

Agenda Item

Report to Place Select Committee

Report of the Corporate Director, DANS

7th September 2015

ANNUAL OVERVIEW OF ECONOMIC GROWTH AND DEVELOPMENT SERVICES

The vision set out in the Council Plan is of Stockton-on-Tees at the heart of a vibrant and economically successful Tees Valley providing real opportunity for residents. It sets out how we will work in partnership to respond to the changes in the economy, to strengthen our knowledge and skills base, to promote a more entrepreneurial culture and to strengthen key industrial clusters. It also details the work to develop high quality, vibrant town centres and improvements to transport links.

Summary

The purpose of this report is to present Members with an overview of the Council's Economic Growth and Development Services Division over the last year, highlighting key achievements and future challenges.

1. **Section 1** gives an overview of key achievements during 2014 -15, along with a summary of key challenges faced during the year and reference to some of the emerging issues which are likely to impact on future delivery and performance of services.
2. **Section 2** gives further detail regarding the performance indicators that underpin some of the key achievements referred to in Section 1.
3. **Appendix 1** gives an overview of Economic Growth and Development Services and key work areas.
4. Officers will present this overview of performance for discussion with the Committee.

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**ECONOMIC GROWTH AND DEVELOPMENT SERVICES
OVERVIEW OF ACHIEVEMENTS, CHALLENGES AND EMERGING ISSUES**

ACHIEVEMENTS – 2014-15

1. Quality of Place

Stockton on Tees has been placed as the fifth best place to live in the UK according to research published by the Telegraph and Hamptons International. Previous research has named Stockton among the top 10% of places in the UK to do business, with particular praise for the area's outstanding environment, business infrastructure and strong skills base.

2. Public Realm

Improvements to the public realm have continued throughout the year. The physical regeneration of Stockton High Street is now complete and was marked by a high profile opening in March 2015. Other notable projects have included improvements to both Yarm High Street and Billingham Town centre.

3. Business

Details on the increased level of business investments are given in Section 2 of this report. Specific examples of investments include the construction of Air Products second waste to energy plant at the New Energy & Technology Park near Seal Sands, and the completion and opening of Tracerco's new £9 million Measurement Technology Centre on Belasis Business Park. The new Enterprise Arcade, which provides up to 15 units for new retail businesses, has been predominantly full since opening in November 2014. The falling number of vacant units in the town centre is extremely positive and reflects further growth in commercial confidence on the back of recently completed public realm improvements.

4. Transport and Infrastructure

A number of major transport and infrastructure projects have been undertaken and completed during the year and underpin the aims to reduce traffic congestion and journey times, improve safety and allow for growth and regeneration in the Tees Valley. These have included work undertaken as part of the Highways England and Local Pinch Point programme, sustainable transport links in Billingham, access and building improvements at both Billingham and Eaglescliffe Station and notably the replacement of the Thornaby Rail Footbridge. In addition, three Local Growth Fund bids successfully passed through due diligence with A66/Teesside Park works due to complete later this financial year. Ingleby Barwick improvements are also underway with Quarry Farm roundabout completing in September and Ingleby Way/Myton Way dualling commencing early in 2016. The A689 Wynyard improvements will commence in April 2016.

The £14m LED Street Lighting investment programme which will see the replacement of almost 28,000 lanterns with LED units and the replacement of all columns over 25 years old commenced in 2014. The programme is progressing well and surveys to date in the community indicate a 75% satisfaction rating. Energy saving on completed works are averaging 67% and projected financial savings of £1.8m per year will be made from reduced energy costs,

5. Carbon Reduction

Ongoing projects both in-house and local are indicating a positive direction of travel in the reduction of carbon emissions and the amount of renewable energy now being generated by the Council. The reduction in carbon emissions in the borough by 32%

since 2005 is very positive especially given that industrial and commercial emissions are extremely difficult to influence and represent 69% of all borough wide CO₂ releases.

6. Flood Risk

There are currently two large flood alleviation schemes being constructed in the borough at Port Clarence and Lustrum Beck which will provide protection to residents and businesses who were affected by flooding in 2012 and 2013. There have also been a number of smaller schemes addressing maintenance and run-off issues. In April 2015, Stockton Council became a statutory consultee of the planning process which means that the flood risk team now provide a response to all major planning applications and can provide pre-application advice to developers on drainage and flood reduction.

7. Job Creation

The Tees Valley is making major progress towards the creation of 25,000 private sector jobs by 2022. The latest information indicates that 10,800 private sector jobs have been created to date which is off-setting the loss of jobs experienced within the public sector.

The table below from Tees Valley Unlimited (TVU) shows private, public and total jobs in the Tees Valley – 2011 to 2013

		2011	2012	2013	Change 2011/12	Change 2012/13	Change 2011/13
Darlington	Private sector	41,500	43,800	42,900	2,300	-900	1,400
	Public sector	11,100	11,400	10,800	300	-600	-300
	Total jobs	52,600	55,200	53,700	2,600	-1,500	1,100
Hartlepool	Private sector	23,800	23,600	24,700	-200	1,100	900
	Public sector	7,900	6,700	6,800	-1,200	100	-1,100
	Total jobs	31,700	30,300	31,500	-1,400	1,200	-200
Middlesbrough	Private sector	42,600	44,900	44,600	2,300	-300	2,000
	Public sector	20,900	19,700	20,000	-1,200	300	-900
	Total jobs	63,500	64,600	64,600	1,100	0	1,100
Redcar & Cleveland	Private sector	34,100	36,200	39,000	2,100	2,800	4,900
	Public sector	8,700	8,300	8,000	-400	-300	-700
	Total jobs	42,800	44,500	47,000	1,700	2,500	4,200
Stockton-on-Tees	Private sector	70,300	69,200	72,100	-1,100	2,900	1,800
	Public sector	18,400	16,900	15,800	-1,500	-1,100	-2,600
	Total jobs	88,700	86,100	87,900	-2,600	1,800	-800
Tees Valley	Private sector	212,400	217,900	223,200	5,500	5,300	10,800
	Public sector	67,000	63,000	61,300	-4,000	-1,700	-5,700
	Total jobs	279,400	280,900	284,500	1,500	3,600	5,100

8. Awards

Two major infrastructure projects (Yarm Public Realm Improvements and Thornaby Rail Footbridge Replacement) have received Institution of Civil Engineers Robert Stephenson awards. The degree of support offered to new small businesses was recognised with the award of 'compliance plus' at the annual Customer Service Excellence surveillance visit and the Division also won Client of the Year at Constructing Excellence North East. ISO 9001:2008 Quality Management system compliance accreditation has been retained within the service.

9. Customer Satisfaction

Feedback from our customers in respect of completed schemes has been positive throughout the year and averaged at 93% satisfaction.

10. Road Casualties

The number Road Traffic Accidents has continued to fall during 2014-15. The latest figures indicate that there has been a 16% reduction in road casualties since 2011.

CHALLENGES DURING 2014-15

1. Budget Pressures

Financial pressures continued during the year and will be a significant factor moving forward. The current financial position indicates that savings of £17.4 million have to be made by 2018/19 by the Council overall. The Shaping a Brighter Future programme which began in 2014 is working to identify initiatives to help meet the challenge.

2. Service Review and Re-organisation

Following a full review in 2014/15, the new division of Economic Growth and Development Services was formed from the former service areas of Planning, Regeneration and Technical Services. This process has obviously meant an element of upheaval and change in terms of process re-organisation, office moves and re-allocation of some staff roles and duties.

3. Closure of Newport Bridge

The challenging programme of re-painting Newport Bridge has been the result of the extensive additional mechanical grinding required to remove surface corrosion. The increased programme duration has also attracted additional costs in connection with Network Rail possessions, extended hire of cradles and the erection of a scaffold crash deck. On a more positive note the new coating system which has been applied will provide a 12 year period before any further maintenance work is required. The bridge is due to re-open during September 2015.

4. Provision of Housing and Affordable Homes

The latest five year supply assessment (March 2015) indicates a shortfall in this area of 374 dwellings. Being unable to demonstrate a five year supply of deliverable housing means that the Council has less control over housing development. Developers are responsible for the progression of new builds and market conditions are still impacting on completion rates of new houses.

EMERGING ISSUES 2015-16

The information outlined below provides an update on some of the emerging issues and projects which will be managed and delivered during 2015-16.

1. Leisure Facilities South of the Borough

The Council has committed funds towards the building of a pool and leisure facility in Ingleby Barwick on the All Saints site which is due for completion by late 2017.

2. Five Year Housing Supply

The National Planning Policy Framework (NPPF) states that local planning authorities should identify and annually update a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements. Given the challenges in this area and the persistent under delivery in the borough the NPPF also require the addition of a 20% buffer. Processes are in place to ensure prompt and efficient processing of planning applications to ensure that where a development is sustainable permissions are granted.

3. Stockton Town Centre

Continued Business and Retail Support - the new Stockton Enterprise Arcade has been open for nine months and there have been 19 businesses in total trading in the premises since it opened in November 2014. All traders indicate they would like to stay in Stockton Town Centre and carry on trading in external premises. The challenge now is to source suitable 'Move-on' Accommodation for these traders. Due to the growth of independent businesses in the town there is now a shortage of suitably sized premises in terms of size, location and cost. Options are currently being considered on how suitable accommodation can be provided for those businesses looking to move from the Arcade into commercial premises.

Property Acquisition - Key prominent properties have been identified as having the potential to facilitate development in the future which will contribute towards economic growth in the town centre. Gaining control of these prominent, strategically significant properties will give the Local Authority control over future development in an area that is key to the long term diversity and prosperity of the High Street. An exercise is currently underway to identify/earmark prominent and/or available properties across the town centre to support the growing demand from independent businesses, the night-time and leisure economy and with a view to diversifying uses across the High Street such as the introduction of a more residential offer.

4. Northshore Developments

Fusion Hive – is a £6m capital investment which will offer a 25000 sq ft facility on Northshore. The centre is aimed at small and growing businesses in technology, science and digital sectors and will offer flexible working space for around 60 small and medium sized business enterprises. The centre which will be managed by Teesside University will open officially in early October and already 30% of the business space has been let.

Links with Durham University – a plot of land on Northshore (between VIVO Homezone and the Infinity Bridge) has been held under option for Durham University expansion since masterplanning stage. This land is to be primarily used for student accommodation and associated facilities. A deadline has been applied to move this development forward and the university have appointed specialist advisers/consultants whose task is to submit a planning application by January 2016. Pre planning discussions have already taken place.

5. Preston Park – Continued Development

Work will continue during 2015-16 to build on the parking and access improvements already undertaken at Preston Park. It has been recognised that a number of problems had arisen from the popularity of Preston Park that required a fundamental rethink of layouts, operational management and charging. The Masterplan is therefore being refreshed and updated to outline subsequent phases of development and identify opportunities for funding.

A study has been commissioned to look into the possibility of providing a pedestrian/cycle crossing over the River Tees. The plan is currently being finalised and will be available by October 2015. However, early indications are that it would be feasible to provide such a crossing in the South East Corner of the site.

6. Carbon Reduction

Work will be continuing during 2015-16 to reduce carbon emissions by a further 5% and by 21% by March 2020. Stockton is now a 'Climate Local' authority and a new climate change action plan is currently under development exploring opportunities to produce further emissions reduction through more renewable energy generation, greater energy efficiency and other capital projects and behaviour change. Programmes such as the LED Street Lighting replacement should positively impact on 2015-16 figures.

7. Green Infrastructure

The borough's Green Infrastructure Delivery Plan will be fully revised and updated to ensure it reflects current priorities for parks, open spaces and other environmental assets. The plan will identify a range of projects to be delivered by the Council and its partners over future years. This will include any projects which emerge from the ongoing review into the management and development of country parks and other countryside sites.

ECONOMIC GROWTH & DEVELOPMENT SERVICES – PERFORMANCE UPDATE 2014-15

A. KEY PERFORMANCE INDICATORS (COUNCIL PLAN PRIORITIES)

1. Number of Business Investments in the Borough with assistance provided by the Local Authority.

There have been 226 business investments made with assistance provided by the local authority; this includes 33 start-up businesses, 51 capital investments, 182 businesses creating jobs/apprenticeships and 7 safeguarding existing jobs (some investment cover more than one category). This is leading to capital investments of at least £290 million, 418 jobs and 205 apprenticeships being created or planned and 68 existing jobs safeguarded. As we have assisted some businesses to apply and be successful from the Tees Valley Jobs and Skills Investment Scheme, we have included the following figures in the performance - 96 Stockton businesses creating 152 new jobs, 72 apprenticeships and safeguarding 11 existing jobs. Taking this into account the 2014-15 target of 200 has been exceeded by 13%.

2. Percentage of Stockton Town Centre vacant units (primary or secondary ground level businesses)

At the beginning of April 2015, 18% primary and secondary business units were vacant in Stockton Town Centre; therefore the target of 18% has been achieved. This is an improvement on 19% in October 2014 and 18.6% recorded this time last year. This reflects further growth in commercial confidence in the town centre on the back of the recently completed public realm improvements. Effective evaluation of the economic impact of interventions is underway on the impact to date and techniques for putting future measures in place.

3. Percentage of working age people (16-64) that are claiming Job Seeker's Allowance

The percentage reduced from 3.2% (3,920) in March 2015 to 2.9% (3,575) in June 2015. We are on track to achieve the 2015-16 target of 2.7%.

4. Percentage of young people (18-24) that are claiming Job Seeker's Allowance

The percentage reduced from 5.5% (970) in March 2015 to 5.1% (905) in June 2015. We are on track to achieve the 2015-16 target of 4.7%

5. Percentage of roads in the Borough where maintenance may be required.

For 2014/15, less than 2% of both principal and non-principal roads were identified where road maintenance may be required. The target of less than 6% has therefore been achieved.

6. Average road journey time during the morning peak

The latest available data (up to March 2015) indicates an average journey time per mile during the morning peak of 2 minutes, 30 seconds. The congestion caused by closure of Newport Bridge is continuing to have a negative impact on this indicator and therefore the target of 2 minutes, 23 seconds journey time per mile during the morning peak has not been achieved.

7. Percentage of buses running on time in the Borough.

A target for the percentage of buses running on time in the borough will be set from Quarter Two of 2015-16. There have been delays in the roll out of the real time hardware required to calculate this performance indicator. The delays have been caused

by technical and resource issues; this has now been addressed and the hardware will be in place by the end of August with data relay for various bus services starting in September 2015. It is envisaged that sufficient data will be available in 2015-16 to establish a baseline against which future targets will be set. The production of meaningful and accurate data will further allow for the allocation of appropriate resources.

8. CO₂ emissions from the Local Authority's operations

CO₂ emissions data from the local authority's operations for 2013-14 has now been released and stands at 29,599 tonnes; this represents an 8.5% reduction on the outturn for 2012-13. The figures are calculated annually, with the figure for 2014/15 not available until the next report. However, the 2013-14 outturn indicates a positive direction of travel towards the 2014-15 target of less than 29,438 tonnes.

9. Business miles travelled by the Local Authority's employees

Total business miles travelled by SBC employees during the period April 2014 – March 2015 were 1.5 million, achieving the target of below 1,546 million miles. This was a large reduction compared with the 1,628,033 miles travelled last year.

10. Fuel Poverty

The percentage of households in fuel poverty is monitored annually by Defra and reported retrospectively. The latest available information relates to 2012 with an outturn of 15.3%, significantly below 16.8% in 2011. The programme of planned interventions has continued with 1,110 households in fuel poverty receiving home improvements during the period April 14 to March 15 and therefore achieving the target of >1,000. Interventions have included external wall insulation, cavity wall insulation, loft insulation and boiler installations/repairs.

B. GENERAL THEMATIC PERFORMANCE – 2014-15

1. Stockton Town Centre Regeneration

Stockton Town Centre's multi-million pound regeneration programme completed on time and within budget. The High Street Improvement works were completed in March 2015 and were marked with a high profile official opening on Saturday 21 March 2015.

Planning permission was granted in February 2015 for the vacant Swallow Hotel building to be restored and transformed into luxury student accommodation. It will bring a new, vibrant community onto the High Street which will benefit the many businesses based in the town centre. It will have more than 130 rooms as well as common areas like a cinema, in-house laundry, safe storage and multi-faith prayer rooms.

2. Specialist Markets

The 2014 Stockton Sparkles Market was the biggest to date with more than 7,000 people visiting the event. Businesses, shops and eateries throughout the town also benefited from the extra visitors with 51 per cent of shoppers surveyed at the market also planning to visit a café and 60 per cent going to visit an independent shop.

In February 2015 Stockton's High Street market won the national award for hosting the 'Best Love Your Local Market Event' and its innovative 'Random Acts of Kindness' event held in May 2014. This recognition led to Stockton hosting a National Association of British Market Authorities conference in March 2015 where officials met to discuss the latest issues facing markets and also take in a tour of the High Street Market.

The 2015 specialist markets programme will be the town's busiest yet and will offer better, more high quality goods than ever before. The town's popular Chic Vintique and Farmers Market will return but there will be some new events too including a Food Festival, Book Fair and Retro Market.

3. Businesses

Five Stockton-on-Tees businesses won honours at the North East Business Awards in March 2015.

- Visualsoft, an e-commerce firm in Stockton received Company of the Year award. Newcomer of the Year went to Teesside Industrial Solutions of Stockton, which provides rope access services to the industrial services sector.

- The Let's Grow Award was claimed by PJA Distribution Limited, Thornaby, which focuses on importing and retailing mobile phone accessories.

- Integrity Search Limited, of Eaglescliffe was successful in the Digital Award category after its growing success in the digital marketing sector. This business is now due to relocate to Fusion Hive in early September.

- The Small Business Award went to Tomlinson Hall & Co of Billingham, an engineering company specialising in pump manufacture, repair and distribution.

Teesside Industrial Solutions, PJA Distribution Limited and Tomlinson Hall & Co went on to win their categories at the regional finals.

4. Customer Service Excellence

At the annual surveillance visit for Customer Service Excellence accreditation in May 2015, we were awarded the higher level of Compliance Plus. This was for the degree of support provided for new small businesses including access to premises and ongoing professional business support. Compliance Plus is awarded for demonstrating innovation and delivering services which are over and above what the customer would normally expect. The assessor had a tour of Stockton Town Centre, visited the Enterprise Arcade and spoke to some of the small businesses.

5. Yarm Public Realm Improvements

Public Realm improvement works in Yarm have now been completed and have included the installation of new paving in the vicinity of the Town Hall, installation of Heritage Style street lights through-out the High Street, upgrading of crossing facilities and the introduction of lighting to enhance the Town Hall and War Memorial at night. The project has been awarded a 'highly commended' Institute of Civil Engineers (Robert Stephenson Award) in the small project category.

6. Billingham Town Centre and Customer Contact Centre

Improvement works in Billingham have continued throughout 2014-15. The new Library and Customer Contact Centre opened in January 2015. This £2.7 m facility acts as a 'one stop shop' and houses the main public library, customer services for Stockton Borough Council and Thirteen Group, a cash office and is the headquarters for Billingham Town Council. It is also worth noting that an Aldi Supermarket is under construction on the site of the Billingham Arms Hotel and is due to open in early 2016.

7. Repainting of Newport Bridge

The repainting of Newport Bridge has been taking place during 2014-15 with work now being completed in summer 2015. Works to repair the 80 year old Grade 2 structure began in July 2014. To minimise disruption Stockton Council erected a large tunnel style scaffold which allowed the A1032 to fully re-open to traffic during the duration of the project.

8. Sustainable Transport Link Solutions

Various sustainable transport schemes have been completed during 2014-15 – these include Tees Valley Bus Network Improvements (TVBNI) on The Causeway, Billingham and access improvement works at Billingham Station. The replacement of Thornaby Rail Footbridge is now complete and Eaglescliffe Station Car Park and station building works were completed in May 2015.

9. Thornaby Station Footbridge

The project to replace the 125 year old Thornaby Station Footbridge has now been completed on programme and under budget. The new £1.1m bridge has improved access to the station and provides better transport links within Thornaby. The scheme has been awarded the Institute of Civil Engineers (Robert Stephenson Award) Project of the Year in the medium category.

10. Local Growth Fund

Following successful bid submission, funding has been secured for various strategic Tees Valley initiatives. All three transport schemes (Myton Way, Wynyard signals and Teesside Park) have received approval with a £6.2m LGF grant allocated over the next two financial years.

11. Stockton Town Centre / Nursery Gardens

The multi-million pound regeneration scheme which has seen Stockton Town Centre site transformed and 110 quality homes built is now complete. The project has seen the area transformed as 185 terraced properties as well as a social club (Trades and Labour Club) were demolished by Stockton Council to make way for the new properties.

12. Stockton Town Centre / West End Gardens

The final homes have been demolished and once complete the new development will feature a mix of two bedroom apartments and bungalows alongside two and three bedroom houses. They will be available to local people on a wide variety of options to best suit the customer's budget.

13. Swainby Road / Norton Park

Regeneration plans to transform Stockton's Swainby Road area are gathering pace as construction begins on site. Stockton Council has signed a development agreement with Keepmoat Homes who will build 174 new two and three-bedroom quality homes. Whilst the majority of new homes will be for sale, 30 dwellings will be provided for affordable rent and will be owned and managed by Tristar Homes, which is part of the Thirteen Group.

14. Stockton Rental Standard

Stockton Council has developed the Stockton Rental Standard as part of a range of measures to drive up standards of all private rental properties across the borough.

15. Climate Local – Green Vision

The Climate Local declaration has now been signed and Stockton Borough Council is now a Climate Local Council. The Climate Change Strategy and Action Plan are now being developed and objectives and targets for carbon reduction and adaptations are being formalised.

16. LED Street Lighting Programme

The three year LED Street Lighting renewal programme commenced in July 2014 and is currently ongoing. Phase One of the seven phase programme has already seen the

replacement of over 1000 columns and 2300 lanterns in Roseworth, Western Parishes, Norton South, Hartburn and Stockton Town Centre wards. The replacements have generated an average energy saving of 62%.

17. Management of Flood Risk

Various schemes are currently ongoing or are completed – these include Phase One of flood alleviation works at Lustrum Beck, commencement of works in the Port Clarence area and completion of flood alleviation works in Hardwick. The ECI process is now complete to replace Londonderry Bridge and the planning phase for this project has now commenced. Stockton Borough Council has continued to deliver Flood Risk Management for Darlington Borough Council.

18. John Whitehead Park – Heart of the Park

The regeneration of John Whitehead Park in Billingham has now been completed. The 'Heart of the Park' project which was funded by Able UK has seen the installation of new street furniture, the creation of an events area, improvements to the play area and the provision of a seating area around the café.

19. Wynyard Woodland Park Restoration

The second phase of a major project to protect and conserve Wynyard Woodland Park is under way. Stockton Council is working with the Forestry Commission to restore Tilery and Brierley Wood within the park. The first phase of work to expand and improve Tilery Car Park at the A689 entrance has now been completed, making it even easier for people to visit the park.