

AGENDA ITEM

REPORT TO COUNCIL

6 JUNE 2018

**REPORT OF SENIOR
MANAGEMENT TEAM**

TEES VALLEY COMBINED AUTHORITY UPDATE

SUMMARY

This report provides Council with an update on the activities on the Tees Valley Combined Authority (TVCA) and in particular activities associated with the borough of Stockton on Tees. The report sets out the areas of responsibility the TVCA has and provides a brief summary of each of these activities. The report highlights the current position with the investment plan and the next steps in particular the pipeline of projects that are being developed by the Council.

RECOMMENDATIONS

1. Council note the content of the report and agree the pipeline of expressions of interest to be submitted to TVCA.

DETAIL

1. TVCA was established on 1st April 2016 and the Mayoral election was held in May 2017 which saw the creation of the current governance structure, with a directly elected mayor and a Cabinet of 5 which is made up of the Leaders of each of the Tees Valley Councils. Each Leader in their role as Cabinet member takes a portfolio lead and these are:

Darlington – Transport
Hartlepool – Education, Employment and Skills
Middlesbrough – Innovation, Culture & Tourism
Redcar & Cleveland – Investment and Business Growth
Stockton-on-Tees – Housing and Place

2. Each Leader receives a portfolio briefing from TVCA staff and lead on that agenda across the Tees Valley. The Combined Authority's responsibilities include the economy, strategic transport, education employment & skills, culture, business growth, aspects of housing and European funding. The Combined Authority Managing Director attends a Stockton Borough Council Members Seminar on an annual basis to provide a verbal update on activities.
3. Borrowing powers – TVCA Cabinet and each Local Authority approved the use of Borrowing Powers for TVCA's use earlier this years and this was laid before Parliament week commencing 5 March 2018 offered and is now an approved method of generating funding.

4. The following paragraphs give a summary of Combined Authority activity on agenda by agenda basis:

South Tees Development Corporation

3. The South Tees Development Corporation was formed as the first Mayoral Development Corporation outside of London following the demise of the SSI steelworks working closely with central Government to ensure the economy is able to recover and grow once again and attract new investment in the site which is big enough to accommodate central London within its boundaries. A concept masterplan was developed for the site in 2017 and there remains significant interest from potential large scale business investments of varying nature.
4. The land ownership remains in several interests including the Thai banks and Tata Steel. Consolidation of the ownership is under active dialogue and it is expected that an agreement to purchase the land from the Thai banks is close to being finalised. The Combined Authority Cabinet are expected to consider this proposition in the coming weeks and the mechanisms of funding this and the financial return will be part of that consideration.
5. The ongoing security and maintenance of the site is a significant financial burden which is currently supported by central government funding. The Development Corporation are working on a proposal to HM Treasury for a transition programme that will require investment of several hundred million that will allow the demolition remediation and enablement of large parts of the site to facilitate new uses. The Combined Authority Cabinet will consider this proposal before it is submitted to government. The use of compulsory purchase order powers on other aspects of the site are also due to be considered by the Combined Authority Cabinet shortly.

Strategic Transport Plan

6. One of the statutory duties of the Combined Authority is to produce a Strategic Transport Plan. This replaces the old 'Local transport Plans produced by Council's within Combined Authority Areas. The Council has a role in the development of the Strategic Plan ensuring it reflects the needs of our Borough and it also contains a local delivery plan that shows how the Council plans to spend its allocation of LTP funding.
7. The Strategic Transport Plan identifies opportunities to support growth in the Tees Valley economy by providing a high quality, quick, affordable, reliable and safe transport network. It will help prioritise future investments such as the Transforming Cities Fund.
8. The Tees Valley Combined Authority has developed a Draft Strategic Transport Plan in partnership with the five Local Authorities, with strong links to the Tees Valley Strategic Economic Plan and the Investment Plan. The plan addresses issues such as the area's strategy for the cycling, walking, bus, rail and road networks and has a vision for the future of transport in the Tees Valley:

“To provide a high quality, quick, affordable, reliable and safe transport network for people and freight to move within, to and from the Tees Valley”
9. A draft Strategic Transport Plan is being consulted upon during summer 2018. Informed by the findings of this consultation process, the final Strategic Transport Plan will be published before the end of 2018.

Road & Rail

10. The Combined Authority continue to develop the major transport schemes identified as Tees Valley Priorities that include Darlington Station Redevelopment or Darlington 2025 as its now know, A19 Tees Crossing, A66 East-West Corridor improvements and Rail Gauge enhancements. Middlesbrough Station now features as a major part of the rail network due to specific capacity constraints at the station that cause problems right across the Transpennine network and will potentially impact upon the planned Virgin east Coast Service from London.
11. In a Stockton Context, The Council plays a leading role in the A19 Tees Crossing development and the outline business case for further development funding was submitted to DfT last December. Dialogue with DfT is still ongoing around the potential outcomes and the ask of a further £2M of funding to develop the full business case is still outstanding, however of successful, it will look to address current issues with journey times and delays, whilst allowing the local road network to be improved in order to help deliver a number of new employment and housing sites.
12. A similar position exists with the A66 East West capacity improvements, although these largely fall around the Darlington area. The recent success of the funding from Homes England to upgrade Elton Interchange does provide benefit on this corridor.
13. The rail agenda for Stockton stations focuses around Eaglescliffe Station, not an issue for rail capacity but an economic opportunity to improve the transport hub and stimulate employment land development. The issue of Disabled access to Billingham station is also identified and both of these are covered later in the report.

Sustainable Access to Employment Programme.

14. The delivery of a number of walking and cycling schemes, providing a healthier travel alternative, reducing congestion and the impact of transport on the environment, and improving access for those without alternative travel options.

Transforming Cities

15. The transforming cities fund is £59m of new funding allocated to Mayoral Combined Authorities to support specifically, enhancements to public transport and other sustainable transport initiatives. The £59m is profiled over 4 years and TVCA are currently working to develop a programme of investment which will focus on supporting rail infrastructure. With a demand likely by DfT for a local contribution towards Darlington Station remodelling to secure national rail investment and Middlesbrough Station improvements this fund could support those projects and also be targeted to identify enhancements that are required at Eaglescliffe Station and the pressing need to resolve the lack of DDA access at Billingham Station. TVCA Cabinet will consider a programme of activity for this fund in the coming months.

Housing

16. The first year of the Mayoral Combined Authority has established a strong platform for achieving the ambitions of our homes and communities and commenced key areas of work that will ensure it continues to support growth in the Tees Valley economy by providing attractive and vibrant places for people to want to live and businesses to invest.

17. Some of the outcomes achieved over the last year on the Housing and Place Agenda include:
- Joint Delivery Plan: Working in partnership with Homes England extensive work has been undertaken to identify opportunities to unlock sites, accelerate delivery and increase the supply of affordable homes for rent or ownership. This will be delivered through a joint housing delivery plan, with a focus on around 80 identified sites across the Tees Valley that require intervention to unlock and accelerate. Approximately 10 sites are in Stockton Borough.
 - Housing Infrastructure Fund: The Council led a successful bid supported by the Combined Authority to secure £12.8m through Homes England's 'Housing Infrastructure Fund' to unlock sites for the accelerated delivery of homes. £10 million of which is allocated to the Elton Interchange.

Tees Marshalling Yards

18. There has been a long standing agreed position that the land between Stockton and Middlesbrough which substantially includes the Tees marshalling yards provides an opportunity for further growth and development and the geographic footprint within Stockton on Tees Borough boundary identifies a site within the local plan for potential housing with some mixed use development. The initiative to bring forward this development was known as Stockton Middlesbrough Initiative or SMI. The Combined Authority are in dialogue with Homes England and Network Rail about the potential opportunities that still exist for development within this area and are reviewing work previously undertaken to better understand the complexities and challenges that may bring. The Borough Council is working with colleagues at the Combined Authority and Middlesbrough Council to support this development work.

Education, Employment & Skills & School improvement

19. Tees Valley Combined Authority launched a cross cutting Education, Employment and Skills strategy-Inspiring our Future-a skills plan which will build the skills needed for a modern economy. The plan highlights that TVCA can achieve significant change by taking a whole system approach that aligns the three themes. Developed in partnership with a range of partners, key stakeholders and people from Tees Valley the plan will provide investment and direction that addresses the key education, employment and skills challenges. Some of the activity and Outcomes are listed below:
20. Careers Education: The Combined Authority has worked with partners including schools to focus upon improving careers education across all schools and colleges in Tees Valley. An overarching delivery framework has been developed that builds upon a careers pilot previously funded by Transforming Tees in the Teesside Education Trust. The Combined Authority has delivered the Careers Enterprise Adviser network as part of a national programme managed by the Careers Enterprise Company. In 2017/18, 52 schools and colleges have been partnered with Business advisors to develop their careers strategy.
21. Andrea Naylor is the Careers Coordinator at TVCA for the Stockton area.
22. TVCA is currently working with a number of schools and colleges to test out approaches to ensure that they are working towards (and achieving) the Gatsby Benchmarks as per the new national statutory guidance for Careers Education. A proposal to extend this approach to all schools and colleges will be considered at the TVCA Cabinet meeting on 1 June.
23. TVCA is also finalising the details of the £2m Innovation and Collaboration Fund for the improvement of outcomes in schools. This will be made up of three linked elements – research and innovation to develop new approaches; peer challenges and reviews based on need to help build the leadership and improvement capacity in schools; and an open call

to help address specific local priorities. Proposals will be steered and supported by the strategic education partnership groups in each local authority area. Schools and local authorities have been involved in the design of these proposals which have the potential to add genuine value to existing school improvement activity. The Council is well placed to take advantage of opportunities, working with local schools, as a provider of support.

24. Routes to Work: In July 2017 the Combined Authority secured £6m from the Department of Work and Pensions to deliver a Tees Valley wide pilot to assist those most distant from the labour market develop skills and ultimately access work. The programme aims to assist 2 500 people move towards accessing work and will test local approaches led by Local Authorities to achieving better outcomes for long term unemployed people. This will include approaches to multi-agency working, employer support and in work support to improve retention levels for long term unemployed people who do move into work.
25. In September the Combined Authority hosted the annual schools Skills event, attended by over 2000 pupils from school years 9-13. The event provided opportunities for young people to engage directly with employers, interact with equipment, talk to young employees about their experiences and job roles and speak to training providers to gain information regarding skill routeways.
26. Big Bang: The Combined Authority hosted the annual Big Bang STEM (Science, Technology, Engineering and Maths) event at Teesside University, 1500 young people aged 11-16 and 1500 primary school pupils attended. The event consisted of a range of STEM based activity workshops and an interactive exhibition. The aim was to raise awareness of STEM related careers and job roles to inspire future take up of STEM subjects in school and future careers.
27. Regional School Commissioner: In 2017 close working with the regional schools commissioner implemented the Sub Regional Improvement Board for Education. This Board membership was agreed and has met several times to identify the priorities for Schools to increase attainment levels of their pupils. This included undertaking intensive work with schools to apply for the national Strategic School Improvement Funding available through the Department of Education. As a result 4 applications have now been successful in the first two rounds of funding. These applications include 34 schools in Tees Valley as partner schools that will directly benefit from this funding. One of the bids is led by the Council, one of the few in the country to be led by a local authority. Further work is being undertaken for the third funding round.

Culture & Tourism

28. TVCA continues to demonstrate a significant commitment to culture as a contributor to economic growth. A thematic sub-board of TVCA is Chaired by Cllr Dave Budd and has representatives of all Tees Valley Local Authorities, Teesside University, key cultural organisations and other businesses. This Culture Board is overseeing the development of plans for the bid to become UK City of Culture in 2025 and seeking to coordinate a range of capacity building initiatives for the cultural sector.
29. TVCA are developing their own capacity as a tourism and place promotion agency, representing the Tees Valley in regional and national programmes designed to attract visitors and project positive images of the Tees Valley to assist in attracting talent and investment. They recently launched the Enjoy Tees Valley brand and website.
30. In March 2017 TVCA Cabinet approved an initial £1.8 million package of investment in culture and tourism. Priority areas for investment at this stage are events and attractions that are capable of drawing people and media coverage from beyond the region. These include;

- Approval in principal to support the Great Run Company City Games and International Cross Country, bringing major televised elite athletics to the Tees Valley repeatedly over the period 2018 – 2025.
 - Support to bid to host the Rugby League World Cup, centred around Middlesbrough FC and Darlington Mowden Park as venues, but including opportunities at grass root level.
 - Support for major heritage attractions with the potential to attract significant new visitors to Tees Valley, such as National Museum of the Royal Navy, Kirkleatham Estate, Preston Park Museum & Grounds, Head of Steam Museum.
 - Key festivals and events including SIRF, Thrift, T-Junction, Animex.
 - Capacity investment in various art form areas.
31. TVCA are coordinating and supporting the collaborative work between Durham County Council, Darlington Council and Stockton Council on our shared rail heritage. Heritage Action Zone (HAZ) status has recently been awarded to the 26 mile corridor of the original Stockton & Darlington Railway by Historic England (one of eight awards in England). This work is driven by the desire to make the 200th Anniversary of the Birth of the Modern Passenger Railway, in 2025, an international event with a permanent legacy.
32. The rail heritage programme will be long term and wide reaching, including;
- Developing the potential of the world-renowned Stockton and Darlington Railway is a priority for TVCA. The project should attract a minimum of 200,000 extra visitors per annum to Tees Valley.
 - The formation of the Railway Heritage Steering Group bringing Network Rail, Virgin Rail, Hitachi, Historic England, Heritage Lottery, The Friends of Stockton & Darlington Railway, all of the relevant Local Authorities.
 - Creating a heritage and nature walking and cycling route conserving and developing the 26 mile Witton - Darlington - Stockton railway track bed.
 - Creating a major attraction for the Railway Story to be told at North Road linked to a new site for the A1 Trust to build new Steam Trains.
 - Creating a 200th anniversary celebration event in 2025. A festival development company has been appointed to scope initial plans for the celebration.
33. Great Place programme - Tees Valley was one of 16 areas in England awarded funding from the Heritage Lottery, Arts Council and Natural England managed Great Place Scheme, receiving £1,332,500 to support a cultural and heritage programme. The subsequent programme, Greater Tees, managed by the Tees Valley Combined Authority will see activity take place in each Local Authority area. For Stockton this will include the 'Greater Tees Carnival'. Extending the Stockton International Festival across the Tees Valley with the creation of Carnival Satellites for local celebrations.

European Funding

36. Tees Valley was given an indicative allocation for the 2014-20 programming period of £171.7m. Table 1, below show the breakdown and current position for the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the European Agricultural, Fund for Rural Development (EAFRD) against the full programme period. Although the programme runs from 2014-20 normally spend and outputs could be achieved through to 2023. It has been confirmed that UK will continue to participate in the ESIF programme until it ends.

Table 1:
Current
ESIF
Position
(total
Programme
allocation -
2014-2020)*

	£M	£M	£M	£M	£M
	ALLOCATION	CONTRACTED	PIPELINE	AVAILABLE	AVAILABLE MINUS 6% PERFORMANCE RESERVE
ERDF	96.2	37.3	31.0	27.7	21.9
ESF/YEI	74.4	35.4	0	38.9	35.0
EAFRD	1.1	0.3	0.6	0.3	0.3
TOTAL	171.7	73.0	31.6	66.9	57.2

37. The ability to maximise expenditure and bring forward projects into the current European programme remains a challenge. This is largely due to the burden created by the tight scope of the funding streams and the particular issue of State Aid limits. The programme has a focus towards SMEs and unfortunately such barriers and the need to put in significant match funding do constrain the opportunities to access this funding.

Airport

38. The Council together with the four other Local Authorities and Durham County Council retain a minority shareholding in the airport alongside the owners, Peel Holdings Ltd. The airport has suffered a significant drop in passenger numbers since the demise of low cost carrier operations and the Council together with its fellow shareholders have continued to support a number of initiatives to arrest the decline and grow numbers once more. The KLM rotation to Amsterdam remains key to giving the Tees Valley global access which is vital for the many internationally owned business in the area. The owners, Peel Holdings Ltd, have secured planning permission within the Darlington boundary for the development of over 400 houses to help underpin and diversify land use on the airport.
39. Tees Valley Mayor is currently working with the owners to look at potential alternatives in ownership and operating models which are commonly aligned with his manifesto pledge to see ownership of the airport brought in to the public sector. TVCA Cabinet will consider the Mayor's proposals in the coming weeks.

Investment Plan

40. Cabinet will be aware that the Combined Authority Investment Plan has been developed and at present, the Council has three development asks that feature, these are:
- a. Eaglescliffe Station Western Access
 - b. Billingham Bio-Pharmaceutical Campus (with Fujifilm)
 - c. River Tees Development Funding
41. The Council took a modest approach to investment plan asks recognising the need to bring forward projects which had sufficient maturity to pass the evaluation criteria that TVCA would test them against. It is not surprising with the scale of ambition that exists across the Tees Valley that the Combined Authority has received a large number of expressions of interest which is already identifying significant asks against investment plan resources. The Combined Authority is working through to try and identify and prioritise those investment asks which align with the strategic economic plan and provide transformational outcomes to the Tees Valley.

42. Of the three projects listed above, Eaglescliffe Station is currently being developed which will see the potential bridge connection to the west and additional car parking on the west come to fruition to support the economic development of Durham Lane Industrial Estate. Project will be developed in partnership with Network Rail and train operators and has some way to go before the final proposal can be executed.
43. The Fujifilm ask was for £3.5m to support infrastructure and groundworks for their planned expansion on to the former Billingham House site. The expansion decision by their Japanese parent has been delayed due to the recent bid by Fujifilm to build a national vaccine centre which unfortunately was awarded by the government to an Oxford based company. Fujifilm's expansion will now be considered by the Japanese parent as to how and when they plan to proceed.
44. The River Tees development funding is a modest piece of work at £50k to better understand how access to the river can be brought forward in the form of physical infrastructure that will help the leisure economy grow around the river. This work is currently being undertaken.
45. Whilst the projects listed above do represent areas in which the Council would want to see investment, it was felt that there are other initiatives that the Council should be seeking the supporting of TVCA funding. It is clear that there is a significant requirement of further investment in Stockton to help support some transformational growth in the borough. The intention is to submit initial Expressions of Interest to TVCA and these are described in more detail below.

Preston Park Museum & Grounds Transformational Plan

46. This proposal focuses on improvements to Preston Park Museum and Grounds a major attraction for the Tees Valley. The proposal will outline the realisation of an integrated and coordinated delivery approach. The proposal is designed to not only improve the current offer but to elevate the attraction on a national scale, transforming it into a "destination" attraction, with the investment in the following schemes that are deemed to create the most impact and change:
 - a) Visitor Centre
 - b) Heritage, Ornamental and Natural Gardening Landscapes
 - c) Car Parking and Pathway Improvements (Includes Signage, Wayfinding and Brand Alignment)
 - d) Museum and Victorian Street Interpretation Refresh
47. It is anticipated that the submission would seek funding in the order of £9.2m against a total project cost of £14.45m with an element of match funding from other public funds and the Council.

Stockton Town Centre/Riverside – Transformational Change incorporating a new Tees Valley Giant

48. This is an ambitious proposal that would be submitted. This initiative would build on the significant work undertaken to date in and around Stockton High Street. The proposal would seek funding to develop a programme of works that would focus primarily on the Southern section of High Street and adjacent riverside area. The linkages from the High Street to the river at that point incorporating a new Tees Valley Giant.
49. It is envisaged that this would be a multi-million pound investment and would require significant Development Funding of initially an order of £500k, this will be reflected in the EOI.

Northshore Future Phases

50. This proposal would build on the work done to date on the Northshore Development site but also recognise the difficulty in fulfilling the original proposals in their entirety. It would therefore seek to explore and develop alternative proposal for the existing site but also explore the opportunities to expand onto additional land and the benefits that would realise, particularly capitalising on the success of all 3 stages of housing.

The required funding ask would be evaluated through a more detailed viability assessment that can be carried out alongside other housing and mixed use sites that the Combined Authority are currently engaged with in partnership with Homes England.

Central Stockton - Norton Road Gateway

51. This proposal would be an extension to the project that is being developed on the former Victoria Estate and would facilitate better linkages between the site and the High Street and create a Gateway at the Northern end of the Town Centre.
52. The required funding ask is anticipated to be £3m to explore bringing forward improved connectivity and public realm.

Yarm Car Parking

53. This proposal would be to explore opportunities to further develop car parking provision around Yarm High Street. It would build on feasibility work undertaken to date and on-going discussions with land-owners. The Council is currently working on two live opportunities for long stay provision within the adjacency of the high street.
54. It is envisaged that the submission would seek funding of approximately £8m to deliver additional car parking provision in Yarm, with an initial ask of £500k of development funding to finalise the options and business case.

Employment Land Development (Belasis)

55. This proposal would focus on vacant employment land across the borough, primarily at Belasis Business Park where the Council owns a significant area of land. The submission would seek to explore options for developing sites including speculative building. It would add value to existing Enterprise Zones sites and provide assistance to those coming to an end (Belasis).
56. It is anticipated that a submission would be for development funding initially of £40k with a view to establish the likely level of capital investment of around £8-10m (depending on the type of intervention).

Billingham Station

57. Billingham Station is one of the only stations in the Tees Valley where there is no access for those in wheelchairs who have limited mobility. The platform is an island which can only be accessed via a steps footbridge. Passengers who wish to board or alight who have limited mobility are forced to take a taxi to an adjacent station in order to get a train. Proposals to rectify the situation have been explored and they can be provided with either a new bridge that provides ramped access or a new bridge with elevators on each side. Because of the relatively low passenger numbers at Billingham in comparison to other stations the ability to attract funding from the rail industry whose responsibility it is has been exhausted to no avail.

58. The Council is therefore seeking support from TVCA to fund initially a detailed design of the solution of £100k and ultimately provide the solution which has an estimated capital cost of £4m.

Cabinet Meeting

59. Cabinet considered the matter at its meeting held on 24 May 2018 and a copy of the relevant minute extract is attached to this report.

COMMUNITY IMPACT IMPLICATIONS

60. The Combined Authority activities and projects identified within the investment plan for the Borough of Stockton will provide a positive impact to the residents of the Borough in a number of ways. The details of that impact will be considered within the business cases as they are considered by the Combined Authority and dependent on whether they are approved for investment or not.

FINANCIAL IMPLICATIONS

61. The financial implications of Combined Authority investment are considered by the Combined Authority's Cabinet. Where local contributions may be required from the Borough Council then these are included or considered in line with the Council's medium term financial plan.

LEGAL IMPLICATIONS

62. There are no legal implications as a result of this report but individual projects may require legal input associated with statutory processes and these will be considered as and when they arise.

RISK ASSESSMENT

63. This report is categorised as low risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

COUNCIL PLAN POLICY PRINCIPLES AND PRIORITIES

Protecting the vulnerable through targeted intervention

64. The report identifies a number of ambitious infrastructure projects which will serve to provide better accessibility and public assets that will stimulate growth and prosperity for the wider community.

Developing strong and healthy communities

65. The report identifies examples such as park enhancement, improved town centre spaces and accessibility including opportunity for additional housing and all such interventions underpin the objective to create strong and healthy communities.

Creating economic prosperity

66. A number of the proposals within the report including current commitments support opportunities for businesses to grow and in particular providing better connectivity to the public places and spaces.

CORPORATE PARENTING IMPLICATIONS

67. Ensuring that we plan for the young people of the Borough's futures is important to seek appropriate investment in key infrastructure and places that will underpin the Borough as a place to live, work and play.

CONSULTATION INCLUDING WARD/COUNCILLORS

68. None.

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Education related?

Yes

Background Papers

None.

Ward(s) and Ward Councillors:

All.

Property

None.