Punjabi

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Area Action Plan Progress Report

October 2011



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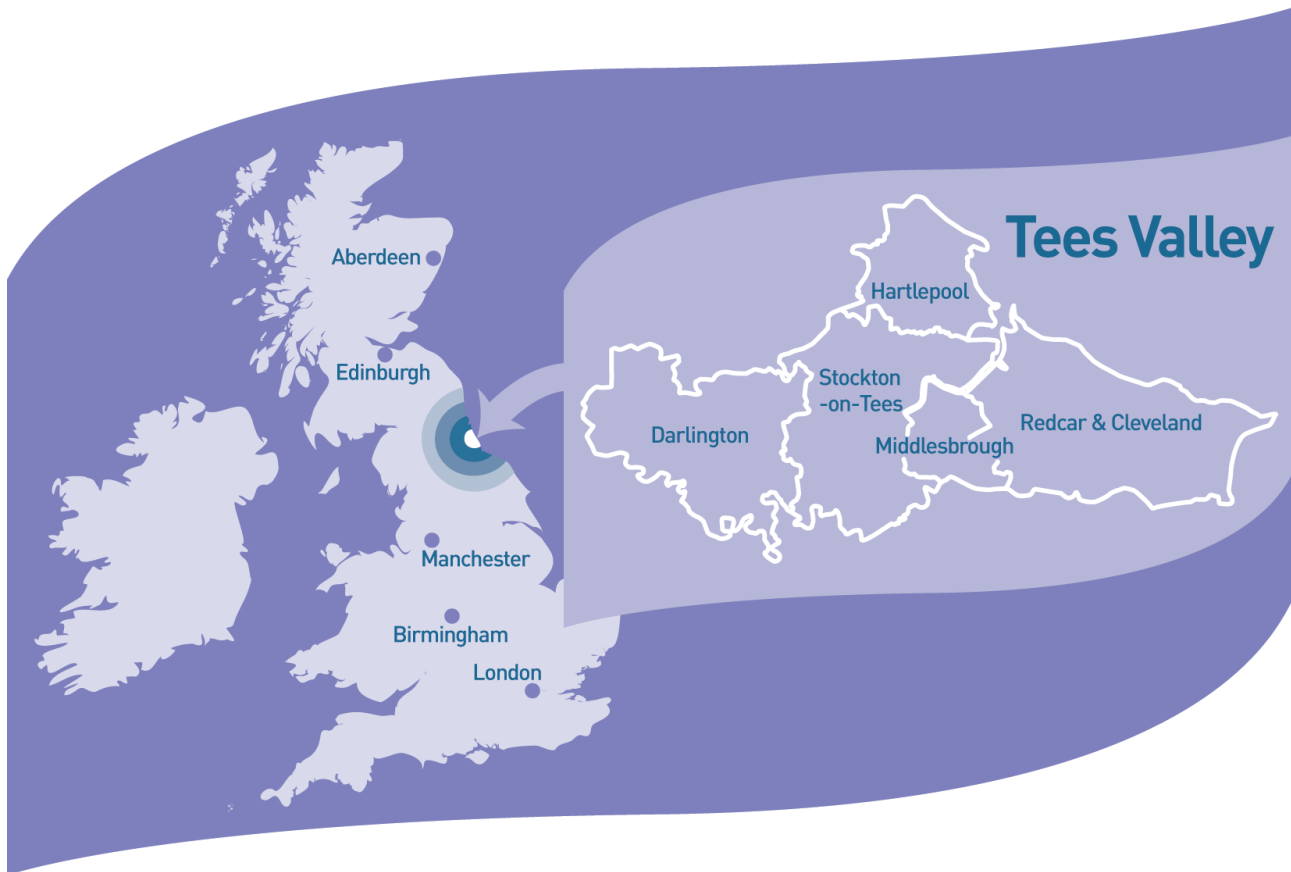
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1. Introduction



- 1.1. The Tees Valley is one of two local enterprise partnerships (LEPs) in the North East of England and consists of five local authorities - Darlington, Hartlepool, Middlesbrough, Redcar and Cleveland, and Stockton-on-Tees. The sphere of influence of the Tees Valley LEP also extends into parts of neighbouring County Durham and North Yorkshire. The Tees Valley and its wider sphere of influence has a population of around 875,000, of which more than 650,000 live in the five Tees Valley local authority areas.
- 1.2. Tees Valley Unlimited (TVU), a partnership between the five Tees Valley Local Authorities, business leaders and other key representatives from the private sector, is the organisation which facilitates the LEP. TVU has mapped out its vision for the Tees Valley economy over the next 15 years through its Economic and Regeneration Statement of Ambition (SoA). More immediate priorities are set out in the TVU Business Plan. Both these documents highlight the important role that transport will play in delivering the growth ambitions of the LEP.
- 1.3. From the SoA, the Statement of Transport Ambition (SoTA) for the Tees Valley was produced, identifying specific objectives and priorities for transport, which will help make the vision a reality. It is vital that links from our key assets at Teesport and Durham Tees Valley Airport to national and international hubs and markets are maintained and built upon to support our global industries. Rail and road links between the Tees Valley and London and other city regions must be enhanced and journey times reduced in order to optimise the accessibility of the Tees Valley to national markets. The £70 million already secured up to 2014 will go a long way to developing a reliable and integrated bus, rail and strategic road network.

- 1.4. Enhanced connectivity throughout the Tees Valley is equally important to ensure that residents and visitors can access employment, education, health care, retail, leisure and other key opportunities. As residential, retail and employment areas continue to be redefined, the ability to move around the Tees Valley quickly and easily continues to be of vital importance, particularly to a significant proportion of the population who do not have access to private transport.
- 1.5. Three transport challenges have been prioritised, which are consistent with the Coalition Government's primary goals for transport. These commonly agreed challenges are:
 - Improve the journey and experience of transport users of urban, regional and local networks, including interfaces with national and international networks;
 - Improve the connectivity and access to labour markets of key business centres; and
 - Deliver quantified reductions in greenhouse gas emissions within cities and regional networks, taking account of cross-network policy measures.
- 1.6. To enhance the connectivity of the Tees Valley, support our economic and regeneration ambitions and achieve our three challenges, we will:
 - Continue to invest in our bus network alongside the 20 or so routes that will benefit from the Tees Valley Bus Network Improvements Scheme in the next five years, examining cost effective ways to provide linkages to the core commercial routes that will benefit from this investment, and developing an integrated smart ticketing system alongside other partners in the North East;
 - Work with the rail industry to secure the development of Tees Valley Metro to use the rail network in a much more efficient way to connect our main centres, service the new industries and develop strategic park and ride opportunities. We will expect greater involvement in the negotiation of future rail franchises in order to achieve this by providing services that better meet the needs of future users rather than relying on historic patterns of demand and scheduling;
 - Provide targeted highway infrastructure investment to support specific development proposals and improve the management of the strategic road network as part of a joint development plan agreed with the Highways Agency; and
 - Continue to enhance links to and from our national and international gateways including Teesport and Durham Tees Valley Airport.
- 1.7. The SoTA will be kept up-to-date in line with changing development assumptions and funding opportunities and will be monitored by TVU.

The Statement of Transport Ambition is available to download from:
<http://www.teesvalleyunlimited.gov.uk>

Associated Documents

- 1.8. This Tees Valley Area Action Plan progress report (TVAAP) is complemented by two other documents covering the current main areas of focus at a strategic level:
 - Tees Valley Bus Network Improvement Scheme (TVBNI); and
 - Tees Valley Metro (TVM)
- 1.9. Our annual statistic document is also available and incorporates data across all modes of transport and summarises all other projects currently being undertaken by the Integrated Transport Team at TVU:
 - Tees Valley Transport Monitoring Report 2011

2. Background

- 2.1. On behalf of the Tees Valley Authorities and the HA, TVU commissioned work in late 2006 to start the process of developing a joint AAP for the Tees Valley. This would be one of the first of its kind in the country that the HA has jointly developed with multiple authorities. The plan was intended to be a pro-active response to the challenges of supporting economic regeneration in the Tees Valley and fit with the aims of the Statement of Ambition to deliver projects more efficiently and cost effectively by aligning resources.
- 2.2. Due to the interaction between the trunk and local road networks (and indeed the public transport networks), the coverage of the AAP encompasses the City Region strategic transport network, as illustrated in Figure 1, rather than simply the trunk road network.
- 2.3. This is an important part of the AAP – all parties acknowledging that improvements on parts of the network for which they are not responsible may deliver benefits to parts of the network for which they are. For example, an improvement to the public transport network may attract local trips away from the trunk road network, thus freeing up additional capacity.
- 2.4. Until this point, the approach taken was to assume that the mitigation measures were required on that part of the network on which the majority of the impact was felt. Taking the more holistic approach was a fundamental change of thinking by the Local Authorities and the HA.
- 2.5. In 2009 further work was undertaken as part of the Delivering a Sustainable Transport System study commissioned by the DfT. This study took the AAP, expanded upon its evidence base, and through the development of the Statement of Transport Ambition, provided the basis for the review currently underway.

3. Current Position

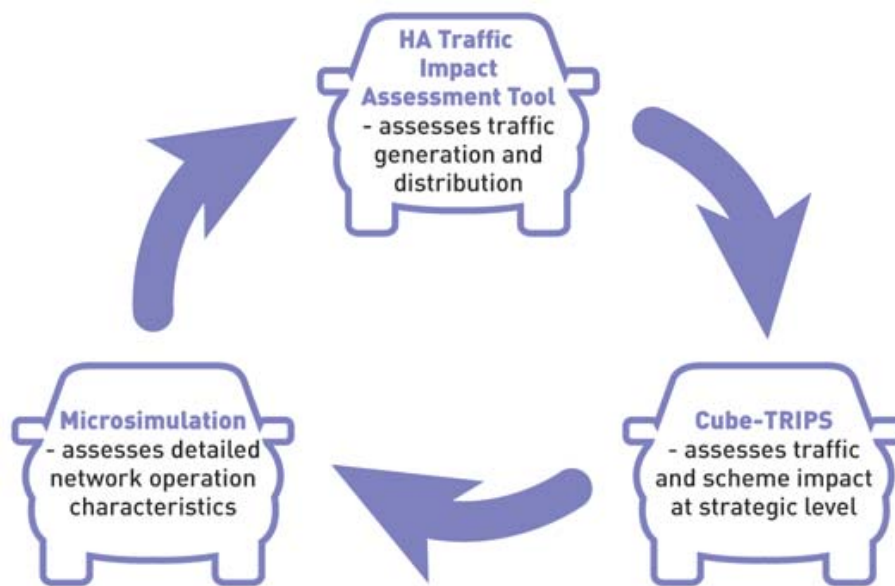
- 3.1. Due to the rapidly changing nature of the economy, 2011 sees an overall review of the AAP, from the make-up of the developments which contribute towards the future trip growth predictions, to a change in focus of the schemes under development to facilitate economic growth.
- 3.2. Also, since the AAP was first developed, the Tees Valley Local Enterprise Partnership (TVLEP) has been established. Whilst the governance role of the LEP has yet to be fully formulated for transport, this has the potential to provide the mechanism for taking forward the AAP approach.
- 3.3. The AAP can be broken down into three separate elements, the development database, the modelling tools and an Implementation Plan. These are summarised below.

Development Database

- 3.4. Through discussions with the Local Authorities, TVU identify the development proposals which are likely to come forward, in a series of five year time slices. For each site a number of pieces of important information are collected to enable the traffic generation of the site to be estimated. These include:
 - Site name;
 - Development planning permission status;
 - Location;
 - Current status of site (e.g. new use, vacant, Brownfield, etc);
 - Land use (e.g. Office, house, industrial, etc)
 - Size (including dwellings or employees where available)
 - Build out profile
- 3.5. The information from these sites is then brought together and used to target where the trips predicted within the National Trip End Model (NTEM) join the transport network. The NTEM is derived from a number of sources and is commonly accepted as the basis upon which major transport schemes are justified. Using the development database a prediction of future trips and their pattern can be established specific to the requirements of the Tees Valley. The outputs from this process are then fed into the various modelling processes.

Modelling Approach

- 3.6. TVU and the HA are continually developing and updating more detailed modelling packages that will improve the knowledge of future transport conditions and allow each party to develop future business cases for network improvements. As the models are being developed in parallel, a level of interaction has been developed as shown in the diagram overleaf.



- 3.7. By combining all of the tools available to the Local Authorities, TVU and the HA, a robust process was therefore established to, first, compile the schemes initially included within the AAP, and, thereafter, maintain it, as information related to development proposals changes and the developments themselves come forward.
- 3.8. The outputs from the development database are fed into the HA's Traffic Impact Assessment Tool and the Tees Valley's CUBE-TRIPS multimodal strategic transport model. In differing ways, both of these tools provide an overview or where new developments may cause congestion on the highway network. The CUBE-TRIPS model also provides a tool to measure the impact of proposed transport schemes including bus and rail.
- 3.9. There are a number of microscopic simulation models and a number of emerging mesoscopic models which take the outputs from the CUBE-TRIPS model and allow the detailed analysis of traffic movements down to individual junctions.

Implementation Plan

- 3.10. The implementation plan sets out the transport schemes required to facilitate economic growth and ensure that the strategic road network remains uncongested. This has been developed by using the congestion predictions derived from the models discussed above. A number of options are tested at the locations where congestion has been identified and then the preferred option is included within the implementation plan. Detail of cost, timescales and potential funding sources is then added.

Schemes delivered in recent years

3.11. There have been a number of successful schemes implemented in the early years of the AAP. These are:

- **North Middlesbrough Accessibility Improvements** – A new access to North Middlesbrough from Newport Roundabout and the widening of the A66, which opened in 2010;
- **A19/A174 Junction Improvements** – Signalisation and capacity improvements, completed in 2010;
- **A174/A1053/B1380 Roundabout Improvements** – Capacity improvements, completed in 2010; and
- **Tees Valley Network Management Strategy (Phase 1)** – Ramp metering at five on-slip roads in the A19 between the A174 and the A689 and on the A66 between Teesside Park and the A1032, completed in 2011.

Schemes currently being delivered

3.12. There are also a number of schemes at different stages of delivery. These have been developed and justified using the modelling tools available as part of the AAP process and are:

- **Tees Valley Bus Network Improvements** – Coordinated package of bus priority, bus stop infrastructure and bus journey improvements on around 20 radial corridors;
- **Tees Valley Metro – Phase 1** – Accessibility enhancements at gateway stations (Darlington and Middlesbrough), improvements to interchange stations (Eaglescliffe, Thornaby, Redcar Central and Hartlepool), and a new station at James Cook University Hospital; and
- **Tees Valley Urban Traffic Management Control (UTMC) Upgrade** – Conversion of existing UTC systems to UTMC platform, integration with current systems and the development of an integrated managed network in partnership with the Highways Agency.

4. Next Steps

- 4.1. Once update of the Development Database has been completed, it will be analysed using the modelling tools and the location of future congestion hotspots will be established. The outputs from this will then enable a review of the schemes included within the implementation plan. It is important that the AAP continually adapts to emerging government initiatives and Enterprise Zone status has recently been secured within the Tees Valley.

Local Enterprise Zones

- 4.2. Encompassing 12 individual sites across the five Tees Valley boroughs, the Enterprise Zone will offer stimulating financial incentives to help attract real investment and growth and deliver significant job opportunities by 2015 and beyond.
- 4.3. Each site will benefit from one of two key Enterprise Zone enhancements - Business Rate Discount and Capital Allowances - and meet the sub-region's key economic strategies of promoting the area's industrial base and diversifying the economy by supporting the new digital sector.
- 4.4. The purpose of the Enterprise Zone is to stimulate business and job growth in the private sector by concentrating on the opportunities offered by the priority sectors of the local economy.
- 4.5. The Enterprise Zones will be broadly between 50 and 150 hectares in size and offer business rate discount worth up to £275,000 per business over a five year period. In addition business rate growth in the Zone will be retained in the area for at least 25 years to support economic priorities by reinvesting the income locally.
- 4.6. The aim of an Enterprise Zone is to create substantial numbers of new businesses and jobs and not localised competition which would result in existing businesses and jobs moving simply to take advantage of the tax incentives on offer.
- 4.7. The Enterprise Zone status is dependent upon a simplified planning regime. TVU and the Local Authorities are currently in the process of gaining agreement on Local Development Orders (LDO) for each of the sites. LDOs would gain planning permission for the Enterprise Zone sites and make it clear to potential developers what they can or cannot do. A number of the sites already hold planning permission therefore in transport terms the LDO for them will be relatively straightforward. The HA is currently testing the impact of the other sites and establishing what, if any, requirements will have to be incorporated into the corresponding LDO.
- 4.8. The outputs of the HA's work will be fed into the revision of the schemes required in the coming years.

Future schemes

4.9. The following schemes were included within the previous version of the Area Action Plan. These are now subject to review alongside other potential schemes that may arise from a change in focus of development in the Tees Valley:

- A19 Northbound Widening, Norton to Wynyard
- A19/A689 Improvements
- A66 Dualling and Grade Separation, Darlington
- A66 Roundabout Improvements, Darlington
- Darlington to Teesport Gauge Enhancements
- East Billingham Transport Corridor
- Portrack Relief Road
- South Tees Eco Park Access Improvements
- Tees Valley Metro – Phase 2
- Tees Valley Metro – Phase 3

Funding

4.10. There is a clear need to establish and confirm funding commitments for the next block of schemes, which needs to be undertaken against the background of reduction in public expenditure. Whilst this reduction may also slow private sector investment too, there is clearly the need to examine new funding mechanisms for the AAP in order for it to be deliverable in practice.

4.11. The current funding arrangements generally mean that either:

- The Local Authorities or the HA secure funding for the improvement through a bidding process for major schemes; or
- The Local Authorities or the HA secure contributions to the improvement through the planning process to allow the scheme to be implemented.

4.12. Both of these arrangements involve an element of delay and uncertainty, the latter being particularly exacerbated by the likely reduction in public finance moving forward and the ability for the private sector to bring sites forward that have a significant initial cost attached to them.

- 4.13. Hence, TVU and the HA have previously examined potential mechanisms aimed at pump-priming the relevant infrastructure to ensure that the planning process is not compromised, but that planned development is not delayed. With such new funding mechanisms, there has also been a need to understand what possible legislative and financial barriers there are to the effective implementation of the AAP going forward.
- 4.14. Although developing the AAP to date has been a model of partnership and collaborative working, implementing the AAP is likely to test the strength of the partnership, particularly where such barriers may arise. Some of these issues, whilst not necessarily unique to the AAP, will probably not have arisen before, and may require new financial or legislative arrangements.

Regional Growth Fund

- 4.15. The Regional Growth Fund (RGF) is a £1.4bn fund which operates over 3 years from 2011 to 2014. The objective is to stimulate private sector investment by providing support for projects that offer significant potential for long term economic growth and the creation of additional sustainable private sector jobs. The AAP will help to identify the transport schemes that are directly related to opening up employment land for private sector jobs and can apply to RGF or any similar future funding sources.

Tax Increment Financing

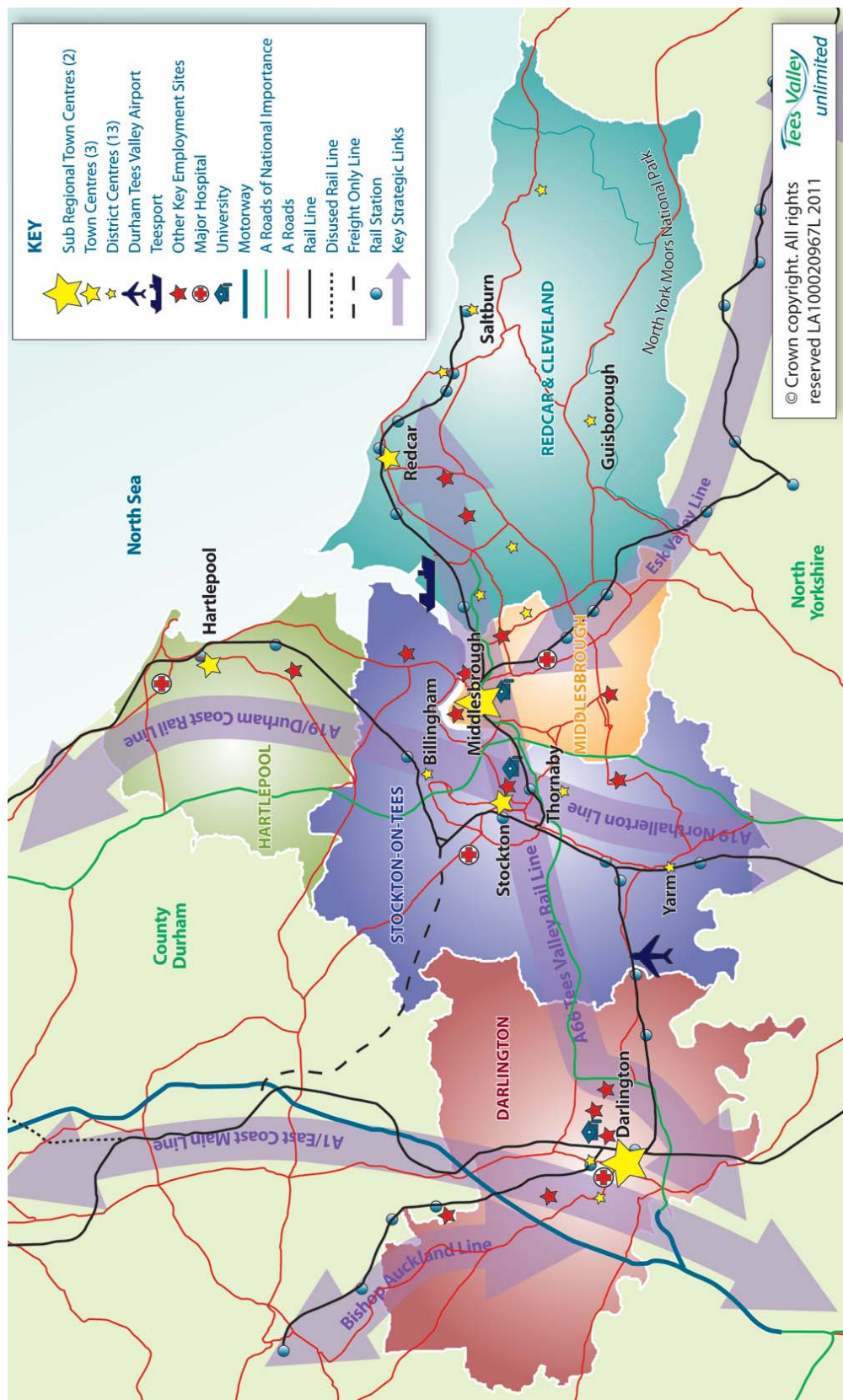
- 4.16. Tax Increment Financing (TIF) allows Local Authorities to borrow against predicted growth in their locally raised business rates. This borrowing can be used to fund key infrastructure projects, which will support locally driven economic development and growth. There is potential for the AAP to assist the Local Authorities in this process in that it provides a prediction of growth and would assist in justifying any transport.

Other Funding

- 4.17. An initiative has previously been explored that would use a series of funding allocations to pump-prime key transport infrastructure at the start of each five year investment period, and then seek to recycle financial planning obligations received from developments that come forward within that period back into the 'pot'. The same process then starts for the next five year investment period, and so on.
- 4.18. A proposal was originally circulated between the Tees Valley Authorities and within the HA, and whilst there was significant support for the idea, some potential practical problems with the operation of such a fund were identified. These problems focused on the actual legislative arrangements for pump-priming infrastructure, and the relationship both to individual planning applications and the Local Development Framework (LDF) process.

- 4.19. It was hoped that the Community Infrastructure Levy (CIL) may clarify this position at a national level. The CIL would essentially allow a local planning authority to charge a tariff to developers that will be used to fund infrastructure in the local area that they will benefit from. However, it does not deal with the fundamental part of the proposal, which was to pump-prime such funding from another source.
- 4.20. Government advice does confirm the need for any infrastructure to be paid for through CIL to be identified in an up-to-date version of a LDF before a CIL can be introduced. The CIL will then be introduced in a charging schedule that will be a legal document that sits within the LDF, and will be subject to a six week consultation period before an independent review.
- 4.21. The proposal has reached an impasse at this stage – generally acknowledged as an innovative way of bringing forward infrastructure, but one that is likely to be either open to challenge or one that will take such time implement given the planning processes, that the schemes in the first five year investment period will likely not benefit from it.
- 4.22. However, if the AAP is to work in practice, it does require a different approach, and more detailed advice will be sought as to whether the proposal could be implemented within current, or planned, legislation and can be incorporated within the LDF processes of the Local Authorities.
- 4.23. To this end, there are several clear next steps in the development of the AAP:
- Maintain the development database and use this to model future traffic predictions in an up-to-date form – this will be the responsibility of TVU and the Local Authorities;
 - Use the model predictions to maintain and update the AAP scheme list – this will be the responsibility of the AAP Steering Group (TVU, Local Authorities, HA, etc);
 - Progress the AAP schemes identified for the early part of the 2014 to 2019 period; and
 - Continue discussions regarding how to develop a new innovative funding mechanism to allow the AAP to be delivered in partnership with the private sector as economic recovery takes place.

Figure 1: Tees Valley Key Labour Markets



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