

An Investment Plan for the Tees Valley City Region



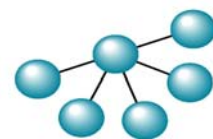
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1. INTRODUCTION

- 1.1. The Northern Way Growth Strategy places eight northern City Regions at the very heart of its strategy for reducing the £30 billion output gap between the North and the rest of the UK. The Northern Way provides the context and framework within which each of the City Regions is defining its contribution – in terms of enterprise, commercialisation of the knowledge base, quality of life, and sustainable communities – to this objective.
- 1.2. In advance of the forthcoming White Paper on Local Government, Cities and City Regions, the Northern Way Secretariat invited the Tees Valley Partnership to develop a revised version of the City Regional Development Programme (CRDP), first launched in May 2005. The Secretary of State for Communities and Local Government subsequently invited the Tees Valley Partnership to develop a business case for city-regional governance, in order to complement the CRDP. These will underpin the Tees Valley's submission to HM Treasury for the 2007 Comprehensive Spending Review and will also be material in determining the shape of sub-regional/City-Regional delivery arrangements beyond 2008.
- 1.3. The CRDP and Business Case have been combined into a single report which demonstrates how the Tees Valley City Region will contribute to the Government's objectives on economic growth, productivity and sustainable communities over the next 10 years. The Business Case also presents proposals for the devolution of some responsibilities and resources to the City Region – including economic regeneration and planning, transport, skills and housing – and proposes new city regional governance arrangements.

The Tees Valley Investment Plan

- 1.4. The Investment Plan has been prepared to accompany the City-Region Business Case. Covering the ten year period to 2016, the Investment Plan:
 - sets out a coherent investment programme for the Tees Valley for the period 2006-2016, and provides details of the key programmes/projects to be delivered by the proposed city regional partnership;
 - demonstrates how the Tees Valley's proposed regeneration programme can, in the main, be delivered through the continuation of current levels of public sector investment but will achieve greater impact; and
 - identifies the outcomes of each project/programme in terms of:
 - *likely levels of public/private sector investment;*
 - *private sector leverage;*
 - *jobs created, businesses created, land reclaimed;*
 - *information which can be used to generate a contribution to GVA.*

- 1.5. The Investment Plan is not a bidding document and is predicated on the continuation of current levels of public sector funding, making the case for additional resources only on an exceptional basis. The Investment Plan is focused on those activities and resources within the remit of DTI, DCLG and DfT, including Single Programme, Sustainable Communities and various Department for Transport investment programmes.
- 1.6. A wide range of existing resources are aligned to Single Programme and the other funding sources included in the Investment Plan. Four of the five Tees Valley Authorities currently receive Neighbourhood Renewal Fund (NRF – the four authorities have been allocated £20.27m in 2006/7 and £22.89m in 2007/8). This is used to support a range of activities directly related to the economic performance of the sub region, in particular the tackling of worklessness and skills in the most deprived areas. NRF is also used to support related agendas on improvements to the local environment and initiatives to tackle poor health.
- 1.7. The Government's Local Enterprise Growth Initiative (LEGI) is intended to tackle a poor enterprise culture in the most deprived areas. The Local Authorities in Tees Valley are currently preparing bids under Round II of the LEGI initiative, covering a joint bid for Stockton and Middlesbrough and separate bids by Hartlepool and Redcar and Cleveland. These would bring significant funding (£60-£70m over 10 years) into each of those areas, if successful.
- 1.8. Other major public sector funding resources that are, or will be aligned with the activities proposed in our Investment Plan include Local Transport Plan (LTP funds), Regional Funding Allocation and Strategic Housing Investment Pot (SHIP).
- 1.9. We recognise that skills and employment are key issues that need to be tackled within the Tees Valley. The Investment Plan does not currently identify revenue programmes to tackle these issues but it will do in due course. We expect to do this in time to input to the RES Action Plan. We also recognise that the voluntary and community sector will play a role in delivering the programmes set out in this plan, as well as public agencies.
- 1.10. In addition to supporting the City Regional business case, and aligning the Single Programme with these other funding sources, the Investment Plan will also:
 - underpin future sub-regional bids for Single Programme and other funding sources as a 'rolling' document to be reviewed on a regular basis by the TVP and/or its successor body; and
 - feed into the ongoing development of One NorthEast's RES Action Plan.

Summary of proposals

- 1.11. The Investment Plan sets out our proposals to create:
- 30-33,000 new gross FTE jobs by supporting the growth of key sectors including chemicals/petro-chemicals, engineering, the new energy economy and digital media and by developing the Tees Valley's visitor economy;
 - 495,000 square metres of new office/business space and 1.2m square metres of new or refurbished industrial space;
 - 5,000 new homes in those neighbourhoods most in need of housing market renewal and improve a further 2,700; and
 - a radical shift in the quality of the Tees Valley public transport network through investment in bus services and the development of a new Tees Valley Metro to connect areas of disadvantage with employment, leisure and other opportunities.
- 1.12. To realise these long-term benefits for the Tees Valley will require additional public sector investment of £687-763 million over the period to 2016. This assumes:
- a modest increase in current levels of Single Programme capital investment from £17.1 million per annum to £22 million p.a. by 2015/16 to accelerate the economic regeneration of our key town centres and the River Tees Corridor; high, medium and low growth scenarios were considered in developing the Single Programme component of the Investment Plan and these are explored overleaf
 - the attraction of up to £20 million of European funding between 2008-2016 to be matched against Single Programme investment in priority projects;
 - a modest increase in DfT investment in our highways and public transport network and redirecting existing Network Rail funding commitments to support the development of the Tees Valley Metro;
 - a more substantial increase in the level of DCLG Sustainable Communities investment to create new, mixed income communities in the urban core of Stockton, Middlesbrough, Redcar and Hartlepool to support our proposals for economic growth and neighbourhood renewal;
- 1.13. The table overleaf summarises our funding proposals.

Table 1.1: Investment Plan funding proposals

Funding Requirements by Programme (£m)	to 2008/9	2009/10-2011/12	2012/13-2015/16	Total
Single Programme (Revenue)				
Chemicals	2.1	2.1	2.8	7
New Energy Economy	2.25	2.25	3	7.5
Engineering	0.4	0.9	1.1	2.4
Digital City	4	6.6	10	20.9
<i>Total</i>	<i>8.75</i>	<i>11.85</i>	<i>16.9</i>	<i>37.8</i>
Single Programme (Capital)				
Visitor Economy	5.3	8	10	23.3
Darlington Gateway	5.3	6.5	25.5	37.3
Stockton-Middlesbrough Initiative	25.8	32.65	37.9	96.35
Coastal Arc	15.5	27	32.8	75.3
Green infrastructure	3	3	4	10
<i>Total</i>	<i>54.9</i>	<i>77.15*</i>	<i>110.2**</i>	<i>242.25</i>
DCLG Sustainable Communities				
HMR/SHIP	55	83	109	247
DfT				
Tees Valley Metro***	3	93	30.5	126.5
Tees Valley Bus Network	1.1	31.6	3.4	36.1
Tyne Tees Express		1	13	14
A66/A19/Demand Management	2.4	10	82	94.4
<i>Total</i>	<i>6.5</i>	<i>135.6</i>	<i>128.9</i>	<i>271</i>

*includes an anticipated £10 million of European funding to be matched against Single Programme resources between 2009/10-2011/12; net Single Programme requirement for this period is £67.15m

** includes an anticipated £10 million of European funding to be matched against Single Programme resources between 2012/13- 2015/16; net Single Programme requirement for this period is £100.2m

*** A large component of this funding is already committed, leaving a "gap" of £20-£50m at the present time.

Single Programme options

- 1.14. In developing our proposals for Single Programme investment we considered three broad scenarios:
- A low growth scenario based on continuation of existing levels of Single Programme funding and assuming investment of £171 million over 10 years; this would enable delivery of existing flagship renaissance projects including Middlehaven, North Shore and Victoria Harbour but would reduce their transformational impact as there would be insufficient resources to bring forward adjoining projects requiring more modest levels of public sector pump priming
 - a high growth scenario based on almost doubling existing Single Programme resources to £32 million per annum or £320 million over the lifetime of the Investment Plan; in theory this could deliver substantially more jobs and employment sites and premises although it is unlikely that this would result in the creation of a sustainable property market and could in fact exacerbate market failure; the high growth scenario was not considered to be a realistic option
 - a medium growth scenario based on a more modest increase to £22 million per annum; this would facilitate the implementation of a coherent economic development/physical regeneration programme that will deliver significant benefits to the City Region and to the North East as a whole; the medium-growth scenario is considered to represent a realistic basis for the Investment Plan
- 1.15. It is estimated that the new regional European programme will provide £30m/year of resources for the North East. The principles and details of the programmes have yet to be developed and negotiated with the Government and the European Union, although it is apparent that 75% of EU resources must be spent on the priorities set out in the Lisbon Agreement.
- 1.16. It is possible that some of the Investment Plan proposals could qualify for the 75% identified as part of the Lisbon Agreement; Sustainable Communities are unlikely to be eligible but could still be funded for the remaining 25% of the programme. The Single Programme component of the Investment Plan therefore includes an anticipated £20 million of European funding to be matched against Single Programme resources of £2.85m per annum over 7 years of the programme. The net Single Programme requirement for the period to 2016 is therefore £222.25 million.
- 1.17. It is probable that in those areas where the private sector is beginning to demonstrate strong interest in the commercial/industrial property market, the proposals will stimulate higher levels of private investment than currently anticipated, thereby reducing the public sector funding requirement. Some of the projects included in the later periods of the Investment Plan require significant feasibility and the funding profiles for some of these projects are likely to change as this work is undertaken.

Investment Plan Structure

- 1.18 Section 2 outlines our proposals to support the growth of key sectors/clusters. Section 3 considers employment sites and premises, and commercial and industrial sites and premises. Proposals for physical investment in sustainable communities are set out in section 4. Section 5 considers transport and connectivity, and section considers quality of place.

2. ECONOMIC GROWTH SECTORS

Introduction

- 2.1. In section 2 of the Investment Plan we set out our proposals for investment in those economic sectors/clusters with the potential to make the most significant contribution to growth in employment and Gross Value Added across the Tees Valley City Region.
- 2.2. Recent research for Business Link¹ notes that between 1991-2004, sub-regional GVA grew by £1.27bn to £8.48bn (15%) with much of this growth occurring between 1991-1995 and 2002-2004. Over the same period, the TV economy grew by 10% - or 25,000 jobs. In absolute terms those sectors generating the highest increase in employment over this period were:
- education (+12,200 jobs)
 - health and social care (+10,900 jobs)
 - business services (+8,000 jobs)
 - retail (+6,100 jobs)
 - hotels and restaurants (+3,000 jobs)
- 2.3. In contrast 13,000 manufacturing and engineering jobs were lost over the same period. Although the chemicals sector shed some 3,200 jobs between 1994 and 2004, it continues to make a major contribution to Tees Valley's GVA and has acknowledged potential for further expansion.
- 2.4. Moving forward, the policies of the Regional Economic Strategy and draft Regional Spatial Strategy are based on a scenario of 2.8% growth in GVA per annum. In broad terms this assumes that the North East's GVA will increase to just under £42.3 billion by 2016 – some way in excess of the trend-based projection of £36.3 billion.
- 2.5. The 2.8% target equates to a regional increase in employment from 1,076,000 jobs in 2001 to 1,148,000 by 2016 – an increase of 72,500 jobs. This assumes:
- a further decline of some 27,000 jobs in manufacturing, although manufacturing GVA is projected to increase;
 - significant increases in:
 - *retail, distribution and hospitality (+23,000 jobs 2001-2016)*
 - *public administration (+20,000 jobs)*
 - *education, health & social work (+18,000 jobs)*
 - *finance and business services (+12,000 jobs)*
 - *construction (+10,000 jobs).*

¹ Mapping Business Growth in Tees Valley, PACEC for Business Link Tees Valley June 2006

- 2.6. If Tees Valley were to match regional growth, this would imply a net increase of between 18-20,000 jobs over the period to 2016 (less than the jobs growth between 1991-2004) but a more substantial increase in GVA £8.5 billion to £11.2 billion (31%, compared to 15% 1991-2004).
- 2.7. Section 2 sets out how key sectors of the Tees Valley economy will deliver growth in GVA and employment. Our priority sectors/clusters are:
- chemicals and petrochemicals;
 - the new energy economy;
 - digital media – via the University of Teesside-led Digital City programme;
 - logistics;
 - tourism; and
 - financial and business services
- 2.8. which represent a mix of:
- established clusters making a significant contribution to GVA – most notably chemicals/petro-chemicals and logistics, which effectively forms part of the Tees Valley process industries cluster; and
 - emerging areas of economic activity which currently make a more modest contribution to the Tees Valley economy but have growth potential.
- 2.9. The recently submitted LEGI bids are all looking to target particular sectors as a means of improving the performance of those sectors and also using them to drive improvements in the most deprived areas.
- 2.10. The Investment Plan considers the key investment opportunities in each of these sectors, and identifies the outputs and impacts of these investments on GVA growth and employment creation.

Chemicals

- 2.11. The process industries- including companies operating in the chemical, speciality chemical, pharmaceutical and biotechnology markets employ some 34,000 people and contributed £8 billion towards regional GDP in 2005. The products developed by this cluster are extremely wide-ranging, relating to food, health, construction, energy, clothing, cosmetics, electronics and communications.
- 2.12. The process industries are particularly important to the Tees Valley economy, with direct employment of more than 12,000 people in key sectors including:
- petrochemicals- half of the UK's petrochemical manufacturing output originates from Tees Valley;

- fine and speciality chemical engineering- with over 40 firms based within the Tees Valley; and
 - key biotechnology companies including Avecia Biologics.
- 2.13. Evidence suggests that the process industry cluster supports further indirect employment of around 100,000 in supporting industries in the Tees Valley such as those in analytical services, engineering, logistics and legal and financial sectors. There are strong links in particular to the engineering and plant maintenance sector, which itself employs 5,000 on Teesside, and is supported by the Tees Valley Engineering Partnership. Most businesses in the cluster are located at one of three sites- Wilton, Billingham and North Tees/ Seal Sands.
- 2.14. Teesside has significant oil and gas facilities which provide a strong feedstock for the cluster. Teesport, the second largest port in the UK, further underpins the petrochemicals cluster. Some 70% of goods coming through the port are for, or from, the process industries.
- 2.15. The Tees Valley cluster is also centred on a strong research and development base. One NE has established the Process Industries Centre of Excellence (CPI)- based at Wilton, and NEPIC- the North East Process Industries Cluster. NEPIC aims to develop the competitiveness of the regional petrochemicals cluster and to develop new technologies. NEPIC has strong links with academic research institutes operating in the sub-region, including the Teesside Manufacturing Centre at the University of Teesside, the University of Durham, the Welding Institute at Wilton (which provides engineering solutions in joining technology) and the Centre for Process Innovation (CPI).
- 2.16. Based at Wilton, CPI develops leading edge products based on advanced materials and sophisticated technologies. Current work for example includes development of fuel cells from hydrogen. Wilton is also the location of PICME, the Process Industries Centre for Manufacturing Excellence, which aims to assist manufacturers of chemicals, pharmaceuticals, plastics and rubbers improve their competitiveness and efficiency. Wilton has the largest concentration of private sector R&D activity in the North East.
- 2.17. Over the past 3 years, major private sector investments in the Tees Valley include Avecia Biologics (new £70m manufacturing lab), BOC (£100m on hydrogen plant supply), AdvanSA (£30m investment to improve efficiency of existing site), Invista (£40m on boric acid upgrade), SembCorp (£85m on a gas turbine unit and new wood burning plant), Huntsman (£200m on new plant) and the new bio-diesel plant. In total, these investments total over £700m and have created 400 jobs.
- 2.18. Tees Valley Regeneration and ONE are working with NEPIC on Inward Investment projects totalling £4.5 billion and the NEPIC GDP team have identified another £2.5 billion of other investment projects. At a regional level, the sector's GDP contribution is expected to increase from £8.8 billion in 2005 to £13.3 billion in 2015/16 – with around £3 billion of GDP growth secured from development of base chemicals in Tees Valley.

Priorities

- 2.19. To sustain growth of the Tees Valley cluster, it will be vital to:
- identify sufficient development land for speciality chemicals/petrochemicals use, particularly at Billingham, North Tees, Seal Sands and South Tees as new developments at Wilton could take-up remaining sites in the medium-term;
 - invest in projects with the potential to extend the availability of crude oil as the major feedstock for the Tees Valley chemicals cluster;
 - continue to invest in the provision of competitive energy supplies – particularly electricity – at North Tees and Seal Sands, building on the success of the Wilton and Billingham complexes in developing a comprehensive utilities programme;
 - accelerate investment in workforce skills through development of a comprehensive skills strategy for the cluster; NEPIC estimate that, there is a requirement for up to 4,000 new jobs at graduate/technician level in Tees Valley over the next five years, compounded by the high average age of chemicals sector employees; NEPIC is working with the Sector Skills Council Cogent, One NorthEast and the LSC to improve the skills base of the process industry in the region and to attract young people to the sector; and
 - extend core funding of NEPIC – currently funded through regional Single Programme resources at a cost of £700,000 per annum – beyond 2008/9 to facilitate long-term development of the cluster, including support to access SFI and other DTI and European funding streams.

The new energy economy

- 2.20. Increasing energy demand from both industry and domestic consumers, coupled with stronger environmental regulations to restrict CO2 emissions, and the need to secure energy supplies, are driving the growth of the renewable energy and low carbon technologies sectors. Tees Valley is already at or near the forefront of various developments in the new energy economy, partly as a result of the presence of a number of key players in chemicals/petro-chemicals, energy management and engineering skills and its physical infrastructure. Some of Tees Valley's competitive advantages in this sector include:
- availability of a strong local skills base arising from the existing steel, chemical and engineering sectors;
 - physical infrastructure which includes extensive hydrogen generation capacity (75,000 tonnes per year), vast underground hydrogen storage (1,000 tonnes) and a 30km hydrogen pipeline network;
 - a range of available industrial sites, ranging from large-scale industrial and R&D expansion capacity at Wilton Centre and Wilton International, through to brownfield riverside sites with high capacity grid connections;

- substantial local energy demand created by existing industrial users; and
- the presence of the port is a major advantage for the import of liquid and solid biomass and the export of wind turbine components.

2.21. This is already leading to major new energy developments in the sub-region, including:

- construction is complete on the world's largest biodiesel production facility (employing 70), and a number of private sector firms have expressed interest in establishing bioethanol facilities in Tees Valley;
- Tees Valley is the location of the UK's largest biomass fed power station which is currently under construction; and
- there is significant private sector interest in on-shore and off-shore wind and various projects are progressing through the planning system.

2.22. New energy projects in Tees Valley have the potential to lever in around £3 billion of private investment and create around 500 new jobs over the next 10 years.

Green Fossil Fuels

2.23. The development of green fossil fuels is a major opportunity for the Tees Valley, and there are two potential major projects in the pipeline:

- Progressive Energy (PE) has plans to construct a coal gasification plant with carbon capture and storage; and
- a potential oil refinery, discussed in the preceding section on the chemicals industry.

- 2.24. The Tees Valley is the UK's ideal location for the Coal Gasification plant because of the presence of major sources of high electricity demand and proximity to old oilfields that can use the captured CO₂². Private sector consortia are proposing investment of \$1.5billion investment to build the plant which will create around 170 operational jobs and has the potential to reduce the UK's CO₂ emissions by 1%.
- 2.25. The PE project is commercially viable in its own right at today's electricity and CO₂ prices, although HM Treasury support will be needed to guarantee the CO₂ price under the EU emissions trading scheme. The oil refinery project, discussed above, will also need substantial DTI support.

Wind power

- 2.26. The Tees Valley has considerable potential to attract a major off-shore wind facility and to further develop its manufacturing and support capabilities for both on/off-shore wind. It has a number of competitive advantages including:
- the availability of significant expertise/skills, particularly in marinising equipment to ensure that it will run successfully and reliably offshore,
 - the second largest port in the UK – relevant when it comes to exporting wind turbine blades to continental Europe and beyond,
 - Tees Valley is home to the MPI (Marine Projects International) Resolution ship which offers a unique service for installing offshore wind turbines inside short weather windows.
- 2.27. There is a significant opportunity for the Tees Valley in the manufacturing and service side associated with offshore wind. The key to instigating major development in the Tees Valley is to secure a major turbine OEM into the sub-region.
- 2.28. Ultimately, up to 25,000 jobs could be created in the North East in offshore wind, according to a recent Greenpeace report. In Tees Valley there are a large number of companies, currently engaged in engineering and other offshore activities, with the capability to diversify into wind turbine component manufacture.

Liquid biofuels (biodiesel and bioethanol)

- 2.29. Biofuels- fuels derived from biomass (recently living crops, organisms of their metabolic products) - provide a renewable energy source that does not produce a large net increase in CO₂ emissions. Biodiesel is developed from animal fats and vegetable oils and can be used directly as vehicle fuel; bioethanol can also be used as automotive fuel.

² The carbon dioxide created during the process would be captured and transported by pipeline to a mature oil field, where it would be injected into the field's reservoir located thousands of feet below the sea bed. Injecting carbon dioxide is a proven enhanced oil recovery (EOR) technique that increases production of oil, extending the productive life of the field. In addition, injection would permanently store the carbon dioxide in a geological formation.

- 2.30. The economics of biodiesel and bioethanol production are borderline at the moment but set to become very attractive in the future. The UK government has mandated a 5% bio content in all road transport fuels by 2010 and is likely to raise this further.
- 2.31. The world's largest biodiesel production facility has successfully started up in the Tees Valley, employing 70 people. The company has announced its intention to build a second plant and there is live interest in further development of biodiesel and bio-ethanol facilities from a range of other parties.
- 2.32. Renew Tees Valley suggest that Tees Valley has the potential to attract one biodiesel plant and two large bioethanol plants. Each will employ around 60-70 people.
- 2.33. The North East Biofuels cluster group covers the entire supply chain for biodiesel and for bioethanol, from the agricultural end and agricultural supplies end through farmer-owned companies and on to the industrial processing plants, downstream blending, utilities and import/export facilities. The missing link in the local supply chain is an oil seed crusher plant, which would draw in feedstock from as far afield as the Humber and the Scottish borders.
- 2.34. As a £40m investment linked to 50 jobs, the investors are seeking to raise £4m from the public sector to manage perceived investor risk. Feasibility study work, part-funded by One North East, is exploring this possibility further. The requirement to supply such a plant with feedstock would clearly also create an opportunity for the agricultural sector in the North East.

Solid Biomass

- 2.35. The Tees Valley is the site of the UK's largest biomass fed power station, Wilton 10, which is currently under construction at a cost of £60 million and is due to start up in mid 2007. The construction of Wilton 10 is creating a new biomass supply chain across the region (and also benefiting from imports via Teesport). The UK's largest dedicated wood recycling facility is now being built on the Wilton site at a cost of £5m. In addition, contracts have been established with the Forestry Commission and with farmer groups to supply large volumes of small round wood and short rotation coppice willow respectively into Wilton 10.
- 2.36. There are opportunities for biomass Combined Heat and Power (CHP) in modern large scale developments but public sector funding is likely to be required in the early feasibility stage of such proposals. The UK is also starting to consider the installation of biomass fed boilers in individual domestic dwellings as happens elsewhere in Europe and this also has potential to create new investment and employment opportunities in the Tees Valley.

Hydrogen economy

- 2.37. There is international interest in the Tees Valley as a location for developing and deploying technology related to hydrogen as a long-term source of fuel, due to the presence of a large hydrogen generation, storage and distribution facility linked to the process industries cluster.
- 2.38. The Fuel Cell Applications Facility at CPI is developing a range of portable, stationary and transport applications for hydrogen fuel cells. Further research is also underway to facilitate large scale, green generation of hydrogen – from coal (via the PE project described overleaf), from electrolysis using surplus wind-generated electricity, and from the gasification of biomass.
- 2.39. The main vehicle for moving Tees Valley activity up to the next level is the Tees Energy 2010 project. This is linked to the Middlehaven energy services company (which will require developers to sign up to a Combined Heat and Power system, fuelled by a mix of hydrogen and natural gas. Work is proceeding on a bid for around 100 million euros of funding from Framework 7, but the cost of launching a credible bid is likely to be of the order of £250,000. Some public sector support will be required to leverage private sector investment in the Framework 7 bid.

Renew Tees Valley

- 2.40. Renew Tees Valley is facilitating the development of the new energy economy in Tees Valley. It receives Single Programme funding of £750,000 per annum and continuation funding will be required post-2008 to ensure that RTV is able to assist with funding bids, support private investors in the planning process and further market Tees Valley as an inward investment location.

Engineering

- 2.41. Analysis indicates that there are over 200 companies in the Tees Valley engineering sector, directly employing more than 14,000 people (representing 5% of total Tees Valley employment). A further 6,000 indirect jobs are supported in chemicals, other manufacturing and logistics. The sector generates Gross Value Added of some £1.75bn per annum, 22% of Tees Valley GVA.
- 2.42. These companies are engaged in a wide variety of disciplines including design, maintenance, fabrication, installation, machining, electronics and specialist production. Much of this activity supports the chemicals and steel industries.
- 2.43. The sector is supported by a substantial learning infrastructure. The University of Teesside has more than 300 students on degree and post-graduate engineering courses. Hartlepool College has 500 NVQ level III engineering students and the other Tees Valley FE Colleges support a further 500 students. There are 300 Modern Apprentices hosted by the

private training companies, three of which are Centre of Vocational Excellence (COVEs)- Engineering and Construction/ Specialised Engineering for the Chemicals and Metals Industries/ Technical and Design Engineering. At secondary level, 3 specialist engineering schools provide an initial platform for the development of specialist skills.

- 2.44. Demand for engineering capability over the period 2006-16 will be enormous with over £4 billion in proposed capital projects in addition to current maintenance and overhaul schedules. A number of the key projects have been discussed in preceding sections, and include: the current significant expansion of the workforce and facilities at Filtronic and ARRK, a new refinery, bioethanol plants, power station(s), LNG terminals, investment at Corus, and a proposed paper mill.
- 2.45. Visioning work by the Tees Valley Engineering Partnership (TVEP) suggested that sustaining and growing the engineering sector over the next ten years will require:
- substantially increasing the proportion of the workforce qualified to at least NVQ Level 3
 - at least doubling the number of new entrants to the sector, particularly through sponsored Modern Apprenticeships;
 - better and accelerated application of new technologies;
 - providing long term strategic direction, a communications strategy and cross-sector collaboration: and
 - improving perceptions of the sector as a provider of fulfilling and substantial careers.
- 2.46. TVEP is currently implementing a 3-year action plan to 2008 to address these issues, funded by £416,000 of Single Programme investment. A further £2 million of Single Programme funding over the period 2009-2016 to develop TVEP's programme around skills development and the retention of skilled workers is required to ensure the continued successful and sustainable development of the engineering sector in the Tees Valley. TVEP will invest in activities which:
- develop higher level workforce skills
 - increase the use of innovation and new technology in the engineering sector
 - exploit opportunities in energy generation
 - support export activity
 - strengthen infrastructure and support networks.

Logistics

- 2.47. The Tees Valley is now a regionally significant location for logistics investment, evidenced not only by the growth of Teesport (where Asda has established a distribution facility) but also by demand for distribution

facilities in Darlington (where Argos have recently established a distribution centre), Wynyard and elsewhere in the A1/A19 corridors. Teesport is also a key element of the supply chain for the chemicals and steel industries. Some 13,000 people are employed in the logistics sector within the Tees Valley.

- 2.48. Teesport is an essential asset for Teesside. It is the UK's second largest port in terms of volume, and the tenth largest in western Europe. It is the only port on the east coast capable of handling 150,000 tonne vessels, providing direct access to the sea in 30 minutes. Teesport handles around 6,000 vessels and 53 million tonnes of cargo per annum. 10% of all UK port-traffic is handled at the Tees and Hartlepool. As well as being vitally important to the Tees Valley as a whole, the port is particularly important to the process industries sector, with 70% of goods passing through the port being destined to or from the sector.
- 2.49. Current proposals for Teesport are focussed on creating the new Northern Gateway Container Terminal (NGCT) - a deep-sea container port with new road and rail infrastructure. Although significant additional deep-sea capacity is proposed for the south east, there is a significant market opportunity to capitalise on overall market growth and to claw back containerised freight with an origin or destination in the North of England.
- 2.50. The need for increased deep-sea capacity is widely recognised by Government and by port investors. UK deep sea container traffic is expected to almost double between 2004-2020. The size of container vessels is increasing to accommodate more exports and larger containers, and the size of containers is also increasing to accommodate growth more efficiently. This is creating a demand for increased deep sea port capacity to accommodate larger ships. Current and committed UK deep-sea capacity is 15.2m TEU (twenty-foot equivalent units), which would rise to 16.7m with the approval of NGCT- this compares to forecast deep-sea transshipment throughput of 17.5 TEU by 2020.
- 2.51. Currently, while the north accounts for 30% of the share of the total UK container market, it receives only 6% of UK direct deep sea calls. Conversely, the south accounts for 50% of the UK container market and receives 92% of the direct deep sea calls. The UK's current medium term deep-sea capacity developments are all located in the South East- Felixstowe, Bathside Bay, and London Gateway, increasing road and rail congestion.
- 2.52. Evidence suggests that the development of the Northern Gateway Container Terminal would reduce the need for overland transport from the south, potentially cutting 72 million lorry miles by 2020. PD Teesport estimate that by 2014, the new port facilities would directly employ 230 people and support a further 859 indirect/induced FTE jobs. The expansion of Teesport is also vital to ensure the future continued viability of Tees Valley's key sectors, particular chemicals, new energy and the steel industry.

- 2.53. Commercial confidence in Teesport is witnessed by a number of recent major investments. These include Asda/ Walmart's decision to locate a £30 million national import centre at Teesport. B&Q has also recently relocated much of their inbound container movements from the south to the north, reflecting the increasing dissatisfaction felt by customers regarding the unreliability of crowded ports in the south east.
- 2.54. The landward works to create the deep-sea port will include new road and rail infrastructure within the port, and a new intermodal rail terminal. The £300 million proposals will be financed by PD Ports, although some public sector investment is anticipated to support off-site road and rail infrastructure:
- local rail improvements – costing between £5-10 million – are required to enhance local rail capacity and improve connection to the East Coast Main Line; this will benefit other Tees Valley businesses based around the port and at Wilton; it is anticipated that these will be funded through a combination of Network Rail and PD Teesport investment;
 - gauge enhancements on the East Coast Mainline - it is anticipated that these will be funded by Network Rail. A TIF bid, to fund gauge enhancements between Teesport and the East Coast Mainline, as been made (to the value of £30m), with a decision expected in October.
 - under the auspices of the Northern Way, discussions are underway with the DfT and Network Rail to examine the possibility of undertaken gauge enhancements across the whole of the North - known as the "Ports to Markets" project, this is very much at discussion stage, but could eventually supersede the current TIF bid.
 - highway improvements including improved capacity for the A19 and A66.

Developing the role of our Universities

- 2.55. The Tees Valley, and the University of Teesside in particular, has a recognised expertise in digital technology, digital media and their applications. Recognising this strength, and the potential role that digital media can play in driving the economic regeneration of the sub-region, the Digital City initiative was established in 2003 with the aim of creating "a vibrant, successful and self-sustaining supercluster in the Tees Valley, based on digital media and digital technologies."
- 2.56. The digital and creative industries sector- covering animation, computer gaming, film, design and illustration, digital technology, scientific visualisation, virtual reality, internet design, and multi-media- is the fastest growing sector of the UK economy. Globally, the animation sector has grown by 6% since 2004.
- 2.57. A mapping exercise for the Tees Valley sector in 2005 indicated that there are some 302 digital and creative businesses in Tees Valley, employing 3,620 people and generating turnover of £266 million. By 2008, it is estimated that the sector will support 5,000 jobs and generate turnover of

some £370 million- and this estimate ignores further growth potential arising from inward investment and the boom in e-learning.

2.58. The University of Teesside is one of the UK's top 3 universities in digital media. Around 1,500 students a year graduate in digital and creative-related subjects and 20 digital businesses are currently incubated on campus. The activities of Digital City are wide-ranging and encompass a mix of capital and revenue programmes:

- education, fellowships (funding, resources and mentoring across the digital fields);
- the Institute of Digital Innovation (a centre for research, development and commercialisation), led by the University of Teesside; IDI is sited on the University campus and underpins R&S activities, development of creative content, new business creation, and the supply of talented and entrepreneurial postgraduates;
- a year round programme of events, festivals and conferences;
- activities to foster, support and stimulate business attraction, start-up and acceleration (under the umbrella of Digital City Business);
- Boho - a creative hub where new and established digital businesses will work together, led by Middlesbrough Council; Boho will house new and established digital businesses within a new building adjoining Queens Square in central Middlesbrough,
- the "public space" will showcase the work of Digital City, partly through a mobile exhibition vehicle.

2.59. The Digital City initiative is already achieving substantial success. Since 2005, 70 fellowships have been awarded, resulting in 9 business start-ups. Also in 2005, a major u-learning (ubiquitous learning, i.e. learning using technology) organisation- the Nisai Group- onshored 40 jobs from India and this is expected to treble over the next 3 years. The anticipated outputs associated with Digital City are shown in the table below:

Table 2.1: Digital City outputs

Output	2006-8	2009-10	2011-16	Total
Jobs created	170	274	150	594
Jobs Safeguarded	27	100	115	242
Businesses created	49	80	10	139
Businesses attracted	7	14	8	29
Business supported	192	170	68	430
Brownfield land remediated	2 acres	1.5 acres		3.5 acres
Floorspace created ³ (m2)	2810	0		2810
Learning opportunities created	354	280		634

Note: All figures are gross

- 2.60. Total funding of some £23.2 million is required to sustain Digital City activities over the period to 2016. Around £14 million is required to develop the Boho zone (none of this is committed as yet). The other funding streams are for ongoing revenue activity in terms of business support, education programmes, events and festivals, and fellowship and mentoring programmes. All funding for the IDI has been committed until 2008.
- 2.61. By 2010, it is anticipated that capital investment will be largely complete. Ongoing revenue streams are likely to continue at current levels, around £2m per annum, to manage the Institute of Digital Innovation, and deliver business support, events, fellowships, mentoring and other activity. Beyond 2010, it is also hoped that Digital City will be able to create income streams by taking limited equity in new companies.

³ Excludes Boho Zone

Table 2.2: Digital City funding requirements (all sources, £000s)

	2006/7	2007/8	2008/9	2009/10	Post 2010	Total
Boho Zone	1,353	7,900	4,860	153	-	14,266
DC Business	902	658	758	723	5,000	8,041
The Public Space (feasibility work)	100	200	-	-	-	300
IDI	1,266	1,348	1,454	1508	5,000	10,576

2.62. Other opportunities associated with the development and commercialisation of the Tees Valley's academic knowledge base are in their infancy. There may be emerging opportunities around nanotechnology and environmental technologies for the University of Teesside, some of which may adopt elements of the Digital City business model. There are also opportunities to develop the Wolfson Research Institute. Centred on research around clinical and health services, life sciences, medical humanities and public policy, health and well-being, more work is required to establish the medium/long-term economic impact of these activities.

Visitor Economy

2.63. The visitor economy in Tees Valley generates contributes just under £100 million pa to the sub-regional economy⁴, less than the regional average on a per capita basis (total tourism expenditure across the North East region is some £700m). Existing tourism assets include:

- the Victorian heritage coast around Saltburn
- the market town of Guisborough and surrounding rural area, including part of the North York Moors and Cleveland Way;
- Hartlepool Marina, the Headland and the town's seafaring heritage;
- watersports activities at the Tees Barrage;
- the soon to be open Middlesbrough Institute of Modern Art (MIMA).

2.64. Whilst the Tees Valley is under-represented in tourism activity, the sector is growing - more than 9,000 jobs were created in retail, leisure and hospitality between 1994-2004 – and has potential for further growth, particularly through the development of niche markets. The new Area Tourism Partnership – the Tees Valley Tourism Bureau – will play a key role in developing and marketing the Tees Valley's visitor offer; alongside this work, a number of investment priorities are proposed:

⁴ This compares to tourism expenditure in the North East region of £700 million. Source: Star UK, Volume and Value of tourism trips, 2004.

- development of a new cultural quarter in Middlesbrough;
- development of activity tourism in Redcar and Cleveland, including proposals for a new racecourse;
- Coatham Enclosure- a new, iconic visitor destination on the coast at Redcar, providing opportunity for a range of active leisure pursuits, including climbing, swimming, and various extreme sports;
- proposals for the H2O leisure centre in Hartlepool and development of a tourism/ leisure development at Seaton Carew;
- Development of an iconic visitor centre at the Salholme Nature Reserve in Stockton;
- a resort development programme for the historic coastal town of Saltburn; and
- Northern Cross, a multi-purpose visitor facility to introduce and signpost the key visitor attractions of the North East.

Cultural Quarter

- 2.65. A new cultural quarter of regional significance is emerging in the heart of Middlesbrough town centre. This is focused around the new £19m Middlesbrough Institute of Modern Art (mima) and the largest new public square in western Europe. Designed by architects Erick van Egeraat and West 8, mima is due to be opened formally in November 2006.
- 2.66. The Cultural Quarter will be further enhanced through the proposed conversion of the Grade 2 Listed Town Hall into a new cultural hub. This building already accommodates two significant performing venues, with a fine concert hall. It is proposed to enhance the performance spaces and provide for new restaurants and other facilities, including the relocation of the town's registrar's office and extension of the library.
- 2.67. Developers have been shortlisted for the mixed use development of Central Gardens East to complete the redevelopment of the cultural quarter. This project will be wholly funded by the private sector. Further investment in public art is proposed to enhance the 'Bottle of Notes' and other installations.
- 2.68. Some feasibility work to support these investments is underway, supported by Middlesbrough Council, who will invest £1.6m by the end of 2007/8 in the town hall. and concert venues. However, it is anticipated that further funding, most likely from the Heritage Lottery Fund, will be required, in addition to around £1.5m from Single Programme. Discussions are underway with HLF about large-scale funding for the restoration of the Town Hall (possibly including a new glass extension). These schemes are anticipated to come forward over the period 2009-11.

Northern Cross

- 2.69. Darlington Council and its partners are developing proposals for a multi-purpose visitor facility to provide a visitor 'gateway' to Darlington, the Tees Valley and the North East as a whole. The project will involve the development of a site on the outskirts of Darlington at the junction of the A1(M) and the A68. Similar to the concept of 'Rheged' at Penrith, the facility will preview Hadrian's Wall and introduce various other North East attractions. This orientation function will be housed within an innovative central building supported by a range of leisure attractions to ensure the sustainability of the project, including a café and restaurant; 250-seat digital projection suite; internal and external childrens play area; landscaped garden and garden shop; and an art shop.
- 2.70. The potential also exists to construct a 40 bed themed motel and filling station on the site. A full feasibility study has been carried out which identified Darlington as an ideal location due to its large catchment area and strong transport connections. The Northern Cross project will be of strategic importance to wider plans to realise the potential of Hadrian's Wall and provide a southern visitor gateway to the North East. Public sector funding in the order of £5 million is expected to be required, and this would likely attract private sector investment of around £15 million.

H2O Centre

- 2.71. Hartlepool Council is developing proposals for the H2O Centre, a major new water-based leisure/visitor facility to form part of the regenerated Victoria Harbour (see section 3). The current proposals – at feasibility stage – include a state of the art indoor 25m competition swimming pool; learner pool/fun pool, four-court sports hall, health & fitness Centre, indoor/outdoor extreme sports area and climbing wall, cafes and spectator accommodation.
- 2.72. H2O is proposed to be housed within an iconic maritime-theme building and set within the landscape "wave" parkland feature of the Victoria Harbour Master Plan. The extreme sports areas will make an important contribution to the development of niche tourism. The capital cost of the H2O Centre is estimated at £26m. It is anticipated that the Centre will largely be funded by the private sector, although some gap funding through the Single Programme is likely to be required.

Activity Tourism

- 2.73. The activity tourism initiative aims to develop niche tourism markets in the areas of walking, mountain biking, horseriding, motorsports, surfing/kite surfing, and wildlife. Key components of this include the development of new walking trails, development of a mountain bike trailhead centre at Guisborough forest, a kite surfing centre at Coatham, improvements to the South Tees Motorsports Park and development of a new racecourse at Redcar.

- 2.74. The outputs associated with the activity tourism projects have been included elsewhere in this report.

Saltholme International Nature Reserve

- 2.75. Saltholme International Nature Reserve is a regionally important, internationally acknowledged tourism project. It is based on the creation of the Saltholme Wild Bird Discovery Centre. Within an iconic building, cutting edge interpretive techniques will be used to provide extraordinary views of and unique insights into the wildlife of the International Nature Reserve. The site will become a key site in the northeast for the increasing number of birdwatchers and wildlife enthusiasts both nationally and internationally. However, its unique approach to 'the fun of wildlife' will appeal to a much wider audience of non-naturalists who have not yet developed an active interest in wildlife and natural heritage.
- 2.76. Immediately outside the centre, interpretation and visitor activities will continue within specially designed landscapes and gardens. Beyond this, tracks and trails will enable visitors to explore the wider reserve, with hides and viewing points located at strategic points. Footpaths and cycleways will link to developing and existing networks in the vicinity ensuring ease of access for the surrounding communities and local towns.
- 2.77. Part of the 380 ha site involves the restoration of 55 ha of brownfield land, bringing this currently derelict land back into productive economic and community use.
- 2.78. The project is a collaboration between the Teesside Environmental Trust and the Royal Society for the Protection of Birds. The partners have achieved an initial pledge of private investment of £1,600,000 towards project costs (23%). A further £0.63m is being sought from private sources. £4.84m (68%) is being bid for from public, European, charitable and grant funding sources including the Northern Rock Foundation and the Heritage Lottery Fund, and including £2.6m committed expenditure from the Single Programme. The partners are working closely with Stockton Borough Council, Tees Valley Partnership, the Government Office and One North East.
- 2.79. Physical works are due to commence at the end of this financial year, with completion by December 2008.

Saltburn Resort Development Programme

- 2.80. The town with its hinterland has a distinctive heritage and cultural assets and market appeal. In recent years there has been a successful investment in the development to some of the key visitor infrastructure assets (Pier restoration, Lighting historic features, Art gallery etc). Complementing this is the very successful community activity that has supported various cultural and environmental initiatives enhancing the Saltburn visitor offer.

2.81. The **Saltburn Regeneration Programme** (SRP) intends to maintain and develop the economic potential and distinctive visitor offer of the town.

2.82. Some of the key public sector projects could include:

- **Property Investment Scheme** – The ‘Restore’ property improvement grants project will secure investment in existing premises and bring vacant or underused premises back into use. The grant scheme will meet a clear need for financial assistance towards commercial property improvement and the creation of employment opportunities until such as market conditions are more robust, and such schemes no longer require grant aid;
- **Public realm improvements** – A phased programme of high quality and innovative public realm projects at ‘Marine Parade’, ‘Lower Parade’, ‘Dundas Street’, ‘Station Square’, and ‘Windsor Road’ to improve perceptions, engender civic pride and attract additional investment to the town;
- **The ‘Glasshouse’ business and creativity centre** – The development of a centre to provide business incubator spaces, move-on accommodation, a creativity ‘hub’ centred around the active local community arts scene, exhibition space/community room/performance space, learning/IT suite and commercial floorspace on the groundfloor. The direct provision of commercial space will remove obstacles to start-up businesses and increase opportunities for businesses to locate within Redcar and contribute to the local economy;
- **Hazel Grove Sculpture Park** – The creation of a high quality landscape framework and the commissioning and installation of a range of sculptures; and
- **Saltburn Activity Tourism** – developing the surfers and ‘dabblers’ market.

2.83. £7.1m Single Programme funding is anticipated for the Saltburn Regeneration Programme, the majority of which will fall in the later programming period. The programme will deliver 30 new businesses and 160 new jobs.

Seaton Carew

2.84. The regeneration of Seaton Carew forms a key part of the Hartlepool Tourism Strategy (TRC). A number of property improvements, environmental and site access enhancements have therefore recently been carried out at key sites in Seaton Carew as part of the ongoing regeneration programme supporting the development of new business opportunities. A feasibility study for the development of specialist visitor facilities has recently been completed. In addition to further targeted environmental and public realm improvements and refurbishment of buildings, a major mixed-use development is planned on the site of the former fairground/coach park/bus station and adjoining areas. This includes the restoration of the Art Deco Bus Station, which is of particular importance to the regeneration of the resort. There are also important

potential synergies to Saltholme International Nature Reserve and other areas of nature conservation importance.

- 2.85. The 2ha former fairground/ coach park site has been part vacant, part used as a free car-park since the 1980s. The vision is to bring forward a mixed use, leisure-led development, making full use of the site's seafront position. The development will create a southern gateway for visitors to the town. Some initial feasibility work has been undertaken, a concept plan for the site has been drawn up, and access to the site has been improved. Public sector investment of around £2 million will be required to improve various complementary sites, including the bus station and the Longscar Centre (a large vacant building), as well as making a number of wider environmental improvements.

Summary

- 2.86. Tables 2.3 and 2.4 show the outputs and funding requirements associated with the visitor economy proposals. Visitor economy projects will deliver some 830 new jobs, create 45 new businesses and improve 30ha of public realm.

Table 2.3: Visitor economy outputs

Tourism Projects	By 2008	2009-2011	2012-2016	Total
Brownfield Land Remediated (ha)	55	19	0	74
Gross Jobs Created (FTE)	35	475	334	844
Gross Jobs Safeguarded (FTE)	0	29	25	54
Private Sector Leverage (£000s)	1,003	136,000	55,000	192,003
Business Created (number)	10	32	3	45
Gross Floorspace Created (m ²)				
- Office Space (m ²)	1,000	1,000	9,000	11,000
- Industrial (m ²)	0	15,700	0	15,700
- Retail (m ²)	2,000	7,500	8,000	17,500
Housing (units)	0	427	0	427
Public realm/ open space (ha)	0	27	3	30

Table 2.4 Visitor economy funding Requirements:

	By 2008		2009-2011		2012-2016	
	SP	Other	SP	Other	SP	Other
Northern Cross	-	-	1	-	4	-
Activity Tourism	1.3	7	1.2	0.3	0.4	0.2
Saltburn	0.1	-	1.5	0.7	5.6	1
Seaton Carew			2	0.5	-	-
Coatham Links	1	21	1.3	15		
Saltholme Nature Reserve	2.4	1.8				
Cultural Quarter	0.5	1.5	1	10.5	-	-
TOTAL	5.3	31.3	8	27	10	1.2

Financial, business and professional services

- 2.87. Although this sector has grown substantially over the last ten years, our analysis shows that financial, business and professional services remain under-represented in the Tees Valley. However the evidence is that major regeneration projects help to create a modern environment for these services.
- 2.88. The Teesdale area developed by the Teesside Development Corporation has seen a major increase of financial and business services supporting the Tees Valley economy creating over 5000 jobs. Similarly Hartlepool Marina has seen the creation of over 2000 jobs in this sector and Morton Palms in Darlington is having a similar effect. The engineering services design offices which support the chemical/steel industry have also been attracted to these locations. Future projects – particularly at North Shore, Middlehaven and Victoria Harbour – will play an important role in developing this sector.
- 2.89. Tees Valley Regeneration has the lead role in marketing Tees Valley to prospective inward investors elsewhere in the UK and overseas. TVR has submitted a Single Programme application to One North East to undertake marketing activity to three key sectors: business services, logistics, and the process industries. The application is for £575,000 Single Programme (£150,000 in 2006/7, £200,000 in 2007/8 and £225,000 in 2008/9). This will be matched by TVR core funding of £327,000. A decision is expected in October 2006. Outputs for the marketing activity have not been identified in the Investment Plan to avoid potential double-counting.

3. EMPLOYMENT SITES AND PREMISES

Introduction

- 3.1. In Section 2 we described how we intend to support employment and GVA growth in key sectors of the Tees Valley economy. Providing a competitive business infrastructure- including the availability of high quality employment sites and premises is a critical part of this approach.
- 3.2. Overcoming market failure to improve the supply of commercial and industrial sites and premises has been a significant component of the TVP's Single Programme investment plans and through English Partnerships throughout the 1990s:
- Teesdale has become a major regional focus for the office market with the development of almost 2 million sq.ft of office/business accommodation and creation of more than 5,000 jobs
 - Middlesbrough town centre is witnessing a revitalisation of its office market and continues to be the major retail and cultural centre for the Tees Valley
 - new office developments in Darlington (e.g. Morton Palms) are optimising its strategic location and opening up new market opportunities along the A66
 - Hartlepool town centre/marina continues to strengthen its role as an office location and Queens Meadow is witnessing increased private investment in industrial development
 - improvements to existing industrial estates at Riverside, Primrose Hill and South Tees are creating opportunities for new private investment.
- 3.3. Take-up of office/business space in the Tees Valley has averaged just under 30,000 sq.m per annum in recent years. Just over 40% of take up has been in Middlesbrough with 33% in Stockton, while there is some evidence that take-up in Darlington is beginning to pick-up. Redcar and Hartlepool have tended to account for less take-up than other parts of the City Region.
- 3.4. Take-up of industrial floorspace has averaged around 121,000 sq m per annum, with evidence of some increase in take-up rates since 2003. Here take up is more evenly distributed across the local authority districts - with Stockton (37%), Darlington (25%) Middlesbrough (17%) and Hartlepool (16%) accounting for the majority of take-up.

Table 3.1: Tees Valley Office take-up, 2001- 2006 (Q1)

Office floorspace take-up (sq.m)	2001	2002	2003	2004	2005	Q1 2006
Darlington	4703	2,770	8,209	2,818	5,563	5,412
Hartlepool	3983	2,646	625	1,508	176	3,580
Middlesbrough	13811	8,208	22,684	12,870	2,664	599
Stockton	5164	6,142	9,163	18,645	5,331	1,238
Redcar	779	841	1,599	377	412	0
Total - Tees Valley	28440	20607	42280	36218	14146	10829

Source: ERS

Table 3.2: Tees Valley Industrial take-up, 2001- 2006 (Q1)

Industrial floorspace take-up (sq.m)	2001	2002	2003	2004	2005	Q1 2006
Darlington	8,476	8,851	24,870	39,751	75,685	0
Hartlepool	25,477	6,549	9,222	32,249	26,023	12,308
Middlesbrough	29,675	22,744	22,301	14,648	14,096	6,583
Stockton	68,715	27,775	46,550	49,639	32,785	2,978
Redcar ⁵	5,860	1,040	9,871	1,062	2,662	0
Total - Tees Valley	138,203	66,959	112,814	137,349	151,251	21,869

Source: ERS

- 3.5. Whilst there are clear signs that in some locations, market failure is being addressed and private investment is increasing, it remains a significant factor in some locations and across some markets.

Creating a sustainable property market

- 3.6. At present there is an over-supply of general employment sites in Tees Valley to meet the growth requirements set out in the draft Regional Spatial Strategy. Tees Valley has just under 1,400 hectares of 'unrestricted' employment land and, even assuming a significant increase in take-up as anticipated under the RSS, only 770 hectares will be required over the period to 2021.
- 3.7. Many of these sites are of poor quality and have the effect of depressing rental values and yields, reinforcing market failure. Even allowing for a "margin of choice" of 40% (i.e. allocating 40% over and above forecast demand), there is clearly a need for some de-allocation of industrial land, and we will address this through individual Local Development Frameworks.

⁵ These figures exclude take-up by specialist uses, hence the reason for low figures at Redcar.

- 3.8. Over the period to 2016, we will create a viable, sustainable property market in Tees Valley to support our efforts to promote growth in employment and GVA and the diversification of the economy. We will spend public sector resources prudently to create a pipeline of new office/business accommodation which will:
- maintain an appropriate balance between supply and demand,
 - optimise opportunities for private sector leverage
 - promote the adjustment of the property market and overcome market failure
- 3.9. Our pipeline approach assumes an increase in the supply of B1 floorspace coming on to the market from around 30,000 sq.m per annum over the period to 2008 to 65,000 sq.m by 2016. This approach aims to ensure that public sector investment is optimised to support the market, although ultimately the market will of course decide where it wishes to invest. The public sector has three main levers - the planning system, land ownership and Single Programme/other public sector funding sources –with which it can influence this process – and we will use all three to achieve
- 3.10. Initially, our proposals for new office/business space will focus on the emerging opportunities in our major town centres and along the River Tees Corridor. Tees Valley Regeneration is leading the development of five key sites which will underpin our efforts to create a sustainable property market in Tees Valley:
- North Shore, Stockton
 - Middlehaven, Middlesbrough
 - Central Park, Darlington
 - Victoria Harbour, Hartlepool
 - Durham Tees Valley Airport
- 3.11. We will also invest in the refurbishment and redevelopment of our industrial stock, building on the opportunities created by the sale of the former One NorthEast property portfolio to UK Land. Our proposals – described in the following paragraphs – include redevelopment programmes at East Middlesbrough/Skipppers Lane, South Tees and the Southern Hartlepool area.
- 3.12. Over time, our investments will improve market conditions and create the opportunity for the market to invest on a speculative basis without the need for public sector pump priming. Indeed this is already happening, as witnessed by the number of sites which the market is expected to deliver with little or no public sector support (such as Wynyard and Faverdale East).

Table 3.3 Office Pipeline

	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total	Total over project lifetime
Assumption of Market Take-up	35,000	40,000	45,000	50,000	52,500	55,000	57,750	60,000	62,500	65,000	522,750	
Wynyard	5,500	10,000	15,000	15,000	15,000	20,000	20,000	15,000	17,500	17,500	150,500	465,000
Darlington Town Centre						3000		2500			5,500	5,500
Central Park			5,000	4,000	4,000	4,000	2,000	2,000	2,000	2,000	25,000	28,000
Linking Central Park and Town Centre									4,000	5,000	9,000	26,000
Morton Palms	4,000	4,000	6,000	7,000	6,000						27,000	29,000
Lingfield Point		2,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	34,000	42,000
Faverdale East	2,000	2,000	3,000	2,000	2,000	2,000	2,000				15,000	15,000
Darlington Great Park											0	28,000
Airport	1,000		2,000	3,000	3,000	2,000		3,000	3,000		17,000	23,000
Stockton Town Centre						2,000	3,750	4,750	5,750	5,000	21,250	31,000
North Shore			4,500	7,000	7,000	9,000	9,000	9,000	9,000	11,000	65,500	66,000
Middlehaven	3,000	4,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	47,000	51,000
Greater Middlehaven						1,000	3,000	3,000	2,000	3,000	12,000	17,000
Middlesbrough Town Centre						1,000	1,000	3,000	2,000	2,000	9,000	17,000
EMBAZ											0	-
GBH											0	-
Victoria Harbour					2,500	2,500	2,500	5,000	5,000	5,000	22,500	59,000
Headland Revival											0	800
Hartlepool Town Centre			1,000	2,000							3,000	5,000
Hartlepool Education Quarter											0	-
Redcar										2,500	2,500	40,000
Greater Eston					2,000		2,000				4,000	5,700
South Tees Strategy								2,500	2,500	2,500	7,500	52,000
East Cleveland Rural Strategy							1,250	1,250	1,250	1,250	5,000	5,000
Hartlepool Southern Business Zone	2,500	3,500		1,000	3,000		2,500				12,500	40,000
Total Pipeline	18,000	25,500	45,500	50,000	53,500	55,500	58,000	60,000	63,000	65,750	494,750	

- 3.13. Wynyard in particular is a site of regional significance, which will be developed without the need for any public sector intervention. Because of this, it is not seen as fitting within any of our spatial initiatives, but we describe it below.

Wynyard

- 3.14. Wynyard Business Park is strategically located on the A19/A689 junction to the north of Stockton and straddles the Hartlepool and Stockton Council boundary. It is site with huge regional and national potential, bringing together the former Samsung site (approx. 220 acres) and the adjacent 530 acres formerly owned by Cameron Hall Developments to form a single strategic employment site – one of the largest in the North of England.
- 3.15. It is well paced to serve and draw investment and labour supply from a very broad travel to work or catchment area. The scale of the site is such that B1, B2 and B8 uses are anticipated, and are expected to be brought forward by the private sector on a demand-led basis. *No public sector resource is required.* Outline planning permission has been granted for the whole site.
- 3.16. Developers have commissioned the design of infrastructure to open up the site, while some construction is already underway, most recently witnessing the sale of a speculative B8 unit of 28,000 sq m (this, together with the re-let of the 33,000 sq m Samsung House office development are the only completed developments on site to-date). In addition to this most recent development, work will shortly commence on two B8 units totalling 43,000 sq m. The site is particularly attractive as a location for logistics and distribution activity.
- 3.17. On completion – beyond the 2016 plan period – the site has the capacity to deliver some 465,000 sq m of office space and 385,000 sq m of B2/B8 space. Although no public sector investment will be required, the Investment Plan assumes up to 140,000 sq.m of B1 and 385,000 sq.m of B2/B8 accommodation will be developed at Wynyard over the period to 2016.
- 3.18. We describe our investment proposals under the three spatial priority areas developed through the Tees Valley Vision process and incorporated within the Regional Spatial Strategy
- Darlington Gateway
 - Stockton Middlesbrough Initiative
 - Coastal Arc.

3.19. The anticipated outputs of the projects put forward are shown in the table below:

Table 3.4: Employment sites and premises outputs 2006-16

All Spatial Initiatives	By 2008	2009-2011	2012-2016	Total
Brownfield Land Remediated (ha)	160	200	209	569
Gross Jobs Created (FTE)	3,459	12,580	16,995	33,034
Gross Jobs Safeguarded (FTE)	2,395	6,880	9,824	19,099
Private Sector Leverage (£000s)	298,963	911,212	1,154,025	2,364,200
Business Created (number)	113	367	270	750
Gross Floorspace Created (m ²)				
- Office Space (m ²)	90,000	161,600	242,750	494,350
- Industrial (m ²)	175,844	538,352	488,031	1,202,227
- Retail (m ²)	10,694	123,602	96,900	231,196
Housing (units)	1,732	4,278	6,889	12,899
Public realm/ open space (ha)	26	570	92	688

Darlington Gateway

3.20. The Darlington Gateway Programme is a long-term vision and strategy for economic growth in the western part of the Tees Valley. The Tees Valley Vision recognised that the western part of the City Region has two unique qualities:

- its accessibility by rail - 2½ hours to central London and frequent fast connections to Edinburgh and other English city regions, by road via the A1(M) and by air via Durham Tees Valley Airport; and
- its unique quality of life as a large 'market town' which, if capitalised upon, could bring investment, economic growth and jobs which might not otherwise be realised in the Tees Valley.

3.21. In 2002/3, the Tees Valley Partnership commissioned the Darlington Gateway Study which confirmed that there were a number of market opportunities that should be addressed by the Council and its partners, including high quality offices (for financial and business services and professional services), logistics, retail, engineering and others. The Darlington Gateway Strategy is focussed on:

- creating sites and floorspace which will meet the latent demand in potential economic growth sectors;
- making the most of accessibility advantages;
- enhancing the town centre as a major contributor to the quality of life/quality of place advantages of the area

- promoting strategic environmental schemes which improve the setting for attracting investment;
- addressing skills, educational and worklessness issues, for example facilitating employment of people from deprived areas in major developments; and
- carrying out marketing and profile raising activities.

3.22. The private sector is already investing in a number of key sites in Darlington, including Morton Palms, Lingfield Point and the key town centre site of Central Park, where TVR is working with Darlington College to deliver the first phase of a major mixed use development. Over the period to 2016, we will support the following projects:

- Darlington Town centre
- Central Park
- The 'linkage' sites between Central Park and the Town Centre
- Morton Palms
- Lingfield Point
- Faverdale East Business Park
- Faverdale Strategic Site
- Darlington Great Park
- Durham Tees Valley Airport.

Darlington Town centre

3.23. Darlington Town Centre is currently undergoing major re-development through the Pedestrian Heart scheme, which will provide a high quality public realm that reflects Darlington's position as a key sub-regional centre. This investment will act as the catalyst for a number of projects that will further enhance the attractiveness to visitors and reinforce the area's market town character and heritage, including:

- development of a £90 million shopping centre on Commercial Street that will provide accommodation for larger multiple retailers;
- development of housing, high quality office accommodation and retail space at Abbots Yard and Feethams;
- specialist support for the independent retail sector;
- re-development of the historic Market Hall to further enhance the specialist retail offer improvements to connecting areas to strengthen pedestrian flow between major retailers;
- development of a cultural sector centred around the Civic Theatre, Forum Music Centre and a new build Arts Centre.

3.24. Public sector intervention in the order of £16m will be necessary to develop appropriate environmental, cultural and heritage offers in order to

lever in the significant levels of private sector investment forecast. The majority of this investment will be required post 2011.

Central Park

- 3.25. Adjoining the East Coast Main Line and Darlington Town Centre, Central Park is being developed as a high-quality, mixed-use scheme, led by Tees Valley Regeneration. Central Park will deliver a new urban quarter on the edge of the town centre, creating 20,000 sq m of high quality B1 office space, 600 new homes and over 1000 jobs.
- 3.26. The first phase of development (currently on site) will result in the relocation of Darlington College which will underpin the scheme and serve as an important generator of footfall and activity. The new College represents a £35 million investment.
- 3.27. Significant public sector funds (£18 million) are needed to address complex land assembly issues, site remediation, relocation of a depot and allotments and key highway, drainage and other infrastructure. £16 million has been secured and allocated, leaving a current gap of some £2 million in terms of site preparation. Once this is complete, private sector leverage is anticipated to be in the order of £170 million by 2016.

Linkage Sites Between Central Park and Town Centre

- 3.28. The successful enhancement of Darlington Town Centre and development of Central Park will create a further opportunity to regenerate the area on the eastern edge of the town centre. This will allow the momentum of growth which has been established through the Darlington Gateway to continue after current projects.
- 3.29. A master plan is currently being drawn up to provide for a continuation of office development close to the station, once current projects are complete, and links the station much better into the town centre. Significant public sector investment – including up to £15 million of Single Programme funding - will be required for site assembly and infrastructure works in the period post 2012. This project will however not come on stream until the Central Park site is complete and occupied, likely to be towards the end of the Investment Plan period.

Morton Palms

- 3.30. A high quality location for business on an 11ha site to the south west of Darlington on the A66, Morton Palms was brought forward through pump priming investment by One NorthEast and Darlington Borough Council. Two units of high quality office space have been developed while a further nine are planned or under construction. The site has the capacity to deliver a further 16,000 sq m of B1, and this will likely be developed between 2008 and 2011. Morton Palms is now commercially viable without the need for any public sector intervention.

Lingfield Point

- 3.31. This 45 hectare, former industrial site 2 miles to the east of Darlington town centre had seen significant decline before private sector investment of £14m was invested into conversion of some of the out-dated industrial space into units for SMEs. This scheme has proven successful, and masterplanning is currently underway to determine the most appropriate mix of uses.
- 3.32. Initial indications are that the Lingfield Point development will include: a 150 bedroom hotel, 450 ecohomes, conversion of outdated industrial space into apartments (10,000 sq m), a commercial showroom and 5,000 sq m of new-build office space. It is intended that the site will be supported by a combined heat and power unit using wind turbine technology.
- 3.33. The recent RSS Examination supports development of Lingfield Point, recognising the site's "considerable potential" as a regional brownfield mixed-use development. While the majority of the site will be delivered by the private sector, some public sector funding (around £3m) may be required to ensure that sustainable development aspirations of the project are met, but that is yet to be determined.

Faverdale East Business Park

- 3.34. Faverdale is a 35 hectare greenfield site adjoining the A1 to the north west of Darlington. The site is presents a major opportunity for the development of logistics, distribution and warehousing activities. The infrastructure is now in place; Argos has developed a 68,000 sq m facility while Easter is constructing speculative units totalling 17,000 sq m on site. Further phased construction will add an additional 3,000 sq m of space which will be brought forward without public sector intervention being required.

Faverdale Strategic Site

- 3.35. The Faverdale Strategic site is proposed as a location for development as a logistics park. Although arguments were made at the RSS Examination in Public against the use of the strategic site for this purpose – it was originally earmarked for large scale inward investors – the inward investment market has changed significantly since the site was designated and it is highly unlikely to be required for this use. The Council is likely to propose allocation of the site for logistics through its Local Development Framework.
- 3.36. Ultimately, the site could house 346,000 sq m of logistics space, subject to phasing. Significant levels of public sector investment will be required initially for infrastructure and site servicing, as relatively low values will make initial works unviable for the private sector. Detailed feasibility work will be required in 2007/8 which is likely to require around £400,000 public sector investment to move the project onto the design stage.

Darlington Great Park

- 3.37. Darlington Great Park is a 52ha site on the eastern side of Darlington and, in the long-term, has the potential to serve as a location for prestige office space once developments at Morton Palms and Central Park are complete. The site is adjacent to Lingfield Point and will have a prominent frontage alongside the Darlington Eastern Transport Corridor, as well as the A66.
- 3.38. Ultimately, the site has the potential to provide 28,000 sq m of office space in six phases within a "green" environment to reflect the site's existing location and appeal. It is expected that Darlington Great Park will be brought forward by the private sector without the need for any public sector intervention.

Durham Tees Valley Airport

- 3.39. DTV Airport is considered to be key for the success of the Darlington Gateway, the Tees Valley and the region. The current issues/ priorities for the airport relate to investment in land and infrastructure to enable business parks and other suitable development around the airport
- 3.40. At Southside, it has been agreed that the public sector will invest through a joint venture with Peel to open up 250 acres of currently "land-locked" brownfield land through provision of a new access road. Business case and economic appraisal are currently underway, and expected to report at the end of 2006. 165 acres of the Southside land has recently renewed consent to create 180,000 sq m of B2/ B8 space.
- 3.41. One NorthEast funding of £2.8m and English Partnerships investment of £6m has been allocated for infrastructure/ utility work, although these allocations await detailed approval. This will be matched by developer contributions of £6m to the infrastructure after which it is anticipated that the private sector will deliver the rest of the site, leading to £80m private sector investment, the remediation of 500 hectares of brownfield land and the creation of 5,000 jobs. Some development is anticipated to begin in 2009-10- the phasing of development will depend to some extent on whether only "airport-related uses" are allowed.
- 3.42. At Northside, DTVA/Peel has submitted two outline planning applications: (i) aviation related - for a new terminal and operational improvements; (ii) a commercial development - for 250,000 sq ft of B1 office space and a 100 bed hotel. These have been held up whilst the Highways Agency's concerns have been satisfied. This is expected to be finalised by August 2006. This element will be wholly private-sector funded.
- 3.43. The table overleaf summarises the total forecast outputs associated with the Darlington Gateway initiative:

Table 3.4: Darlington Gateway outputs

Darlington Gateway	By 2008	2009-2011	2012-2016	Total
Brownfield Land Remediated (ha)	70	48	57	176
Gross Jobs Created (FTE)	1,567	4,548	4,468	10,583
Gross Jobs Safeguarded (FTE)	225	700	200	1,125
Private Sector Leverage (£000s)	94,500	205,007	263,500	563,007
Business Created (number)	5	10	10	25
Gross Floorspace Created (m ²)				
- Office Space (m ²)	35,000	54,600	45,500	135,100
- Industrial (m ²)	83,959	179,700	212,700	476,359
- Retail (m ²)	0	25,000	18,500	43,500
Housing (units)	300	160	1,185	1,645
Public realm/ open space (ha)	15	6	24	45

- 3.44. More than £700 million of private investment is anticipated over the period to 2016. The Borough Council estimate that an additional £60 million of additional public sector resources is required to deliver these projects. The bulk of these costs relate to the Faverdale strategic site (to de-designate the site as a strategic inward investment location and promote for logistics instead), and proposals for further regeneration of the town centre and its linkage to the Central Park development.

Table 3.5: Darlington Gateway: Funding Requirements (£m)

	By 2008			2009-2011			2012-2016		
	SP	Other Public	Private	SP	Other Public	Private	SP	Other Public	Private
Lingfield Point	-	-	30	-	-	35	-	-	-
Morton Palms	-	-	8	-	-	8	-	-	-
Central Park	2	-	20	-	-	60	-	-	60
Darlington Great park	-	-	-	-	-	-	-	-	8
Linking Central Park and the town centre	-	-	-	-	-	-	15	15	150
Faverdale East Business Park	-	-	10	-	-	10	-	-	15
Faverdale	0.5	-	-	3	-	40	-	-	80
Town Centre	-	-	20	3.5	0.5	20	10.5	1.5	60
Airport	2.8	6	20	-	-	20	-	-	46
TOTAL	5.3	6	108	6.5	0.5	193	25.5	16.5	419

Stockton-Middlesbrough Initiative

3.45. The Stockton-Middlesbrough Initiative is a 20-year vision for the urban centre of the Tees Valley primarily focussed on Stockton and Middlesbrough and the land on both banks of the Tees between the two towns. The overall aim is to bring life back to the heart of the City Region which will be more competitive than Stockton and Middlesbrough acting separately, performs at a national average rate of economic performance within a 10 year period and delivers a City Region as competitive as the best of the Northern Way. SMI aims to create:

- vibrant town centres;
- an active and attractive river corridor
- 21st century connections and infrastructure.

3.46. The Stockton-Middlesbrough Initiative area combines some of the best opportunities for redevelopment in the Tees Valley, with some of the areas of greatest deprivation. The focus of the Single Programme monies is to generate the kind of city scale environment and access to facilities found in most urban areas of a comparable size. This is combined with existing programmes, which seek to tackle the social and economic aspects of deprivation. Both Stockton and Middlesbrough Council's have used their NRF monies to establish programmes to help tackle worklessness and deliver skills training. The Authorities have also submitted a bid under the

Government's LEGI that relates specifically to using enterprise as a means of tackling deprivation in the Stockton-Middlesbrough area. By aligning all of the separate funding programmes to focus on the regeneration of this urban core, the Councils are taking a comprehensive approach to the economic, social and environmental regeneration of the core of the Tees Valley.

3.47. Ensuring high quality urban and landscape design will be critical in achieving these aims. Over the period to 2016 the following SMI projects form part of the Investment Plan in Middlesbrough:

- Middlesbrough Town Centre and Western Gateway
- The Southern Gateway- The University and Linthorpe Road Central
- Middlehaven
- Linking the town centre to Middlehaven
- Greater Middlehaven
- East Middlesbrough Business Action Zone.
- and in Stockton:
- Stockton Town Centre
- North Shore
- Green-Blue Heart.

Middlesbrough Town Centre

3.48. Middlesbrough is the largest retail and civic centre in the Tees valley and has a reviving office market. The centre has undergone a significant uplift in developer/investor and retailer confidence in recent years and continues to strengthen its role as the sub regional retail and cultural centre for the Tees Valley.

3.49. Investment in public realm and accessibility improvements in the 1990's and early part of the decade have generated a significant increase in private investment. All three pre 1990 shopping centres have seen major investment and a new shopping centre, Captain Cooks Square, was added more recently linked to a major refurbishment of the bus station.

3.50. To the east of the centre investment has taken place in a new leisure park and development of a cultural quarter based on the Town Hall concert facilities, Central Library and provision of a new multi million pound art gallery, MIMA, and its associated public space. The Middlesbrough Town Centre Company has played a key role in co-ordinating investment.

Western Gateway

3.51. Despite the strength of its retail centre, around 50% of convenience and comparison spending continues to leak to other, often out of town centres.

There is a major opportunity to expand the retail core to the west of the town centre, encompassing the Cannon Park and Newport North areas.

- 3.52. A master plan is being developed, the principles of which have been incorporated within the emerging Local Development Framework (LDF) and Regeneration Development Plan Document (DPD). In total, around 37,000 sq m of retail development is envisaged, creating around 600 jobs. It is envisaged that planning applications will be submitted mid-2007
- 3.53. A series of public realm enhancements are proposed and design guidance is being developed to ensure integration with the town centre. The existing Newport Road, which is characterised by low density poorly designed development, will become a new urban boulevard, incorporating segregated public transport provision.
- 3.54. Modest gap funding will be required to facilitate delivery of high quality public realm, although the Western Gateway proposals will be substantially delivered through private investment.

The Southern Gateway- The University and Linthorpe Road Central

- 3.55. Middlesbrough is already one of the North East's strongest performing shopping centres. Importantly it has developed a market niche as a regional centre for fashion retailing, based around Linthorpe Road.
- 3.56. The development of this high quality designer quarter has been at the centre of a remarkable transformation of this part of the town centre, which has also seen the emergence of many new restaurants. The regeneration has focused around the conversion of a former four storey department store to a high class fashion outlet, Psyche. The area is also pivotal to two key regeneration programmes, the development of the Teesside University campus, immediately to the east, and the Gresham Housing Market Renewal (HMR) area to the west.
- 3.57. A master plan for the Linthorpe Road area is being developed. This will be focused around a series of inter-related investments, including: improvement of the public realm; grant aid support for building enhancements; providing a better focus for the University campus; and, developing an integrated approach with the adjoining HMR Neighbourhood Action Plan.

- 3.58. The project is expected to increase the vibrancy associated with the town centre, leading to the creation of new businesses, jobs, and instigating further private sector investment. The project is anticipated to require around £3m of Single Programme funds, primarily for public realm works, together with around £30m of anticipated investment in new Higher Education buildings from the University of Teesside.

Middlehaven

- 3.59. Middlehaven is a strategic brownfield former dockland site to the north of Middlesbrough Town Centre, and one of TVR's flagship projects. Middlehaven is a £500M project covering approximately 80 hectares, which offers the potential to create a distinctive new riverside quarter for the town and to further strengthen Middlesbrough's role as the sub-regional centre for the Tees Valley City Region.
- 3.60. Developer Terrace Hill has now completed the first phase of development on-site, a 30,000 sq m office development (Manhattan Gate) on land owned by English Partnerships. Work has started on the relocation of Middlesbrough College which has the potential to act as a major anchor for the project, creating significant footfall between Middlehaven and the town centre.
- 3.61. Work on the next phase of mixed-use development is anticipated to start in early 2007. Phase 2 is at land assembly stage, and it is anticipated to bring in a private developer after 2010. The proposals – developed through a masterplan by Alsop Architects – assume development of 51,000 sq m of office space, 12,000 sq m of retail and almost 4,000 new homes.
- 3.62. Significant public sector funding is therefore necessary to “pump prime” the project, addressing site assembly, infrastructure provision and investment in the quality of the public realm. Public sector funding of £34m Single Programme, £31m EP, £11m Middlesbrough Council and £10m ERDF has been allocated although around £30m of this package – primarily investment in quality of the public realm and built form - requires CPRG (Central Projects Review Group) approval.

Linking the Town Centre to Middlehaven

- 3.63. Middlehaven is seen as an expansion of the town centre, providing the opportunity to link it to the river frontage and create the space to provide facilities not possible to locate in the centre itself. It is extremely important that it is well connected to the town centre, particularly for pedestrians. This connectivity will largely take place through three locations:
- **Boho and the historic quarter** – the development of a creative industries hub is an integral part of the Digital City proposals (discussed in Section 2); feasibility work has already been completed and architects are currently drawing up proposals for the main Boho building; additional resources will be required to ensure that the

adjoining historic quarter – centred on the Queens Square Conservation Area - is successfully integrated into the Boho concept;

- **Gurney Street Triangle** – including the vacant former Cleveland County Council offices this town centre site provides a medium to long term opportunity for mixed use redevelopment. Gurney House would be demolished to make way for car-parking and development of commercial accommodation; development is anticipated between 2009-11 and Single Programme investment of £1.7m is required - on completion, some 2200 sq m of office space would be developed, together with a small amount of retail floorspace.
- **The Stitch** – an area of under-utilised land, land locked between the A66 and railway, this area is pivotal in linking Middlehaven with Middlesbrough town centre; this is also identified as a long-term development proposal for implementation post 2012 although it is envisaged that Single Programme investment of around £3.5m will be required.

Greater Middlehaven

3.64. As part of the Middlehaven Master Plan developed in 2004, proposals were set out for the regeneration of a much wider area, know as Greater Middlehaven, and these are now being taken forward by TVR, the Council and other partners. The proposals aim to extend Middlehaven to the river frontage and extend the influence of regeneration west to embrace the St Hilda's community:

- **St Hilda's** – the third phase of the Middlehaven project extends the site to the west; one of the most deprived neighbourhoods in England, in July 2004, the acquisition and clearance of the St Hildas area commenced and it is anticipated that the redevelopment of this area will be brought forward to complement other development at Middlehaven and will have the ability to satisfy the demand of commercially financed initiatives wishing to take advantage of its strategic location between the town centre and core Middlehaven regeneration project.
- **Riverside** – a substantial area of river frontage onto the River Tees will form the further phase of Middlehaven. The site is in private ownership and will require substantial remediation and a new bridge link to the main Middlehaven site; at present this is identified as a long-term proposal

East Middlesbrough Business Action Zone (EMBAZ)

3.65. The East Middlesbrough Industrial Estate is located either side of the A66, between Middlehaven and the South Tees area, approximately 1.5 kilometres east of Middlesbrough Town Centre. It is a major employment zone, housing over 100 businesses, employing large numbers of people from the local area.

- 3.66. EMBAZ has suffered a lack of investment due to a wide mix of land and property owners, although there has been recent success in attracting new commercial uses. Recent studies have demonstrated the need to address issues such as site branding, environmental quality, security and maintenance in order to attract future investment and maximise employment opportunities.
- 3.67. The EMBAZ programme aims to enhance the profile of the area by directed environmental improvements, development of a gateway feature for the area, crime reduction measures, and developing brownfield land/run-down buildings for commercial use. All of these works are intended to support and work alongside the South Tees/Route 66 proposals for adjoining sites in Redcar and Cleveland Borough.
- 3.68. Work to address some of these issues is already underway, part funded through Single Programme (£385,000) in addition to an ERDF application under appraisal (£55,000).

Stockton Town Centre

- 3.69. Stockton Town Centre offers the opportunity for growth through targeted and mixed-use developments. These are principally being led by private interest at key sites along the river that have been promoted by previous public sector programmes. These proposals will underpin the success of this investment by providing direct, working links between employment sites, local communities and the town centre. The project will deliver the following opportunities:
- the Southern Gateway, encompassing the riverside area to the south of the Castlegate Quay shopping centre; masterplanning is currently underway and will see the development of a civic quarter, improved parking and hotel facilities, greater access for the existing shopping centre and new office/leisure floorspace; the acquisition and demolition of a DIY unit to allow for re-alignment of Riverside Road is required to open up key development sites on either side of the road, including the Boathouse Lane/ Chandlers Wharf area, which has outline planning permission for student accommodation and housing;
 - the Eastern Gateway- to redevelop the area between the High Street and the proposed Greater Northshore site. This redevelopment (following the relocation of the existing Municipal buildings and leisure centre) would provide the opportunity to develop high quality commercial office space post Northshore.
 - Riverside improvements- the various road improvements to the High Street will unlock land adjacent to the Riverside for retail, leisure and commercial development in the period post 2012
 - ongoing investment in culture and heritage, to link the High Street to the river and to celebrate the town's unique Georgian and Victorian architecture
- 3.70. These activities are anticipated to deliver around 22,500 sq m of office floorspace (mostly in the second half of the plan period), 5,000 sq m of

new retail space, 1000 housing units and leverage more than £200 million of private investment. It is estimated that funding requirements will be in the order of £20m from Single Programme, £2m from LTP for road realignment, and £10m from Stockton Council, in addition to various smaller heritage grants.

North Shore

- 3.71. The regeneration of North Shore presents a unique opportunity for Stockton and the Tees Valley. The site benefits from a south facing waterfront aspect and fantastic location adjacent to the town centre and opposite the commercially successful Teesdale Business Park. It has been identified for a sustainable mixed use development that will combine a research based business park (facilitated by the expansion of the University of Durham's Queens Campus onto North Shore), a new hotel, bars, restaurants, leisure and community facilities and a range of high quality waterfront homes.
- 3.72. Led by Tees Valley Regeneration, the plans for North Shore also include a new promenade that will connect North Shore with Stockton Town Centre and a landmark footbridge that will connect the site to the University of Durham on Teesdale. It has the potential to transform Stockton, acting as a driver for economic growth in the Tees Valley City Region. The site has been remediated, essential infrastructure works have been carried out, and a developer has been selected.
- 3.73. North Shore has the potential to deliver 66,000 sq m of B1 office space and remediate 13ha of brownfield land (already achieved). English Partnerships and ERDF funding of £18m has been drawn down to complete works to date. The remaining works for the public sector include the funding of the footbridge- this is estimated at £11m, and decisions are expected imminently on funding applications to One North East (£2.3m), ERDF (£2.7m) and EP (£6m).
- 3.74. The funding for the footbridge will be drawn down over a 2 year period from early 2007. Further EP funding of £2m has been applied for to facilitate land acquisitions that were outside the scope of the initial funding package.
- 3.75. In the longer term, it is hoped to extend development of the North Shore site to encompass a wider area – Greater North Shore. This would be driven by the private sector although further Single Programme investment of up to £3 million may be required to facilitate site assembly.

Green-Blue Heart

- 3.76. The Green Blue Heart (GBH) is central to the delivery of the Stockton Middlesbrough Initiative. The aim of GBH is to undertake landscaping and greening works along the areas of brownfield and derelict land by River Tees Corridor in order to create long-term development parcels. The area has been identified in numerous studies over the last twenty years as vital

to altering perceptions of Stockton, Middlesbrough and the wider Tees Valley.

- 3.77. A masterplanning exercise for the GBH area is currently underway with a focus placed on environmental led regeneration, high quality landscaping, improved accessibility and infrastructure as well as enhancements in and around the Tees Barrage to capitalise on the opportunity of the 2012 Olympics. In the short term (years 1-5) it is envisaged that focus will be on and around the Tees Barrage and the South Riverside to improve the access and infrastructure that will generate and sustain activity. Specific proposals include:
- improving the operating efficiency of the barrage i
 - improving the canoeing facilities to maintain Olympic standards
 - provision of car parking
 - enhancing access to the South Riverside for watersport activities
 - improving access to the River Tees at Portrack.
- 3.78. In the long-term – post 2016 – the Green Blue Heart has the potential to serve as a major urban expansion area linking Stockton and Middlesbrough and delivering substantial new housing, employment, leisure and community uses.
- 3.79. The GBH area covers some 80ha approx of land in multiple ownerships and in various states of dereliction and contamination. Public sector intervention is required to kick start the project via contributions to land acquisitions, infrastructure and access and remediation of land. Single Programme funding of around £16m is anticipated for this purpose, the majority of which will be required post 2012.
- 3.80. The outputs associated with these projects are shown in the table overleaf. SMI has the potential to create almost 14,000 jobs, lever-in almost £1.2 billion, generate over 7,000 housing units (around 4,000 of which are at Middlehaven and Greater Middlehaven) and develop up to 300,000 sq.m of office accommodation.

Table 3.6: Stockton Middlesbrough Initiative outputs

Stockton-Middlesbrough Initiative	By 2008	2009-2011	2012-2016	Total
Brownfield Land Remediated (ha)	23	55	74	153
Gross Jobs Created (FTE)	520	2,649	4,129	7,298
Gross Jobs Safeguarded (FTE)	167	883	900	1,950
Private Sector Leverage (£000s)	52,900	102,500	403,300	558,700
Business Created (number)	51	131	115	298
Gross Floorspace Created (m ²):				
- Office Space (m ²)	16,500	43,000	86,250	145,750
- Industrial (m ²)	5,000	5,000	20,000	30,000
- Retail (m ²)	3,000	55,802	16,600	75,402
Housing (units)	1,137	2,251	3,744	7,132
Public realm/ open space (ha)	7	16	39	62

Table 3.7: SMI funding requirement (£m)

	By 2008			2009-2011			2012-2016		
	SP	Other Public	Private	SP	Other Public	Private	SP	Other Public	Private
North Shore/Greater North Shore	1	5	10	1.3	5.7	30	3	-	200
Middlehaven (pending CPRG approval of £30m)	10	20	30	14	32	60	10	-	90
Greater Middlehaven/ Linking to the town centre	3.5	4.5	3	5.65	8.5	15	4.6	-	17
Green-Blue Heart	0.5	0.9	0.4	2	-	-	13.5	-	22
Stockton Town Centre	7.1	22	69	6	4.3	12	6.8	0.95	169
Western Gateway	2	-	5	2	-	15	-	-	-
University/ Linthorpe	1.5	15	15	1.5	15	15	-	-	20
EMBAZ	0.2	0.05	2	0.2	-	2	-	-	-
TOTAL	25.8	67.45	134.4	32.65	65.5	149	37.9	0.95	518

Coastal Arc

- 3.81. Research carried out as part of the Tees Valley Vision recognises that the Coast is a major economic asset in the Tees Valley. On this basis the Coastal Arc Vision is to achieve the "Renaissance, Revival and Regeneration of the Tees Valley coast." The Coastal Arc will bring new strengths to the Tees Valley to create an exciting and attractive environment in which to live, do business, invest and explore.
- 3.82. Coastal Arc provides a long-term holistic strategy for the sustainable regeneration of the coastal communities. It builds upon a rich mix of investment opportunities, natural assets, historical and cultural resources and popular visitor attractions and destinations.
- 3.83. Coastal Arc is an economic regeneration initiative – although tourism is a key driver, the programme focuses on a range of other economic development priorities, such as creating and supporting new business investment to revitalise the economies of coastal towns. It will continue to attract new investment, significantly enhancing the physical environment and making a critical contribution to the regional tourism offer. The Coastal Arc is also central to changing external perceptions of the Tees Valley and its image.
- 3.84. The programme provides an exciting opportunity to take a holistic approach to the regeneration of the Tees Valley Coast. It is of key importance in attracting new investment, securing economic inclusion, significantly enhancing the physical environment and making a critical contribution to the regional tourism offer. It incorporates flagship projects such as Victoria Harbour and Coatham Links together with a range of initiatives, which will strengthen the linkages between these and the surrounding areas, including investment in development and regeneration opportunities in the main town centres.
- 3.85. The programme will support investment in the main coastal employment zones, providing new infrastructure and supporting the redevelopment of outdated inefficient and underused business accommodation. There will be direct benefits in terms of training opportunities, as well as improved amenities and environment for local people, with better quality and greater choice of living accommodation, helping to create more sustainable communities.

Tall Ships 2010

- 3.86. Tourism is also a key driver of the programme, with attractions including Hartlepool Quays, the historic Hartlepool Headland, the Saltburn Heritage Coast and the rural area around Guisborough, which includes part of the North York Moors. The selection of Hartlepool as the final host port for the Tall Ships' Race in 2010 creates the potential to raise the profile of Hartlepool and the Coastal Arc as not only a visitor attraction but also an investment location. Whilst planning for the event is still at an early stage, the intention of the Council and its key delivery partners, PD Teesport and

Hartlepool Marina, is to develop a promotional and cultural events programme running from now up to and beyond the Race itself. This approach will maximise not only the potential of the headline event itself but also its role as a catalyst in creating new opportunities for training and participation in sport – as well as business opportunities.

- 3.87. A series of cultural events and activities will build momentum towards the 2010 event, e.g. the 2008 Hartlepool Maritime Festival which is already programmed. The period will also see a concerted emphasis on enhancing the physical setting and infrastructure serving the marina and Victoria Harbour areas. Approximately £1m of revenue and capital funds will be sought from the regional Single Programme pot to implement these activities.
- 3.88. Estimates of economic impact from such events are by the nature of the event difficult to substantiate but information from the 2005 Tall Ships visit to the Tyne pointed to a regional impact valued at over £50m. Additionally, given the scale and stage of development of the visitor market in Hartlepool and the Tees Valley, the economic impact of not only the 2010 event but also the potential programme leading up to that date can be reasonably expected to be proportionately greater than that in larger or more developed markets, e.g. Newcastle-Gateshead, Liverpool, Antwerp.
- 3.89. The main components of the Coastal Arc programme are:
- Victoria Harbour
 - Hartlepool Town Centre and Marina
 - Headland Revival
 - Hartlepool Education and Skills Quarter
 - Hartlepool Southern Business Zone
 - Redcar Town Centre
 - Greater Eston Regeneration Strategy
 - South Tees Strategy
 - East Cleveland Rural Programme.

Victoria Harbour

- 3.90. The major regeneration area in Hartlepool is the Hartlepool Quays, which comprises the Marina, the Town Centre plus Education & Skills Quarter, the historic Headland, and in particular Victoria Harbour, a TVR flagship site. Investment in Hartlepool Quays will provide a regionally significant critical mass of facilities that will be a catalyst to creating new demand and stimulating further investment to the benefit of the city region.
- 3.91. Victoria Harbour is located to the north of the town centre between the highly successful Marina and the historic Headland. At present this 133 ha site at the mouth of the River Tees (owned by PD Teesport and now

identified as surplus to long-term port requirements) acts as a significant barrier between adjacent communities. It has the potential to create a high quality, mixed use waterfront regeneration project of regional significance. It also has the potential to serve as a catalyst for long-term private investment in the town centre and adjoining areas.

- 3.92. Rationalisation of the port's activities provides the opportunity to positively redress this position, in addition to creating a development of design distinction that will contribute to the continued economic regeneration of Hartlepool. Capitalising on the waterfront and coastal location of this unique site, the Victoria Harbour development will breathe life into 200 acres of under utilised brownfield land at the heart of the town between the successful Marina and historic Headland area.
- 3.93. Victoria Harbour is an ambitious and exciting scheme set to dramatically raise the profile of Hartlepool by creating a dynamic mixed-use urban village that will include up to 3,430 quality new homes, an attractive retail offer, employment accommodation, leisure opportunities, including a new hotel, and a range of community facilities. One specific leisure attraction proposed is the H2O Centre, a Borough Council proposal for a major new facility incorporating indoor pools, an outdoor water area and wave generator, catering for a wide range of extreme and other sports. A striking new pedestrian and cycle bridge will cross the harbour and link with a spectacular wave of parkland extending through the development. The wave will incorporate water features and public art to form an inspiring focal point at the heart of the development.
- 3.94. Complementary to the Victoria Harbour development is the Coastal Walkway providing a dedicated shoreline route running along the southern boundary of the site linking Victoria Harbour to the Marina and town centre. A new pedestrian/cycle bridge will connect with the Coastal Walkway, linking Victoria Harbour with the Headland community. The Coastal Walkway is a key element of Hartlepool's Tourism Strategy and will provide an essential piece of infrastructure for the Tall Ships Race in 2010 connecting many of the event's facilities.
- 3.95. Victoria Harbour is being delivered through a public-private sector partnership and will be developed over four 5-year phases. A start on site for reclamation and infrastructure works is expected Spring/Summer 2007. Developer interest in the site has been strong and it is anticipated that site will be marketed for a development partner in Spring 2007 with the first development commencing Spring 2008.
- 3.96. Public sector pump priming is needed within Phases 1 and 2 of the development in order for critical site preparation and infrastructure works to take place. Some £1.3m of public sector funding (of which £900,000 Single Programme) has been awarded, which has been matched by the private sector, for feasibility and site preparation work. It is anticipated that delivery of the scheme will require an additional £17m Single Programme funds in addition to £5m from EP and £1m ERDF. The bulk of this public sector funding contribution will be required over the first 5-year phase, although the EP funds are expected to come on stream later.

- 3.97. PD Teesport is expected to invest more than £70 million over the lifetime of the project. Once the costly elements of the scheme requiring gap funding are completed, it is anticipated that the development will be financially sustainable and delivered by the private sector.
- 3.98. By 2016, Victoria Harbour is expected to have delivered some 33,000 sq m of B1 office space, in addition to some 17,000 sq m of retail, and remediated 24 ha of brownfield land.

Hartlepool Town Centre

- 3.99. Proposals within Hartlepool Town Centre look to reinforce its vitality and vibrancy and include a range of investment in infrastructure, public realm, key buildings conversion and reuse and redevelopment. The vision is to build on the success of the Marina development, including the completion of the Marina with the redevelopment of the Trincomalee Wharf and South Marina sites and some redevelopment. Other proposals include the improvement to the Middleton Grange Shopping Centre, and an expansion of the retail offer, together with the ongoing improvements to public spaces and public realm and the development of a night-time economy.
- 3.100. Committed funding streams from the Hartlepool New Deal for Communities and the Local Transport Plan will allow work to begin on some sites immediately, although a requirement for Single Programme funds of some £7 million has been identified to complete the required works- these will be used in part to fund the new bridge link, but also ensure a continuity of resources for environmental and public realm improvements. A key element of the town centre development is the education and skills quarter (see below).

Headland Revival

- 3.101. The historic Hartlepool Headland has already seen improvements to some of its key historic buildings, and future plans include for further improvements and conversions, public realm enhancements, including the Headland Town Square and approaches to Victoria Harbour, mixed use development at Kafiga Landing, investment in local housing stock and pedestrian footbridge/cycle links to Victoria Harbour. Specific measures include:
- enhancing the physical integration between the Headland and Victoria Harbour, in particular improving the access to and environment of the Kafiga Landing site which is identified for mixed-use development;
 - physical improvements to the public realm to create a sense of place and enhance the historic setting of the headland;
 - broaden the variety of tourism experiences, in particular through development of a visitor attraction around the Heugh Gun Battery; securing the restoration and re-use of key vacant and underused buildings;

- supporting investment in the local housing stock to meet the Decent Homes Standards; and
- supporting business expansion and investment plans at the nearby Oakesway Industrial Estate.

3.102. Advanced discussions are underway with various property owners, and work on the Heugh Battery will begin this year. Funding of around £1 million has already been secured but further public sector investment of £6 million – including £5 million Single Programme – is required.

Hartlepool Education and Skills Quarter

3.103. A key element of the ongoing regeneration of Central Hartlepool is the transformation of the existing educational institutions, which will form the basis of an Education, Knowledge, Enterprise and Skills Quarter as envisaged in the Town Centre Strategy (RPS). The transformational development of the Hartlepool College of Further Education (HCFE) site and surrounding areas will not only physically improve an important area of the town centre which is in need of capital investment but also create an innovative teaching and learning hub embracing the concept of a learning community integrated with associated business development. Hartlepool College of Further Education and Cleveland College of Art and Design have both grown incrementally since they were established in their current location, this project will help to consolidate the symbiotic relationship they have with the Town and the central area, and provide the focus for the establishment of a formal Education/Skills Quarter.

3.104. Given the prominence of the location and the high quality of design of these buildings and the range of facilities proposed this scheme is of up most importance to the regeneration of the town. Opportunities will also be created to reinforce the presence of Teesside University in the town and to cluster and reinforce the presence of other education facilities.

3.105. HCFE has already set out plans to redevelop its existing centre by replacing it with an 11,000 sq m hub building and 5,000 sq m Technology Centre. Funding of some £35 million will be required to deliver the programme, the vast majority of which will come from the public sector and in particular the LSC and HCFE. Single Programme resources of around £3m are anticipated to contribute towards business units. Advanced feasibility work is now underway to provide a detailed options analysis for scheme implementation with development expected between 2008-12.

Hartlepool Southern Business Zone

3.106. The Southern Business Zone has seen significant progress with the completion of the first phase of landscaping/infrastructure, the occupation of the first major units and the opening and occupation of new Business Innovation Centre at Queen's Meadow. A further imminent phase of development is now proposed by Rivergreen Developments improving the

range and quality of accommodation and facilities on offer. Further proposals are coming forward aimed at supporting and developing new local businesses.

- 3.107. Further development of Queen's Meadow phase 2 Infrastructure is now envisaged, in support of the development of the small business market. Major improvements and enhancements are also planned for Sovereign Business Park and Tees Bay Business Park areas within the zone.
- 3.108. Some existing enhancement work is taking place, but a funding gap of some £7m of public sector funds has been identified to complete the works needed which it is anticipated will be funded through Single Programme. These improvement works will be undertaken on a continuous basis throughout the plan period.

Redcar Town Centre

- 3.109. Redcar is one of the main commercial and visitor centres in the Tees Valley. Redcar town centre- adjacent to the sea front- is a particular attraction, although the quality of the built environment is variable and in some places poor. A strategic investment and regeneration programme is proposed that will galvanise investment, expand the retail offer, improve the visitor experience, and develop business support mechanisms to assist with new business creation.
- 3.110. Significant opportunities exist around the seafront, the town centre itself, Kirkleatham Business Park and the potential to expand or relocate the town's racecourse. Public funding support will be needed to pump-prime private sector investment, realise viable opportunities through gap funding, and creating appropriate infrastructure to facilitate other investment activity. Key to this will be development of a Redcar Regeneration Strategy, although many of the key projects are underway in terms of masterplans and planning applications.
- 3.111. Over the period to 2016, £23m of public sector resources will be invested in the town centre. The funding post 2012 (and including £7m Single Programme) is envisaged for a range of activities including infrastructure and public realm improvements, property improvement grants and a business and arts centre.

South Tees

- 3.112. South Tees is the industrial heart of the Tees Valley, providing 8,000 jobs at Teesport, the Wilton Chemical complex and the Redcar Steel complex. Within South Tees, there remain a number of underused or derelict sites which can be brought into productive use.
- 3.113. A strategic investment and regeneration programme is needed to redevelop these sites, to realise industrial opportunities and support the growth of the chemicals and new energy economy. The nature of the remediation work required is such that it will not be delivered by the

private sector alone. Individual elements of the proposed South Tees Strategy include:

- development of a new environmental industries park
- improving infrastructure to the West Warrenby Industrial Park to facilitate its expansion;
- undertake infrastructure improvements to bring forward various Corus development sites;
- development of a Route 66 Employment Corridor to establish links with Greater Eston.

3.114. Around £7.5m of Single Programme resources is required, focussed mainly in the 2009-11 period.

Greater Eston Regeneration Strategy

3.115. Greater Eston lies in the western, urbanised part of Redcar and Cleveland and has a population of some 40,000. The area is characterised by high levels of deprivation. The Greater Eston Strategy sets out a long-term investment strategy for the area for the period until 2016; the area has been identified as a pilot 'mixed community' by the Department of Communities and Local Government and as such has the potential to make a significant contribution to the Government's Sustainable Communities agenda. The Strategy proposes:

- action to address housing market failure in the older housing area of South Bank through a selective demolition programme;
- provision of a mixed tenure development of 900 homes;
- development of a new health and social care village;
- restoration and improvement of the recreation ground; provision of a new South Bank Community School and Gilbrook Technology College through PFI; and
- creation of a community woodland.

3.116. Substantial funding levels have been secured and are in the pipeline, although a funding gap of some £37 million remains.

East Cleveland Rural Strategy

3.117. Rural East Cleveland accommodates half the population of the Borough of Redcar and Cleveland and offers significant economic potential based on its outstanding natural assets and lying on the hinterland of the City-Region. The decline of traditional industries, coupled with problems of peripherality and declining rural services, has caused a range of economic, social and environmental problems, and affects the quality of life of many who live in the rural area. There are limited local opportunities for employment and training. There is an urgent need to promote new

economic opportunities, revitalise local communities, to improve the local environment, and to bring new hope to Rural East Cleveland.

3.118. **The Rural East Cleveland Regeneration Programme (RECRP)** would include key public sector projects to attract further private sector investment including:

- **Guisborough Market Town Initiative** – The continuation of the market town initiative with provision of grant schemes to increase market confidence and business creation, public realm improvements and projects to increase visitors;
- **IronAWE heritage and business centre** – The creation of an interpretation centre about the Iron Ore industry and social history and heritage of East Cleveland. The project would include provision of business incubators, learning facilities, IT suite, performance/meeting/community room, wellness facilities and business support packages, one-stop-shop and co-location with community and voluntary organisations;
- **Community business and resource centres** – The provision of a network of centres to increase access to employment opportunities, advice and training, commercial accommodation, incubator spaces, wellness, learning and IT facilities within the rural areas;
- **Activity tourism infrastructure** – The provision of outdoor infrastructure to facilitate activity tourism with footpaths/trails, cycleways, toilets, signage and interpretation of the geological, mining and social history of East Cleveland;
- **Coastal infrastructure** – Providing/upgrading access to sea front paths, signage, car parking and visitor resource centres at Skinningrove for example;
- **Public realm improvements** – demonstration public realm projects to uplift the environment and to attract additional investment;
- **Property Investment Schemes** – Localised property improvement grants programme to secure investment in existing premises and to bring vacant or underused premises back into use; and
- Training and enterprise initiatives.

3.119. An action plan has already been developed for East Cleveland, outlining suggested projects that can be implemented to meet the needs of the area. A RECRP Regeneration Plan is being prepared, following the preparation of the Rural Strategy in 2004, as part of the preparation of the Borough-wide Regeneration Strategy that has recently commenced. The Programme is expected to create 100 new business and 400 new jobs.

3.120. The forecast outputs associated with these projects are shown in the table below. The proposals will create up to 51,200 sq m of office space, half of which will be at Victoria Harbour, and the refurbishment/redevelopment of around 300,000 sq.m of industrial floorspace. The proposals assume the creation of just over 8,000 gross FTE jobs to 2016. 3,700 housing units

will be created (including 1,500 at Victoria Harbour and 1,800 at Greater Eston).

Table 3.7: Coastal Arc outputs

Coastal Arc	By 2008	2009-2011	2012-2016	Total
Brownfield Land Remediated (ha)	55,730	283,265	109,455	448,450
Gross Jobs Created (FTE)	47	194	142	383
Gross Jobs Safeguarded (FTE)	4,650	233,900	194,550	433,100
Private Sector Leverage (£000s)	7,000	13,000	37,000	57,000
Business Created (number)	950	216,900	75,750	293,600
Gross Floorspace Created (m ²)				
- Office Space (m ²)	295	1,440	1,960	3,695
- Industrial (m ²)	4	521	27	551
- Retail (m ²)	55,730	283,265	109,455	448,450
Housing (units)	47	194	142	383
Public realm/ open space (ha)	4,650	233,900	194,550	433,100

3.121. The funding requirements of the Coastal Arc projects are shown in the table overleaf:

Table 3.8: Coastal Arc Funding Requirements

	By 2008			2009-2011			2012-2016		
	SP	Other Public	Private	SP	Other Public	Private	SP	Other Public	Private
Victoria Harbour*	6	2	10	10	4.5	20	2	-	70
Hartlepool Town Centre/ Marina	2	1.8	6	1	2	6	4	-	6
Redcar Town Centre	1.1	43.8	18.1	2	10.4	16	8	0.2	13.5
Greater Eston	-	19.8	5	2	26.7	54.5	3.8	35.25	63.7
South Tees Strategy	1.5	6.75	2	3	0.5	35	3	0.3	12
Headland Revival	1	1	3	1	-	3	3	-	2
East Cleveland Rural Strategy (and Guisborough)	1.8	9.8	1.5	3	1.7	4.7	6	1.1	18.4
Hartlepool Education and Skills Quarter	0.1	-	-	3	32	2	-	-	-
Hartlepool Southern Business Zone	2	-	4	2	-	6	3	-	13
TOTAL	15.5	84.95	49.6	27	77.8	147.2	32.8	36.85	198.6

* Includes funding for the H2O Centre

4. SUSTAINABLE COMMUNITIES

- 4.1. "Building Sustainable Communities in the Tees Valley" is being submitted to the Comprehensive Spending Review as a daughter document to the City Region Development Plan. The document is prepared by Tees Valley Living, a Housing Market Renewal (HMR) partnership established in 2003.
- 4.2. The Tees Valley City Regional Development Plan sets out the critical relationship between economic growth and restructuring the Tees Valley housing market to widen housing choice and tackle areas of housing market failure. One of the aims of the Government's Sustainable Communities Plan is to address low demand and abandonment, supported through the development of the Housing Market Renewal Pathfinder programme,
- 4.3. The Regional and Sub – Regional Housing Strategies, the Regional Economic Strategy and the Regional Spatial Strategy all set out the aspiration to provide rejuvenated housing markets that provide choice to meet need and demand, to underpin economic growth within the region. The creation of new urban environments to offset the urban to rural drift which is currently apparent within the North East including Tees Valley, through a combination of clearance and new build, investment and improvement of the existing stock which is accompanied by investment in neighbourhood facilities and services is at the core of these policies.
- 4.4. To enable this, RSS policies set out higher levels of new build and demolitions in the Tees Valley to provide a policy framework within which to restructure the housing markets in the urban core of the sub – region. This acknowledges the region's aspiration for higher economic growth, which will be achieved through population growth, by the attraction and retention of higher skilled workers. The Regional Housing Aspiration Study clearly showed that these type of workers, aspire to live in semi – detached and detached properties in good quality, safe environments.
- 4.5. The research also showed that within the Tees Valley there is currently a mismatch between household aspirations and the housing supply, which is impacting upon the sub – region's ability to attract and retain its population., The poor quality and choice of housing is resulting in out migration from inner urban areas to the suburbs and North Yorkshire, resulting in concentrations of deprivation and imbalanced housing markets. Rebalancing the Tees Valley housing market to meet aspirations will therefore play an important role in underpinning the City Region's economic performance. There is a need to create mixed income communities through the provision of a range of house types including larger family houses, properties for owner occupation, shared ownership and for rent within the urban core of the Tees Valley to address the current issues of poor housing choice in terms of type, tenure and affordability.
- 4.6. £18 million of Housing Market Renewal Funding (HMRF) and a further £13.3 million of Strategic Housing Investment Pot (SHIP) funding,

resulting in £31.3 million allocated towards housing market renewal activity in Tees Valley for the period 2006 – 2008. The HMRF allocation is £5 million less than anticipated and the original funding. Other public sector funding sources, including New Deal for Communities and the Housing Corporation, are also being utilised.

- 4.7. In addition to public sector resource, the Local Authorities and TVL are actively working with private sector developers to maximise private sector funding and utilise their experience to deliver sustainable communities in Tees Valley, to improve the quality of place. A number of partnerships with developers have been established and mechanisms are in place to share best practice of delivering HMR.
- 4.8. The current level of HMR resource will kick start a number of important renewal schemes although Hartlepool, Middlesbrough, Stockton and Redcar and Cleveland Councils have all identified a requirement for long-term investment in the clearance and redevelopment of obsolete housing. A number of the schemes identified by the Local Authorities are included as priorities for funding in Tees Valley Living's Housing Strategy (Parkfield, Greater Eston, North and West Central Hartlepool, Middlesbrough Older Housing, West Lane, Grove Hill, St Hilda's, North Ormesby). A summary of the schemes are set out below:

Hartlepool

- 4.9. Schemes in both North Central and West Central Hartlepool seek to underpin the long term sustainability of Hartlepool. The areas identified for intervention are the most deprived areas of Hartlepool and benefit from New Deal for Communities and Neighbourhood Renewal Programmes. The schemes will address the current housing imbalance in these areas through a combination of housing clearance, redevelopment, refurbishment and investment in community facilities. The housing to be cleared is predominantly small back of pavement terraces, with new development comprising of a range of house types and will include both new homes for sale and shared equity.

Stockton

- 4.10. Three phases of intervention have been identified for the regeneration of Parkfield/Mill Lane in Stockton, which is on the fringe of Stockton Town Centre. The area comprises of 2,830 households living in a range of pre 1919 terraces and post war social housing. The scheme comprises of facelifts to properties that are to be retained, the demolition of approximately 650 properties, which will be replaced with a range of new build for sale as well as to rent. The aims of the scheme are to reduce levels of obsolete housing, provide a range of accommodation to create a mixed income community, to providing housing opportunities for vulnerable households and to foster community cohesion.

Redcar & Cleveland

- 4.11. Greater Eston Housing Market Renewal is an integrated element of the renewal of Greater Eston as set out in Section 3. The restructuring of the housing market at South Bank and Low Grange alongside associated investment in retail, community, health and education facilities is being considered by the Government as a national demonstration project under the Mixed Communities Initiative. The housing elements of the programme include the acquisition and demolition of 500 terraced properties, development of 900 new homes of a range of tenures and types, a new community woodland and ensuring that the new housing is well integrated with the other elements of the Greater Eston Regeneration Strategy. The vision of the strategy is to create a mixed sustainable community which is better integrated with the rest of Greater Eston.

Middlesbrough

- 4.12. Housing is a key element of the regeneration of Middlesbrough to make it a place where people want to live and to enable the town to realise its economic growth potential. There is clearly a need within Middlesbrough to provide housing to meet the needs of its community as well as to stem the population loss which has afflicted the town. Initiatives to restructure the housing market in Middlesbrough are focused mainly within the older housing area of Gresham, which will result in the removal of 1,500 terraced properties to be replaced by a more diverse range of house types, investment in retained properties and the environment and neighbourhood services and facilities. Other housing renewal priorities for Middlesbrough include St Hildas to the north of the town centre, West Lane which benefits from the New Deal for Communities programme and post war social housing areas of Grove Hill and Hemlington. All these areas are experiencing population out migration, low house prices, high void levels, a poor quality environment and suffer from negative perceptions.
- 4.13. Our strategy aims to create a network of sustainable communities. The table below highlights the minimum intervention we consider necessary to influence housing markets and begin to create conditions within which self-sustaining communities and neighbourhoods can evolve. The demolition of almost 5,500 houses in strategic locations and their replacement with more than 5,000 modern homes will change the character of the neighbourhoods affected. Complementary investment by Arms Length Management Organisations and Registered Social Landlords in the existing stock to achieve Decent Homes Standard and the provision of new affordable housing will also improve the housing stock and the quality of life of people within the Tees Valley.
- 4.14. Increased confidence in a sustainable future will stimulate further improvement, which will be achieved by encouraging owner-occupiers and private landlords to invest in their property, encouragement coming in the form a limited amount of grant for the more vulnerable households but principally by way of loans linked to the equity in the property.

Table 4.1: Tees Valley Housing Market Renewal Programme, 2006-16

	Sep 2006-08		2008-11		2011-16		Total	
	Units	Funding	Units	Funding	Units	Funding	Units	Funding
Acquisition	811	44,018,502	1254	69,634,500	1758	94,800,700	3823	208,453,702
Demolition	1950	6,921,725	1410	4,608,775	2080	9,590,570	5440	21,121,070
Improvement	433	4120000	1087	8,638,000	1188	4,832,000	2708	17,590,000
New Build	557		2066		2417		5040	
Private Leverage		85,259,202		185,211,597		184,100,995		454,571,794

- 4.15. The table provides what is at present an estimate of the cost of acquiring, demolishing and improving houses in the next 10 years. The objective is to minimise the amount of public funding required to support housing regeneration projects and to foster private sector investment over the longer term. Initially, there will be a need to continue to concentrate public funding on site assembly (acquisition, relocation assistance, demolition). Ultimately, as confidence in an area builds and land values improve, the role of the private sector in site assembly will increase, with public sector funds being employed in a more strategic way to:
- guarantee variety and quality in new housing;
 - provide the means by which households can access owner-occupation;
 - ensure an appropriate level of affordable housing; and
 - deliver non-housing facilities.
- 4.16. The Table profiles the public funding that would be desirable to ensure the delivery of the programme. It covers the cost of acquisition, demolition and improvements to properties. The proposed programme can be successfully delivered with a continued annual commitment of £6.65 million from SHIP, supplemented by a reducing contribution from the Housing Market Renewal Fund. For the period 2008-11, a combined SHIP and HMR figure of £30 million would allow the momentum of change already generated to be maintained. Thereafter the requirement from HMR Fund will reduce.
- 4.17. As indicated above, private sector financial involvement will increase as public subsidy decreases. It is likely that the change in emphasis will begin to take place towards the end of the 2008-11 period. While the private sector takes a lead on site assembly and redevelopment, public involvement will increasingly be with home improvement and refurbishment to which there will need to be a continuing public commitment. As private finance increasingly substitutes for public in the matter of site assembly, public funding will need to be maintained at a level sufficient to enable large-scale improvement to be promoted. Ultimately, improving house condition and settled mixed income neighbourhoods will lead to a reduction in crime levels, the incidence of

poor health, and low educational achievement, saving considerable sums from the public purse.

5. CONNECTIVITY

- 5.1. A modern and efficient transport infrastructure network is essential to realise the economic and social regeneration aspirations of the Tees Valley and to prevent a situation where the capacity and integrity of the transport system hinders the economic performance of the sub-region.
- 5.2. The first iteration of the CRDP identified three main barriers to growth in the Tees Valley arising from connectivity issues:
- the need to improve external connectivity to the Tees Valley City Region;
 - the need to improve internal connectivity by public transport;
 - concerns over potential capacity issues on the A19 and A66 in the near term.
- 5.3. The dispersed patterns of trip making and the lack of a single dominant commercial centre make it more difficult in the Tees Valley than it is elsewhere to create and sustain economically viable public transport networks. This has led to an over reliance on the use of the private car for many trips, over both short and long distances. In turn, this has led to an increasing congestion on the local and trunk road networks that will exacerbate and ultimately stifle economic growth.
- 5.4. The economic changes set out in this Plan mean that the Tees Valley in the next 10 years will undergo a period of significant change in the way in which transport demand and supply is distributed, in part as a result of changes to development and land use reflecting key corridors and areas of economic activity, and also due to changes in patterns of travel with a focus on key centres.
- 5.5. The challenge for the Tees Valley as it commences its regeneration cycle is to avoid or minimise the increase in private vehicle trips. We do not wish to see economic growth slowed or strangled by congestion. We wish to improve public transport at the start of the recovery to engender a virtuous cycle in which it is able to accommodate the anticipated increased demand to travel.
- 5.6. As a result, a number of core priorities have been developed to address the identified constraints, and in particular, to minimise the risks associated with increases in private vehicle trips:
- Tees Valley Bus Network;
 - Tees Valley Rail Improvements;
 - Tees-Tyne Express;
 - A19(T)/A66(T)/A174(T) Development.

Tees Valley Bus Network

- 5.7. A recent review of the operation of the Tees Valley bus network has identified a variety of proposals encompassing the whole of the sub-region and is based on a stable hierarchical network approach and the development of high demand and quality links to key centres in particular. The review included options for:
- A network to maximise bus patronage whilst maintaining accessibility and social inclusion, with a cost neutral base option and costed, prioritised incremental improvements;
 - Infrastructure and bus priority improvements with an implementation strategy;
 - Priority routes for low floor buses;
 - Fare and ticketing improvements (and simplification);
 - Other marketing and information initiatives.
- 5.8. A specification for the top two tiers within the hierarchical structure ('Super Core' and 'Core' routes) has been agreed, and a series of specific infrastructure proposals has also been developed. The routes within these top two tiers of the hierarchy are concentrated on providing access to the main urban centres and other key destinations such as hospitals. The proposals will not only provide longer term stability within the Tees Valley bus network, but will offer a step change in public transport provision to the passenger in terms of frequency, reliability, quality and convenience, with a co-ordinated approach to public transport provision across the sub-region.
- 5.9. The scheme was identified as a regional priority for funding within the Regional Funding Allocation advice to Ministers submitted in January 2006, with a total of £37 million allocated for the proposals. This £37m has now been approved following the Government's response to the RFA in July, with 2009/10 shown as the first year of spend and the project anticipated for completion in 2012/13. Every effort is being made to bring forward expenditure on the bus network earlier than this date, either through the availability of RFA funding due to scheme slippage elsewhere in the Region or the use of other local contributions. An Outline Business Case to DfT will be submitted by the end of September, with a Full Business Case submitted by July 2007.

Tees Valley Rail Improvements

- 5.10. To complement the bus network improvements, which aim primarily to enhance access to local centres and key attractors, proposals have been developed by TVR for a sub-regional integrated public transport system that would create a high quality, fast and reliable solution to assist regeneration and help to avoid the transport problems that would otherwise arise as economic activity gathers pace.

- 5.11. Tees Valley Metro particularly focuses on enhanced sub-regional links, but the work undertaken to date has also identified wider benefits for the heavy rail network and possible efficiencies on future committed infrastructure works.
- 5.12. The preferred option would deliver:
- A new sub-regional transit system for the Tees Valley, making more efficient use of the current rail and bus networks to better meet the travel needs over the next 20 years;
 - Conversion of the Darlington to Saltburn heavy rail line to tram-train technology, resulting in increased frequency and higher quality of service;
 - Investigation of a possible spur to Nunthorpe to serve East Cleveland;
 - Five new stations along the route, serving key employment sites, major regeneration areas, Durham Tees Valley Airport, and possibly James Cook University Hospital;
 - Supporting heavy rail service enhancements and high frequency bus services linking into the new system, together with an investigation of additional metro services providing an enhanced frequency of connection to Hartlepool;
 - Capacity utilisation enhancements at Darlington and Eaglescliffe, allowing the consideration of additional national and regional passenger services for the Tees Valley, as well as providing for additional freight transport requirements
- 5.13. Discussions have been held with DfT, DfT Rail and Network Rail to move the project forward through an innovative funding mechanism that requires significantly lower subsidy in the long term. The aim is to use existing committed funding within the rail network to divert to Tees Valley Metro and allow capital to be raised to fund the infrastructure improvements.
- 5.14. The current capital cost estimate is £126.5m, with a funding gap of potentially just £20 - £50m if the innovative funding package utilising committed Network Rail funds is accepted. Irrespective of the proposed improvements, it appears that Network Rail are committed to spending £50 - 100m on the Tees Valley rail network over the next 12 years simply to maintain the existing operation, hence it is considered that the metro proposals represent far greater value for money for long term investment. An Outline Business Case to DfT and Network Rail will be submitted by the end of September, with a Full Business Case submitted by July 2007.

Tees-Tyne Express

- 5.15. The importance of enhanced connections between the Tees Valley and Tyne and Wear City Regions has long been recognised as an essential component of making the North East more competitive- and was identified in the Northern Way Growth Strategy, as well as the Regional Spatial Strategy. The proposals for a Tyne-Tees express are more long-term than

those for the metro- indeed, the completion of the metro would act as a catalyst for the Tyne-Tees express because of the efficiency improvements that would be made to junctions at Bowesfield and Eaglescliffe. In fact, these capacity improvements would allow scope for existing cross country services to be diverted along the Durham Coast.

- 5.16. Some feasibility work has been undertaken, but more work is needed to develop any detailed business case for the proposals. Overall, the initial feasibility work concludes that, for rail, enhancements to existing services appear to be most cost-effective and deliverable in the short term, albeit that they fail to deliver the sought-after "step change" in transport provision on their own. Enhancements to express bus services are also supported, albeit that they do tend to draw a proportion of their ridership from existing rail services as well as from the private car. Investment in measures to aid journey speed and reliability for these express buses is advocated.

A19(T)/A66(T)/A174(T) Development

- 5.17. Improvements to the strategic trunk road network within the Tees Valley were identified as priorities within the CRDP, and are critical to the successful delivery of this Plan. At the present time, the Government's development control policy will seek to examine each planning application on an individual basis and identify any necessary improvements that will be required to leave conditions on the trunk road in a "no worse off" condition at a point 15 years beyond the opening of the development. This can often lead to the requirement for improvements that cannot be financially supported by a development proposal with a relatively low initial land value. Although this policy is currently under review, there is therefore a need to adopt a more pragmatic approach to future development proposals on the strategic road network
- 5.18. A bid to Government was made in July 2006 under the Transport Innovation Fund (TIF) Congestion stream. The purpose of this bid is to take a co-ordinated view of the future transport needs in the Tees Valley in order to support the economic regeneration of the City Region. We aim to develop an action plan for multi-modal asset allocation of the primary transport networks that embraces demand management techniques as well as identifying essential supporting infrastructure improvements in public transport and the local road network. A decision on the TIF bid is anticipated in October 2006.
- 5.19. Even if the bid for TIF is unsuccessful, work will be undertaken in Autumn 2006 to determine the public transport improvements and likely secondary road network improvements, particularly in the Stockton/Middlesbrough area, that will be necessary to facilitate long-term development. The JSU, Stockton/Middlesbrough Initiative, NEA and the Highways Agency have already contributed £200k to undertake some initial work looking at these issues. At present, therefore, only a broad estimate can be made of the likely levels of funding required for the solutions to be developed through this work.

- 5.20. A multi-modal study of the A66(T) has already been undertaken for the single carriageway section of the route around Darlington, in partnership with the HA and regional bodies. The capacity of the A66 was shown by the study to be a constraint on the economic growth of the western part of the Tees Valley. The Highways Agency have placed floorspace constraints on planning permissions for development. The submission from the Region for Regional Funding Allocations therefore recognised that, amongst schemes not yet designed and therefore not able to be programmed, the A66 Tees Valley Gateway Scheme was a priority.
- 5.21. The A66 Tees Valley Gateway Study emphasises the importance of removing the economic constraint that the single carriageway section creates, and the need to fund the recommended measures is of great importance. The cost of the recommended measures was estimated at £50m, and although this is clearly a longer term aspiration, detailed design works- perhaps costing £2.3m - will be required in the near future to move the scheme forward within the RFA process.

Table 5.1 Transport Projects: Funding Requirements

Source	Item	Funding by Financial Year									
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Local Transport Plan	Darlington	1.644	1.456	1.457	1.454	1.447					
	Hartlepool	1.204	1.162	1.144	1.122	1.094					
	Middlesbrough	2.120	1.879	1.881	1.878	1.870					
	Redcar & Cleveland	1.599	1.411	1.442	1.473	1.503					
	Stockton	2.134	1.892	2.033	2.184	2.345					
Regional Funding Allocation	Darlington ETC	6.000	5.500	0.600							
	North Middlesbrough	1.883	6.604	7.503							
	Bus Network Improvements		1.104	1.012	10.610	10.889	10.135	3.446			
Emerging Major Schemes	Tees Valley Metro			3.000	25.000	36.000	32.000	28.500	2.000		
	A66(T) Darlington			1.000	1.000		5.000	10.000	15.000	15.000	5.000
	A66(T)/A19(T)/A174(T) Study	0.300	0.100	1.000	1.000		3.000	7.000	12.500	12.500	5.000
	Teesport Gauge Enhancement						1.000	12.000	2.000		
	Tees Tyne Express						1.000	5.000	8.000		
Highways Agency	Long Newton GSJ		8.140								
	Surtees Bridge Renewal										
Network Rail	Tees Bridge Renewal										
	Albert Road Bridge										
	Darlington South Remodelling		1.700								
	Durham Coast Resignalling										
	South Tees Resignalling										
	Other Renewal Works										
TOTAL		16.884	30.948	22.072	45.721	55.148	52.135	65.946	39.500	27.500	10.000

Notes:

LTP funds are indicative allocations only for 2008/09 and beyond

Bus Network Improvements costs include Local Authority contributions

Tees Valley Metro costs are shown as the capital cost of investment - it does not reflect the innovative funding mechanism being pursued with DfT and Network Rail that would significantly reduce these costs

A66(T)/A19(T)/A174(T) costs are indicative only, pending completion of TIF Congestion work

Tees Tyne Express costs reflect improvements to Durham Coast services and enhanced inter-urban bus connections

No information is available at present on Network Rail costs - to be established as part of next stage of Tees Valley Metro design work

6. GREEN INFRASTRUCTURE

6.1. The usual definition of green infrastructure is along the lines of:

“A sub-regional network of protected sites, nature reserves, greenspaces, and greenway linkages. The linkages include river corridors and flood plains, migration routes and features of the landscape, which are of importance as wildlife corridors. Green infrastructure should provide for multi-functional uses (wildlife, recreational, cultural etc) that contribute to the high quality natural and built environment required for existing and new sustainable communities. It consists of both public and private assets, with and without public access, and in both urban and rural locations.”

6.2. The importance of promoting “liveability”- raising the quality of places- as a means to improving overall economic performance has been recognised within the Government’s Sustainable Communities Plan and the Northern Way. The provision of green infrastructure is recognised to make a major contribution to liveability issues. Ultimately, improving the liveability of places is key to attracting and retaining people to live in those areas.

6.3. Addressing green infrastructure issues is especially important in the Tees Valley given its importance in increasing investor confidence in town centres and the need to address issues of dereliction along the River Corridor- vital to the success of the Green-Blue Heart. The sheer amount of derelict land in the Tees Valley leaves a huge legacy- large-scale private investment will not be attracted unless the public sector makes efforts to remediate these areas.

6.4. A Tees Valley Green Infrastructure Steering Group has been established, partly at the instigation of One North East, in recognition of the opportunities for delivering a sub-region wide green infrastructure strategy in the Tees Valley. The Steering Group consists of the 5 local authorities, Tees Valley Regeneration, One North East, Wildlife Trusts, and the North East Community Forest.

6.5. A green infrastructure strategy for the Tees Valley should also add to:

- Enhanced land values through investment and improvement of green space;
- encouraging high value, high quality development;
- establishing the economic value of environmental investment; and
- accessing resources through major funding regimes and helping to make the case for green infrastructure to be funded as a primary public investment on a similar basis to other essential services.

6.6. The Steering Group is in the process of developing a Green Infrastructure Strategy for the Tees Valley. The Strategy will identify strategic issues and key priorities, which it is hoped will act as a catalyst for new funding opportunities to emerge, and to put green infrastructure firmly on the agenda of major funding providers.