

AGENDA ITEM

REPORT TO CABINET

21 JANUARY 2021

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

**Lead Cabinet Member – Councillor Robert Cook
Regeneration and Housing – Lead Cabinet Member – Councillor Nigel Cooke**

INDIGENOUS GROWTH FUND UPDATE

SUMMARY

The report provides Cabinet with an update on the Tees Valley Indigenous Growth Fund (IGF) and outlines a proposed IGF Strategic Initiatives Programme to stimulate inward investment, support economic growth, and be a catalyst for job creation across the borough using the IGF that the Tees Valley Combined Authority (TVCA) has allocated to the Council. This report sets out the opportunities for investment across a number of activities and outlines the next steps including some early inward investment opportunities.

Approval is sought for the activities identified within the IGF Strategic Initiatives Programme, and for the forward funding of highway infrastructure works to support an inward investment opportunity within the Borough.

In addition and as part of this programme of initiatives, the Council has been approached regarding an inward investment opportunity within the Borough that has the potential to create circa 300 jobs. To unlock this strategic employment land there is a need to forward fund £2.25m of highway junction improvements details of which are included in this report.

REASON FOR RECOMMENDATIONS/DECISIONS

To provide Members with an update on the Tees Valley Indigenous Growth Fund (IGF) and an overview of the proposed IGF Strategic Initiatives Programme.

RECOMMENDATIONS

1. Cabinet approve the IGF Strategic Initiatives Programme and note that the allocation of resources from the Indigenous Growth Fund.
2. Cabinet approve the forward funding of £2.25m highway junction improvements as part of the IGF Strategic Initiatives Programme with a condition that a proportion of that forward fund is recovered through planning S106 contributions for the site.
3. Cabinet delegate authority to the Director of Finance, Development and Business Services in consultation with the Leader of the Council for expenditure of the Indigenous Growth Fund for interventions identified in the 'Programme' up to £1m in value.

4. Cabinet note that individual interventions identified in 'Programme' over £1m in value and in addition to recommendation 2, will be brought back to future Cabinet meetings for approval.

DETAIL

Indigenous Growth Fund

1. The TVCA Investment Plan allocated £50m to the IGF, a programme developed to support the Strategic Economic Plan objective to develop 'Place' through area regeneration in support of economic growth.
2. The fund will provide capital support to the five Local Authorities for a range of interventions including:
 - remediation/regeneration of vacant and derelict land and property;
 - public realm initiatives aimed at creating vibrant town centres;
 - strategic housing initiatives aimed at creating vibrant town centres;
 - investment specialist culture and tourism accommodation
 - investment in the provision of specialist (sector specific) business accommodation and fit-out.
 - Operating costs for discrete programmes designed to support associated capital expenditure.
3. A Programme Business Case has been approved by TVCA Cabinet and the five Local Authorities are developing proposals for individual projects. For Stockton, our aim is to support people and encourage business growth as well as public and private investment that further strengthens the performance of Stockton-on-Tees as a thriving and productive Borough. The Borough is at the heart of the Tees Valley economy contributing around a third of the entire economic output for the area and continues to grow. This is fuelled by the Borough's key employment locations such as Wynyard Business Park, Durham Lane and Teesside Industrial Estates and Belasis Business Park as well as the major industrial areas of North Tees and Seal Sands each home to major international business specialising in petro-chemicals, energy, biotechnologies and advanced manufacturing. Alongside these specialist business incubation facilities such as Fusion Hive on North Shore serve the emerging digital and creative sector.
4. The IGF will be used to sustain, support and enhance these critical economic assets, allowing the Borough to continue to be a major contributor the region's economy.
5. In January 2020, Cabinet approved the acquisition of the remaining undeveloped employment land at Durham Lane Industrial Park at Market Value and noted that the allocation of resources from the IGF will be considered as part of the Council's MTFP by full Council. The MTFP report from February 2020 incorporated the IGF within the capital programme and agreed that any allocation would be reported through cabinet.
6. Shortly after the cabinet report was approved, the landowners of Durham Lane Industrial Estate; Hansteen Holdings, were subject to a take-over by a private equity company called Blackstone who added Hansteen's platform to their European last-mile logistics company, Mileway. Following confirmation of the takeover, Mileway have been reviewing their asset at Durham Lane including the requirements of existing tenants which has led to a delay in the Council's ability to move forward with acquiring vacant land within Mileway's holdings. However, the Council continue to have discussions with Mileway regarding acquisition with a view to this concluding an agreement in the coming months.

Proposed IGF Strategic Initiatives Programme

7. The following programme of initiatives seek to promote inward investment, unlock employment land, support existing business growth, and be a catalyst for economic growth and job creation across the borough.
8. This will be driven primarily by a branded inward investment strategy which will actively promote all investment sites across the borough both publicly and privately owned. It will provide a front facing tool for potential investors whilst enabling access to key information and contacts for existing businesses to engage with alongside the Education, Employment and Skills Hub.
9. The proposed intervention programme will also seek to support business growth and inward investment through the delivery of infrastructure schemes and the acquisition of key sites. This could include road improvements to increase capacity and unlock employment land for development, or the strategic acquisition of derelict land or buildings to enable existing business to expand.
10. The programme will also provide support to the borough's small and medium enterprise businesses via a Business Growth Fund. Existing business will be able to apply for the fund to help them grow their business or implement innovative ways of working in response to the coronavirus pandemic. The details and criteria of this fund will be developed over the coming weeks/months.
11. Specific schemes will be identified and will be based on robust evidence to support the intervention. The values attached to each initiative are approximate only and that an agreement of financial variance between activities across the programme will be considered by the Director of Finance, Development & Businesses Services in consultation with the Cabinet Member for Regeneration & Housing.

Initiative:	01: Key Sites Acquisition and Investment
Description:	Acquisition of key sites to support inward investment and assist in business growth delivery. This includes the previously approved acquisition of remaining undeveloped land at Durham Lane Industrial Estate to safeguard strategically important employment land and realise additional economic value as a result of job generation and social value embedded in our approach to procurement. The acquisition and investment of other sites will be determined by other influences and could include the remediation/regeneration of vacant and derelict land and property.
Value:	£6m (approx.)

Initiative:	02: Key Sites Infrastructure Delivery
Description:	To support inward investment and existing business growth across the borough by delivering infrastructure works to facilitate both public and private sector investment and/or to unlock strategically important employment land for future development.
Value:	£3m (approx.)

Initiative:	03: Inward Investment Strategy
Description:	Develop a front facing strategy and portfolio of key sites to proactively market the Borough and encourage inward investment. The strategy will also celebrate success and provide support towards inward investment, business growth, and job creation across the Borough. The strategy will be a multi-layered delivery across a number of digital platforms and hard copy resources. The strategy portfolio will also deliver masterplans and marketing across a number of key investment sites to attract inward investment and support future delivery.

Value:	£500k (approx.)
Initiative:	04: Business Growth Fund
Description:	Fund to help businesses innovate and grow. Targeted at small and medium enterprise businesses, alongside sole traders and freelancers, they will be able to apply for the fund to help them grow their business or implement innovative ways of working in response to the coronavirus pandemic. Examples include floorspace improvement/expansion, shop front improvements, marketing, and making use of new technologies to support growth.
Value:	£200-£500k (approx.)

Highway Junction Improvement - Linked into Initiative 02: Key Sites Infrastructure Delivery

12. The Council has been approached regarding an inward investment opportunity within the Borough that has the potential to create circa 300 jobs. To unlock this strategic employment land and release capacity in the highway network, there is a need to forward fund £2.25m of highway junction improvements as part of the IGF Strategic Initiatives Programme with a condition that a proportion of that forward fund will be recovered through planning S106 contributions for the site.
13. A condition of the investor is that at this stage all details relating to the investment opportunity and proposed site must be kept confidential.

Added Benefits through Economic and Social Value

14. The activities that may be generated by the IGF Strategic Initiatives Programme not only ensures we support inward investment in strategically important employment land, it also will allow the Council to realise additional economic value as a result of job generation and social value embedded in our approach to procurement.
15. The Council is committed to maximising the impact of its public expenditure for the benefit of the local economy, the environment and wider society and communities, and this is being delivered through embedding strong Social Value policies through the procurement process. Social Value is an ability to determine and measure what is created as added value through a contracts and commissioning processes, considering more than just the financial transaction but what added benefits we wish to achieve.

COMMUNITY IMPACT IMPLICATIONS

16. The proposals in this report cover a wide range of initiatives, which will potentially have numerous community impacts including, amongst others, employment, retail, transport and environment. As the proposals are further developed a Community Impact Assessment will be undertaken.

CORPORATE PARENTING IMPLICATIONS

17. This report does not contain corporate parenting implications.

FINANCIAL IMPLICATIONS

18. The activities set out in the IGF Strategic Initiatives Programme will be funded through the TVCA Indigenous Growth Fund allocation. The MTFP report from February 2020 incorporated the IGF within the capital programme and agreed that any allocation would be reported through cabinet.

LEGAL IMPLICATIONS

19. The proposals in this report cover a wide range of initiatives, which will potentially have numerous legal implications including, land valuation, land acquisition, and legal title checks. As the proposals are further developed and come forward, legal advice will be sought and the necessary due diligence undertaken.
20. The Council will also undertake necessary due diligence as part of the planning process.

RISK ASSESSMENT

21. This Indigenous Growth Fund Update report is categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.
22. As individual proposals are further developed and come forward, the necessary risk assessments and due diligence will be undertaken.

WARDS AFFECTED AND CONSULTATION WITH WARD/COUNCILLORS

23. Leader of the Council – Councillor Robert Cook and Cabinet Member for Regeneration and Housing – Councillor Nigel Cooke.

BACKGROUND PAPERS

24. Cabinet Report: Indigenous Growth Fund Update - 23rd January 2020.

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