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**Appendixes**

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This document has been produced by the Tees Valley Joint Strategy Unit, working on behalf of Tees Valley Unlimited, working in partnership with the Highways Agency.

**Tees Valley Unlimited**  
PO Box 199  
Melrose House  
1 Melrose Street  
Middlesbrough  
TS1 2XF

Tel: 01642 264800  
Fax: 01642 230870  
E-mail: tvu@teesvalley-jsu.gov.uk  
www.teesvalleyunlimited.gov.uk
1. Introduction

1.1. The Tees Valley City Region is undergoing a significant change in the way 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.

1.2. Large areas of the Tees Valley have been identified for redevelopment and regeneration and there is a need to provide sustainable transport links between employment centres and employees, social facilities and residential areas. Even at a time of recession, offering people real travel choice and connecting them to employment opportunities remain a vital part of maximising the economic performance of the City Region.

1.3. Such changes bring a need for a complementary change in the transport network, at both local and strategic levels, over and above the proposals contained within the Tees Valley Authorities’ existing and future Local Transport Plans (LTPs). Whilst these are designed to achieve key objectives in transport improvements across all modes, their scope is limited by available funding. The Second LTPs, covering the period from 2006 to 2011, set targets limiting traffic growth, but recognise that successful regeneration and mobility will require good accessibility across all modes to function effectively and attract inward investment.

1.4. As regeneration gathers pace, there is the increasing possibility of conflict between the desire for development and the statutory planning and
development control processes that are required. Whilst the production of the Regional Spatial Strategy (RSS), through the Government Office for the North East (GONE), and the five Local Development Frameworks (LDFs), should enhance integrated land use planning up to 2021, there is still a need to assess the impact of individual planning applications on the transport network as they are brought forward.

1.5. The Examination in Public (EiP) of the RSS, held in Spring 2006, in particular highlighted that, without a joint approach, there is a high likelihood of dispute between future developments and the Highways Agency (HA) in relation to the trunk road network in the Tees Valley. Although congestion is fairly limited at present, some recent planning applications have been elongated due to sometimes lengthy discussions with the HA towards an agreed set of improvements to the trunk road network.

1.6. The diagram below, reproduced from the Second LTPs, identifies some of the main development proposals across the City Region, together with their predicted trip generation levels.

1.7. The Tees Valley City Region is a second round growth point, and so due consideration also needs to be taken of the identified housing growth sites shown in the diagram overleaf.
1.8. Development pressures on the trunk road network, primarily the A66(T), A19(T) and A174(T) will be exacerbated by the continued use of the strategic network by predominantly local trips. The effects of these local trips are currently evident at peak times on the A66(T) around Darlington and near to the A19(T)/A66(T) interchange between Stockton and Middlesbrough.

1.9. Appendix A shows the most recent information available on delays by route across the UK trunk road network. The A19(T) and A66(T) results are highlighted, with the former being in the upper quartile, and the second worst in the North East Region after the A1(M)/A1(T).

1.10. The Local Authorities too recognise the key role that they play in providing a transport network that supports, rather than inhibits, economic growth, together with enhanced network management duties and the overall desire to reduce the environmental effects of road congestion as part of the package of measures to minimise climate change.

1.11. Within the context of the City Region Transport Strategy, “Connecting the Tees Valley”, and the City Region Business Case, there is a clear need to prepare a joint plan that brings together development proposals and the required transport improvements within a clear forward programme, backed up by an identified mechanism to fund the required improvements.

1.12. This document provides a summary of the development and outputs of an Area Action Plan (AAP) designed to address the need mentioned above. It is supported by a series of supplementary, more detailed, reports, recognising that the AAP itself will be a working document.
2. Development of the Area Action Plan

Introduction

2.1. On behalf of the Tees Valley Authorities and the HA, the Tees Valley Joint Strategy Unit (JSU) commissioned work in late 2006 to start the process of developing a joint AAP for the for the Tees Valley. This would be one of the first of its kind in the country that the HA has jointly developed with multiple authorities. The plan was intended to be a pro-active response to the challenges of supporting economic regeneration in the Tees Valley and fit with the aims of the City Region Business Case to deliver projects more efficiently and cost effectively by aligning resources.

2.2. Due to the interaction between the trunk and local road networks (and indeed the public transport networks), the coverage of the AAP encompasses the City Region strategic transport network, as illustrated below, rather than simply the trunk road network.

![Diagram of the Tees Valley region]

2.3. This is an important part of the AAP – all parties acknowledging that improvements on parts of the network for which they are not responsible may deliver benefits to parts of the network for which they are. For example, an improvement to the public transport network may attract local trips away from the trunk road network, thus freeing up additional capacity.

2.4. Until this point, the approach taken was to assume that the mitigation measures were required on that part of the network on which the majority of
the impact was felt. Taking the more holistic approach was a fundamental change of thinking by the Local Authorities and the HA.

Stages of the AAP

2.5. When initially conceived, the AAP was to be developed in four distinct stages:

- Stage 1 – Scoping Study;
- Stage 2a – Assessment of Development Impact;
- Stage 2b – Scheme Assessment; and
- Stage 3 – Area Action Plan.

2.6. Stage 1 was completed in February 2007, and a database of future development up to 2026 known at that time across the Tees Valley was compiled with the assistance of the Local Authorities. This database has been kept under review since the initial version, and has recently been updated.

2.7. The driver for the recent update was to develop a revised development build-out profile that reflects the current recession and also the recently revised Housing Growth Point Programme of Development (PoD). This revision was completed in September 2009, in line with this document.

2.8. The development database will be maintained by the Local Authorities and reviewed, along with the HA, on a six monthly basis in the first instance. It is essential that the database is kept up to date as all option development and scheme assessment flows from this. This task will be undertaken by the Tees Valley Planning Managers’ Group, with HA and JSU representatives invited to the appropriate meetings where the database is reviewed and amended accordingly.

2.9. Stage 2a was substantially completed in September 2007, using the CUBE-TRIPS multi-modal model developed and maintained by the JSU. Consultants Faber Maunsell (now AECOM) undertook several runs of the model and identified future congestion issues at:

- A19(T)/A689 junction;
- A19(T)/A66(T) interchange;
- A19(T)/A174(T) junction;
- Several junctions on the A66(T) around Darlington.

2.10. In addition, several sections of the trunk and local road network were forecast to have traffic demands exceeding their nominal link capacities, even by 2011. A separate development impact report was produced by the consultants, which includes a number of forecast network stress maps of a more detailed nature than those produced by the HA. A sample is included at Appendix B,
with those links coloured red having a forecast demand that exceeds the notional link capacity in the morning peak hour.

2.11. This work confirmed the driver behind the AAP itself, that such forecast congestion would stifle the planned growth of the Tees Valley and lead to future objections from the HA, or the delay in bringing forward development opportunities, or both.

2.12. The scheme assessment work was due to follow on directly from Stage 2a, and a series of potential options for addressing the development impact were discussed with the Local Authorities and the HA, then sifted and combined into a number of potential packages for further testing using the TRIPS model.

2.13. However, during the initial work for Stage 2b, significant issues were discovered with the approach to modelling taken by the consultants that would cast doubt on the robustness of the results and could have resulted in the model used not being acceptable to the Department for Transport (DfT) in any future business case submission.

2.14. These issues caused a rethink between the Local Authorities, the JSU and the HA on how best to achieve the aims of the study whilst minimising any abortive work already undertaken, as well as aligning with changing national guidance on how to develop investment priority packages.

A New Approach

2.15. During the pause in the development of the AAP at Stage 2b, it became clear that both the JSU and the HA were developing more detailed modelling packages that would allow each party to develop future business cases for network improvements.

2.16. For the JSU, this was related to the need to model the benefits of both the Bus Network Improvements and Tees Valley Metro schemes. For the HA, this was in response to the RSS EiP and future LDF Inquiries. Both parties were looking to try to use new ways of assessing the impact and opportunities arising from new developments.

2.17. In addition, the HA was continuing to develop its more detailed coverage of the Tees Valley trunk road network through extensions to existing micro-simulation models, linking them to those already used by the Local Authorities. The JSU too were also looking to develop micro-simulation capabilities to examine traffic management and public transport proposals in more detail.

2.18. It was evident that these three models actually included all of the information required to develop an agreed AAP, as well as being able to develop robust business cases for any recommended improvements. All that was required was to ensure that the base data used for each is consistent, and to adopt an iterative approach to the development of the AAP, as illustrated overleaf.
2.19. By combining all of the tools available to the Local Authorities, the JSU and the HA, a robust process was therefore established to, first, compile the schemes initially included within the AAP, and, thereafter, maintain it, as information related to development proposals changes and the developments themselves come forward.

![Diagram of PENEOPE, VISSIM, and TRIPS tools]

**Producing the AAP**

2.20. Based on the diagram above, the last 12 months has seen the JSU and the HA work together to produce a first version of the AAP.

2.21. Through further discussions with the Local Authorities, the JSU identified those development proposals likely to come forward in a series of five year time slices, linked to the new five year planning horizons set out by the DfT. Hence, the first of these time horizons was 2014, with other horizons being 2019 and 2024.

2.22. The HA’s Traffic Impact Assessment Tool was then used to assess the additional trips on the strategic network arising from the developments, and the screenshot overleaf shows a typical output from the toolkit.

2.23. The predicted traffic generations were then fed into the TRIPS model, albeit using a base year of 2015 (as this was the base year developed for the Bus Network Improvements major scheme).

2.24. As described above, potential packages of schemes were developed at the outset of Stage 2b, and these were reviewed for their continuing applicability against the AAP’s objectives and the City Region Transport Strategy. This provided an initial option assessment process.
2.25. The scheme packages were then tested to assess their effectiveness against mitigating the impacts of development traffic, using the multi-modal model. Within each horizon year, assumptions were made about the committed schemes at that time. This gave a list of candidate schemes within each of the time slices that, at a strategic level, were shown to offset the cumulative impact of development traffic on the network.

2.26. Further work was then undertaken using micro-simulation modelling on specific measures in the first tranche of schemes in order to confirm localised improvements, but these outputs are described in more detail in the following section.
3. **Area Action Plan Schemes**

**Current AAP Schemes**

3.1. The revised development database and strategic modelling work done to date on the AAP has led to the broad agreement of the candidate schemes within each of the (nominal) five year time periods. As indicated previously, this includes all schemes (including public transport and “smarter choices” schemes) that will reduce or manage traffic flows on the strategic highway network.

3.2. The current list of AAP schemes is included at Appendix C. It is important to recognise that this list is current as of November 2009, and will be kept under review as background conditions, assumptions on committed schemes and the development database all change over time.

3.3. As well as their cumulative impact on traffic flows on the network, the schemes have also had preliminary cost estimates and likely delivery timescales developed. Both of these have been based on information from comparable schemes, and the costs are quoted in the list in 2008 prices to provide a common base, although it is recognised that any business cases will need to include outturn prices.

3.4. As well as these schemes within the current AAP, there were a number of other, longer term, measures that were identified by the Local Authorities and the HA for testing, but whose benefits were likely to be beyond the time horizons tested so far. These include:

- **Bus Rapid Transit/Tees Valley Metro Extensions**
  - Guisborough – Redcar and Middlesbrough
  - Acklam – Middlesbrough and Stockton
  - Ingleby Barwick – Stockton
  - Wynyard to Billingham, Stockton, Middlesbrough and Hartlepool
  - Saltburn – Brotton, Loftus and Easington
  - Darlington – Newton Aycliffe and Bishop Auckland

- **Thornaby Bypass Stage 4**;

- **East Middlesbrough Transport Corridor; and**

- **Teeside Park Second Entry**.

3.5. The JSU did commission some additional work on the East Middlesbrough Transport Corridor on behalf of Middlesbrough and Redcar & Cleveland Borough Councils as part of the latter’s LDF Core Strategy development. Whilst this was undertaken outside the AAP work, the outputs will be useful in taking the AAP forward.
3.6. Indeed, as a later part of this section describes, all of the measures in the preceding list will be tested more fully in the next stages of the AAP, together with any additional measures identified through the DfT’s new option appraisal processes.

**AAP Schemes up to 2014**

3.7. As shown in the table, the first two schemes, Darlington Eastern Transport Corridor and North Middlesbrough Accessibility Improvements, are either complete or under construction, and so were included as committed schemes within the scheme assessment work.

3.8. The Tees Valley Bus Network Improvements and Tees Valley Metro schemes had both had business cases prepared and submitted to the DfT at the start of the scheme assessment process, and so were also assumed to be committed schemes within the AAP.

3.9. In June 2009, the Bus Network Improvements scheme was formally given ‘Programme Entry’ status within the DfT’s national major schemes programme, and in July 2009, an early phase of Tees Valley Metro and the East Billingham Transport Corridor schemes were included within the regional major schemes programme. Assuming confirmation of value for money and deliverability by early 2010, these schemes will be complete by the end of 2012.

3.10. Despite these schemes being implemented, there were still some forecast problems on the strategic network with development proposals up to 2014, mainly as a result of the major developments at North Shore, Wynyard and Teesport, all of which are situated close to the trunk road network. There was also the cumulative impact of the first tranche of housing growth points sites to consider, principally those around Stockton, Middlesbrough and Redcar & Cleveland.

3.11. The principal forecast problems were related to the A19(T)/A689 junction, the junctions on the A174(T) and A1053(T) near to Teesport, and along the A19(T) between the A19(T)/A174(T) junction and the A19(T)/A689 junction. There were also some isolated site access issues forecast along the A66, albeit not on the trunk road section.

3.12. More detailed work was undertaken using micro-simulation modelling for the A19(T)/A689 junction, as well as the junctions near to Teesport, and a series of mitigation measures were identified to offset the impact of the main development proposal as well as some additional development within the area.

3.13. In the case of Teesport, a traditional Section 278 Agreement is being taken forward in 2009, whilst for Wynyard, a Section 106 Agreement is in the latter stages of negotiation, although both the JSU and the HA continue to examine
a slightly enhanced scheme to address safety concerns on the A19(T) mainline.

3.14. This left the issue of accommodating the first tranche of planned housing growth sites across the Tees Valley. Tees Valley Living, on behalf of the five Authorities, provided the HA with the likely numbers and distributions of housing growth sites up to 2014, and these were run separately through the Traffic Impact Assessment Tool (TIAT) and the TRIPS model.

3.15. This work indicated congestion along the A19(T) mainline and access issues on the A66 east of Middlesbrough.

3.16. The latter issue was to be addressed by the provision of two new accesses into the Low Grange Farm site from the A66. Redcar & Cleveland Borough Council developed a preliminary design and costing for the schemes, and these are included in the AAP, although there is now some doubt as to the timetable for bringing the Low Grange Farm site forward.

3.17. Solutions on the A19(T) mainline concentrated on network management measures that could provide additional peak hour capacity at relatively low cost. The preferred option initially was the provision of ramp metering on six on-slip roads along the A19(T) and A66(T) to reduce existing and future merging/weaving problems and increase throughput on the mainline.

3.18. This was tested using a VISSIM micro-simulation model of the A19(T), and the forecast impact of the ramp metering is shown in the screenshots included at Appendix D.

3.19. Funding for this scheme (known in the AAP as the “Tees Valley Network Management Strategy – Phase 1”) was sought through the second round of the Community Infrastructure Fund (CIF2), as a joint submission by the JSU and the HA.

3.20. During the full business case development for the scheme, one of the sites initially identified was dropped as the ramp metering was creating additional congestion on the A19(T). In August 2009, the DfT confirmed that the CIF2 bid had been successful and accepted into the programme, with completion planned for April 2011.

3.21. Given the relative lack of communications infrastructure across the Tees Valley network, the ramp metering proposals will include a link only between the signals at the bottom of the on-slips and the Local Authorities’ signals/junction control at the top of the on-slips, so as the non-trunk road network is not adversely affected by excessive queuing traffic.

3.22. As the AAP table shows, through a combination of funding through the committed schemes and LTP funds, the Tees Valley Authorities have committed to pursuing the conversion of existing Urban Traffic Control (UTC) systems to an Urban Traffic Management and Control (UTMC) platform, and
the integration with current systems and the development of an integrated managed network with the HA by 2014. This will upgrade the system from one which optimises traffic signal operation to one that brings together multiple UTC and other systems, such as parking guidance and public transport passenger information, into a common database through improved communications. In the interim, the arrangements described above, for linking the traffic signals, will be implemented.

3.23. Aside from the Low Grange Farm Access Improvements, therefore, all of the AAP schemes up to 2014 are either fully funded, or funding has been identified within the various forward programmes. Subject to any changes in assumptions on development type and/or build-out rates, it is likely that the strategic road network will accommodate the forecast development traffic up to this time horizon.

**Progressing Schemes Beyond 2014**

3.24. Beyond 2014, the schemes within the AAP divide into those that have had more development work (albeit still of a limited form in some instances) undertaken on them that has led to the identification of a preferred option, and longer term interventions that require more option testing for a preferred solution to be established.

3.25. This natural divide is useful in taking forward future scheme appraisal through the DfT’s “Delivering a Sustainable Transport System” (DaSTS) work programme. The DaSTS work envisages regions (and sub-regions) assessing transport priorities for the 2014 – 2019 period in detail, and for the 2019 – 2024 period in outline, in order to feed into a planned Transport White Paper in 2012.

3.26. The DfT has made funding available through the DaSTS programme for regions to commission the necessary evidence gathering, analysis and modelling appraisal to undertake this process. The JSU and the HA has indicated that it would wish to use the DaSTS work programme within the Tees Valley to review the AAP work in the light of the defined DaSTS goals and challenges, and to take forward the AAP.

3.27. The DaSTS timetable also complements the need to start preparing supporting evidence for the Single Integrated Regional Strategy (IRS) which is currently planned for publication in late 2010/early 2011, and will act as an update to the RSS.

3.28. Taking the AAP work done to date, those areas of the strategic network to concentrate on when looking at solutions in the early part of the 2014 and 2019 period are:

- A66(T) in east Darlington;
- A66(T)/A19(T) around Tees Marshalling Yard;
• A174(T)/A1053(T) around Teesport; and
• A19(T) around Wynyard.

3.29. A brief for a Tees Valley City Region: Connectivity & Accessibility study has been prepared for the DaSTS work, which is expected to start in December 2009.

3.30. The DaSTS study will be managed jointly by the JSU and the HA, and will be complemented by further work into the role that smarter choices measures and strategic park and ride can play in providing a more balanced strategic network. There may also be a need to review the separate work already undertaken on the East Middlesbrough Transport Corridor. The intention is for an initial Options Assessment Report (OAR) to be complete by the end of March 2010, to inform any submissions required after a General Election.

3.31. Updates to both the multi-modal model and the micro-simulation models will be undertaken within the next six months to provide robust analytical tools in line with the revised approach to the AAP.

3.32. Following this, a detailed OAR, detailing the option generation process, the process undertaken to sift the long list of options and the subsequent process of detailed scheme/option appraisal, in terms of value for money, policy and model outputs, in order to support the specification of a prioritised programme, will be prepared by the end of 2010.
4. Delivering the Plan in Practice

Introduction

4.1. The preceding section outlined the current schemes within the AAP, and those that have been taken forward for more detailed examination, for which funding has now been identified and/or committed.

4.2. The fact that the majority of the schemes within the first block (up to 2014) are now fully funded, or are in the latter stages of negotiation, is welcomed, and acts as a testament to the strength of the AAP approach. The securing of CIF2 funding for the first phase of the network management measures on the A66(T) and A19(T) to support housing growth is the best example of this success.

4.3. However, there is a clear need to establish and confirm funding commitments for the next block of schemes, as described in the preceding section. This needs to be undertaken against the background of reduction in public expenditure at exactly the same time. Whilst this reduction may also slow private sector investment too, there is clearly the need to examine new funding mechanisms for the AAP in order for it to be deliverable in practice.

4.4. The current funding arrangements generally mean that either:

• The Local Authorities or the HA secure funding for the improvement through a bidding process for major schemes; or

• The Local Authorities or the HA secure contributions to the improvement through the planning process to allow the scheme to be implemented.

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

4.6. Hence, the JSU and the HA has examined potential mechanisms aimed at pump-priming the relevant infrastructure to ensure that the planning process is not compromised, but that planned development is not delayed. With such new funding mechanisms, there has also been a need to understand what possible legislative and financial barriers there are to the effective implementation of the AAP going forward.

4.7. Although developing the AAP to date has been a model of partnership and collaborative working, implementing the AAP is likely to test the strength of the partnership, particularly where such barriers may arise. Some of these issues, whilst not necessarily unique to the AAP, will probably not have arisen before, and may require new financial or legislative arrangements.
4.8. For example, there has been a need to check current legislation and the provisions within the Planning Act, as well as the Local Democracy, Economic Development and Construction Bill currently before Parliament. In finance terms, this may require the setting up of an independent delivery vehicle to act as ‘ringmaster’ and accountable body for the various sources of funding.

4.9. Some of these issues remain unresolved, particularly financial and legislative, but the following paragraphs outline the work done to date in developing a new funding and delivery approach and the examination undertaken of the likely future barriers to such a mechanism working in practice.

4.10. As with the AAP itself, what follows is a succinct summary of the current position as of November 2009, and will be subject to change as more work is undertaken and new legislation developed. What is does demonstrate is the continued commitment of the Local Authorities, the JSU and the HA to work together to find a suitable mechanism so as to support economic growth in the Tees Valley.

Suggested Funding Mechanisms

4.11. Although having similar aims (the concept of pump-priming the necessary infrastructure in advance of development), the JSU and the HA has examined two different approaches to delivering the AAP:

- Working through the Multi-Area Agreement (MAA); and
- A new infrastructure fund.

Multi-Area Agreement

4.12. The Tees Valley MAA was signed in July 2008, and included a series of ‘asks’ within it for further negotiation with Government. One of the ‘asks’ included the ability to vire up to 25% of the budget in any year between the three funding streams that comprise the Tees Valley Investment Plan – regeneration, housing and transport.

4.13. Under the proposal, if schemes in one of the funding streams (such as housing) were delayed for any reason in a given year, then funding could be vired to another funding stream (such as transport) to bring forward one or more alternative schemes, with the aim of maintaining overall spend on the Investment Plan. The ‘borrowed’ funding from transport would then be repaid in future years, when the housing schemes were ready to be delivered.

4.14. Allied to this was an ‘ask’ to provide a rolling five year (or at least 3 + 2 years) funding commitment, so as to provide funding bodies with some degree of certainty that any vired funding would actually be repaid in future years.

4.15. If this mechanism were to be agreed, there is the opportunity to pump-prime some of the junction improvements included in the AAP in the up to 2014 and
2014 – 2019 periods, ahead of the time when the collection of funding contributions would be complete. The most obvious example of this would be the new North Tees Hospital proposal and the intermediate scheme identified for the A19(T)/A689 junction at Wynyard.

4.16. Provided that the planning approval had clearly identified the improvements to be delivered as part of the permission, the planning authority (or the HA) could simply request an equivalent retrospective funding contribution from the developer. The draft Section 106 Heads of Terms Agreement for the North Tees Hospital proposal has been written to try to allow such flexibility.

4.17. The incentive remains with the Local Authorities and the HA to make the system work, as without recovery of the vired funding, the original schemes would not be funded, and future funding for the City Region may be reduced as a result of non-delivery.

4.18. Since the MAA was signed, the JSU entered a period of negotiation with the Government to work through and agree the ‘asks’ in more detail. Up until Summer 2009, there was a commitment from the Secretary of State for Communities and Local Government (CLG) to address and agree as many of the ‘asks’ within the MAA as possible.

4.19. Recent Cabinet changes and the position within the political cycle has slowed these negotiations, however, to the point that they are effectively stalled until after the General Election in 2010. However, the MAA proposition does remain one that can help implement the AAP, with examples of how it might work readily available, but it is also one for which responsibility for its implementation lies with Central Government, and so this proposal is somewhat outside of the direct control of the City Region.

Joint Infrastructure Development Allocation

4.20. In view of this, and as the MAA process slowed, the JSU and the HA (together with One NorthEast) began to examine other opportunities for pump-priming investment through the AAP using the Regional Funding Advice (RFA) process, through which the City Region has more direct control. The work led to a proposal to create a Joint Infrastructure Development Allocation (JIDA) within the RFA.

4.21. In short, the operation of the JIDA would use a series of regional (and maybe national) funding allocations to pump-prime key transport infrastructure at the start of each five year investment period, and then seek to recycle financial planning obligations received from developments that come forward within that period back into the JIDA ‘pot’. The same process then starts for the next five year investment period, and so on.

4.22. The principle was developed from two Regional Infrastructure Funds (RIFs) created in the south of England to help accelerate investment in transport schemes with regeneration benefits in the last round of RFA in February
2009. A fundamental difference between the current RIFs and the JIDA proposal, however, is that the former is allocating funding from a general ‘pot’, within which some schemes are as yet undeveloped. In the Tees Valley, the AAP clearly identifies those transport schemes needed to support development proposals and the outline costings have already been taken forward through the North East’s RFA process of appraisal.

4.23. The JIDA proposal is therefore less of a ‘fund’ which allows monies to be drawn down from a top-sliced source, but more of an ‘allocation’ of wider regional funding (and maybe national funding) to be directed towards specific projects as they come forward.

4.24. The proposal is described in more detail in Appendix E. It has been circulated in this draft form around the Tees Valley Authorities up to Director level, within the HA, and also discussed at a meeting of Transport for Tees Valley, the City Region Transport Board. There was significant support for the idea at all levels.

4.25. However, both the Tees Valley Planning Managers’ Group and the HA identified some potential practical problems with the operation of such a fund. These problems focused on the actual legislative arrangements for pump-priming infrastructure, and the relationship both to individual planning applications and the LDF process.

4.26. As a result, the HA sought further advice from the Litigation and Employment Group at the Treasury Solicitor’s Department (TSol). The initial advice (in the form of a prognosis letter) provided by TSol included reference to a recent Inspector’s decision against Dartford Borough Council in relation to a similar mechanism for reclaiming contributions to infrastructure.

4.27. A briefing note on this decision is included at Appendix F, and the main points to note are:

- The formulation, adoption and imposition of the Council’s tariff policy was not in line with national policy and could not be endorsed;
- The use of a flat rate (£5,000 per dwelling) was not fairly and reasonably related in scale and kind to the proposed development;
- The evidence produced to support the approach had been inadequate; and,
- The process had been applied with scant flexibility and there was a lack of credibility and robustness in the evidence base.

4.28. These findings do have implications for how the JIDA could be applied in practice, although it should be noted that the work underpinning the AAP and the proposal to use an approach where the developer contribution would be
directly proportionate to the impact on the strategic network should offset the last three points.

4.29. In terms of being in line with national policy, the JIDA proposal would also likely fail this test, although the introduction of the Community Infrastructure Levy (CIL) may alter this position. The TSol letter makes reference to CIL, which came into force as part of the Planning Act in November 2008, as a means of allowing a local planning authority to charge a tariff to developers that will be used to fund infrastructure in the local area that they will benefit from.

4.30. The CIL provisions certainly reflect the second part of the JIDA proposal, but, as TSol recognises, CIL only provides a potential mechanism for reclaiming contributions – it does not deal with the fundamental part of the JIDA (or, indeed, the MAA) proposal, that is, the aim to pump-prime such funding from another source.

4.31. What the TSol advice does do, however, is confirm the need for any infrastructure to be paid for through CIL to be identified in an up-to-date version of a LDF before a CIL can be introduced. The CIL will then be introduced in a charging schedule that will be a legal document that sits within the LDF, and will be subject to a six week consultation period before an independent review.

4.32. Applying this to the JIDA proposal would suggest that, for it to be above a possible challenge along the lines of the Kent Thameside decision, the infrastructure to be provided, the identified pump-priming funding mechanism and a clear formulaic approach to reclaiming contributions must be set out, consulted upon and tested in public, as part of the LDF process, before it comes into force. In the Tees Valley situation, this also involved five LDFs, one of whose Core Strategy has just proceeded through an EiP.

4.33. Therefore, the JIDA proposal has reached an impasse at this stage – generally acknowledged as an innovative way of bringing forward infrastructure, but one that is likely to be either open to challenge along the lines of the Kent Thameside decision, or one that will take such time implement given the planning processes, that the schemes in the first five year investment period will likely not benefit from it.

4.34. However, if the AAP is to work in practice, it does require a different approach, and the HA will continue to work with TSol to obtain more detailed advice as to whether the JIDA proposal could be implemented within current, or planned, legislation. Similarly, the JSU will continue to investigate how the JIDA proposal can be incorporated within the LDF processes of the Local Authorities.
5. **Next Steps**

5.1. This document has provided a summary of the development and outputs of an AAP for the Tees Valley City Region, aimed at providing a joint plan that brings together development proposals and the required transport improvements within a clear forward programme, backed up by an identified mechanism to fund the required improvements.

5.2. The preceding sections have described the development of the AAP, and, as well as identifying a series of improvement measures currently identified for the City Region, have also described the practical difficulties encountered to date with applying the AAP in practice.

5.3. This was only to have been expected, as the AAP is the first of its kind in the country, and such a pro-active approach to linking transport and land use planning was likely to require financial and/or legislative changes. However, the value of the work done to date, shown in particular by the collaborative CIF2 bid, is such that it is widely accepted that the principles of the AAP should be taken forward.

5.4. To this end, there are several clear next steps in the development of the AAP, with defined responsibilities:

- Maintain the development database and AAP scheme list in an up-to-date form – this will be the responsibility of the Tees Valley Planning Managers’ Group;

- Progress the AAP schemes identified for the early part of the 2014 to 2019 period, principally eastern Darlington, the Tees Yard area, Wynyard and around Teesport – this work will be taken forward over the next six months in line with the DaSTS work programme to confirm the City Region’s priorities at the start of the next investment period;

- More detailed examination of the options for strategic interventions from 2014 onwards, including the next phases of the Tees Valley Metro project and the provision of new transport capacity around Darlington, in the East Middlesbrough area, and across the River Tees itself – this work will be taken forward through the DaSTS programme from early 2010;

- Continued discussions with TSol and CLG regarding how to develop new innovative funding mechanism (such as the JIDA) to allow the AAP to be delivered in partnership with the private sector as economic recovery takes place – this will be led initially by the HA, backed up by the JSU where this has an impact on the current or future Tees Valley MAA; and

- Further consideration of how the AAP can be incorporated within the ongoing LDF and IRS processes, so that any innovative funding
5.5. Allied to this last point may be the need to reconsider what the AAP is actually called in the future as “Area Action Plan” has a particular meaning in relation to the LDF process. As with the CIF2 bid, it may be less confusing to talk about the “Tees Valley Network Management Strategy” in the future.

5.6. Irrespective of the title, however, the work done over the last two years by all involved has certainly answered the criticism arising from the RSS EiP and provided a firm platform from which to develop well evidenced and robust proposals for transport interventions to support the development of the City Region.
Appendix A

Highways Agency Delay Information
Appendix B

Future Network Stress Maps
Appendix C

Area Action Plan Schemes
<table>
<thead>
<tr>
<th>Package/Scheme Name</th>
<th>Brief Description</th>
<th>Approx Cost (£ million, 2008 prices)</th>
<th>Likely Implementation Period</th>
<th>Possible Funding Sources</th>
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<tbody>
<tr>
<td><strong>Up to 2014</strong></td>
<td></td>
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<tr>
<td>Darlington Eastern Transport Corridor</td>
<td>New link road between Haughton Road and A66</td>
<td>12.0</td>
<td>Complete</td>
<td>RFA1, LTP2, Private Sector</td>
</tr>
<tr>
<td>North Middlesbrough Accessibility Improvements</td>
<td>New access to North Middlesbrough from Newport Roundabout and widening of A66 between A19 and Newport</td>
<td>14.4</td>
<td>Under Construction</td>
<td>RFA1, LTP2, ONE, Private Sector</td>
</tr>
<tr>
<td>Tees Valley Network Management Strategy – Phase 1</td>
<td>Ramp metering at 5 on-slip roads on the A19 between the A174 and the A689, and on the A66 between Teesside Park and the A1032</td>
<td>4.0</td>
<td>2010 - 2011</td>
<td>CIF2</td>
</tr>
<tr>
<td>A19/A174 Junction Improvements</td>
<td>Signalisation and capacity improvements</td>
<td>0.5</td>
<td>2010 - 2011</td>
<td>HA, Private Sector</td>
</tr>
<tr>
<td>A174/A1053/B1380 Roundabout Improvements</td>
<td>Capacity improvements in association with Northern Gateway development</td>
<td>0.3</td>
<td>2010 - 2011</td>
<td>Private Sector</td>
</tr>
<tr>
<td>Low Grange Farm Access Improvements</td>
<td>Improved site access at three locations, two from the A66, together with internal highway</td>
<td>5.5</td>
<td>2010 - 2011</td>
<td></td>
</tr>
<tr>
<td>Package/Scheme Name</td>
<td>Brief Description</td>
<td>Approx Cost (£ million, 2008 prices)</td>
<td>Likely Implementation Period</td>
<td>Possible Funding Sources</td>
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<tr>
<td>network improvements for bus services</td>
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<tr>
<td>Tees Valley Bus Network Improvements</td>
<td>Co-ordinated package of bus priority, bus stop infrastructure and bus journey improvements on around 20 radial corridors</td>
<td>58.1</td>
<td>2008 - 2012</td>
<td>RFA1, LTP2, Private Sector</td>
</tr>
<tr>
<td>East Billingham Transport Corridor</td>
<td>New road link between the A1185 and Cowpen Bewley Road to provide an alternative route for HGV traffic to the North Tees industrial areas away from Billingham town centre</td>
<td>4.3</td>
<td>2011 - 2012</td>
<td>RFA2, LTP3</td>
</tr>
<tr>
<td>Tees Valley Metro – Phase 1</td>
<td>Capacity enhancements at Darlington and Middlesbrough stations, improvements to interchange stations at Eaglescliffe, Thornaby and Hartlepool, and new stations at Durham Tees Valley Airport, James Cook University Hospital and near to the Wilton Centre</td>
<td>29.4</td>
<td>2011 - 2013</td>
<td>RFA2, Network Rail, LTP3, Private Sector</td>
</tr>
<tr>
<td>Package/Scheme Name</td>
<td>Brief Description</td>
<td>Approx Cost (£ million, 2008 prices)</td>
<td>Likely Implementation Period</td>
<td>Possible Funding Sources</td>
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<tr>
<td>A19/A689 Improvements</td>
<td>Signalisation and capacity improvements, together with signalisation of the Wynyard East, Samsung Avenue and A689/A1085 roundabouts</td>
<td>3.6</td>
<td>2012 - 2013</td>
<td>RFA2, Private Sector</td>
</tr>
<tr>
<td>ITS/UTC Upgrades</td>
<td>Conversion of existing UTC systems to UTMC platform, integration with current systems and the development of an integrated managed network with Highways Agency and all providers</td>
<td>2.5</td>
<td>2008 - 2014</td>
<td>RFA1, LTP2, LTP3, HA, Private Sector</td>
</tr>
</tbody>
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**2014 – 2019**

<table>
<thead>
<tr>
<th>Package/Scheme Name</th>
<th>Brief Description</th>
<th>Approx Cost (£ million, 2008 prices)</th>
<th>Likely Implementation Period</th>
<th>Possible Funding Sources</th>
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<tbody>
<tr>
<td>Portrack Relief Road</td>
<td>New link road between Marston Road and the Newport Bridge Approach to provide secondary road network link to relieve congestion on the A66 and open up development sites</td>
<td>7.1</td>
<td>2013 - 2015</td>
<td>RFA3, Private Sector</td>
</tr>
<tr>
<td>Tees Valley Metro – Phase 2 (Line A)</td>
<td>Provision of a 15 minute frequency service between Darlington and Saltburn, with</td>
<td>54.9</td>
<td>2013 - 2015</td>
<td>DfT, Network Rail, LTP3, ONE, Private Sector</td>
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<tr>
<td>Package/Scheme Name</td>
<td>Brief Description</td>
<td>Approx Cost (£ million, 2008 prices)</td>
<td>Likely Implementation Period</td>
<td>Possible Funding Sources</td>
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<tr>
<td>new rolling stock, using existing and renewed heavy rail track, up to 4 new stations, and improvements to all existing stations</td>
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<tr>
<td>A66/Yarm Road Improvement</td>
<td>Major re-modelling of junction to provide larger diameter and circulatory carriageway to improve capacity in advance of A66 Gateway Improvements Package 1B scheme</td>
<td>10.0</td>
<td>2014 - 2016</td>
<td>RFA3, Private Sector</td>
</tr>
<tr>
<td>A66 Roundabout Signalisation, Darlington</td>
<td>Signalisation of Great Burdon and Darlington Eastern Transport Corridor roundabouts to provide enhanced capacity and complement above scheme</td>
<td>0.8</td>
<td>2016</td>
<td>RFA3, Private Sector</td>
</tr>
<tr>
<td>Tees Valley Network Management Strategy – Phase 2</td>
<td>Use of variable speed limits and lane utilisation controls in each direction on the A19 between the A174 and the A689</td>
<td>13.6</td>
<td>2014 - 2016</td>
<td>RFA3, HA, Private Sector</td>
</tr>
<tr>
<td>Package/Scheme Name</td>
<td>Brief Description</td>
<td>Approx Cost (£ million, 2008 prices)</td>
<td>Likely Implementation Period</td>
<td>Possible Funding Sources</td>
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<tr>
<td>Tees Valley Metro – Phase 3 (Line B)</td>
<td>Provision of a 15 minute frequency service between Hartlepool and Nunthorpe, using existing and renewed heavy rail track, up to 2 new stations, and improvements to all existing stations, together with renewed signalling between in South Tees area and inclusion of rail systems within integrated control system</td>
<td>142.1</td>
<td>2016 - 2019</td>
<td>DfT, Network Rail, LTP4, ONE, Private Sector</td>
</tr>
<tr>
<td>A19 Northbound Widening, Norton to Wynyard</td>
<td>Provision of a third lane in each direction on the A19 between Norton and the A689, including demolition and rebuild of seven existing overbridges</td>
<td>100.0</td>
<td>2018 - 2019</td>
<td>DaSTS, Private Sector</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2019 – 2024</td>
</tr>
<tr>
<td>A66 Gateway Improvements – Package 1B</td>
<td>New dual carriageway section of A66 between Yarm Road and Great Burdon, providing grade separation at existing roundabouts on this section</td>
<td>84.1</td>
<td>2018 - 2020</td>
<td>RFA4, Private Sector</td>
</tr>
<tr>
<td>Package/Scheme Name</td>
<td>Brief Description</td>
<td>Approx Cost (£ million, 2008 prices)</td>
<td>Likely Implementation Period</td>
<td>Possible Funding Sources</td>
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<tr>
<td>New Tees Crossing</td>
<td>New low level crossing to complement North Middlesbrough Accessibility, Portrack and East Billingham schemes to provide secondary network link to relieve congestion on the A19</td>
<td>30.0</td>
<td>2019 - 2021</td>
<td>RFA4, Private Sector</td>
</tr>
</tbody>
</table>
Appendix D

VISSIM Screenshots
2016 Do Minimum Scenario: A19(T) / A66(T) Interchange

Congestion at merge area

2016 with Network Management Strategy: A19(T) / A66(T) Interchange

No congestion at merge area
A66/A19/A174 Area Action Plan – An Innovative Funding Proposal

Background

1. The A66/A19/A174 Area Action Plan (AAP) work undertaken in partnership with the Highways Agency (HA) has produced a preliminary list of schemes to be developed in five year time slices that have been identified to mitigate the cumulative impacts of future development proposals across the Tees Valley. This preliminary list will now be subject to more detailed modelling and development work over the coming months.

2. In terms of moving forward to implement the AAP, a number of issues have arisen that need further consideration, particularly related to how the AAP will work in practice, drawing on the experience of some of the Tees Valley Authorities acting as ‘ringmaster’ in the past to deliver infrastructure improvements from several development proposals. The Authorities and the HA have agreed that ensuring that the funding is available at the right time is fundamental to implementing the AAP and allowing development to proceed.

3. In the south of England, a mechanism known as a Regional Infrastructure Fund (RIF) has been set up in two regions to address this issue, within the context of the Regional Funding Advice (RFA) process. The key principles of these RIFs are that:
   - They are innovative methods of removing barriers to development to ensure continued delivery of key regeneration projects; and
   - They work by forward-funding developer contributions to large scale infrastructure projects, using the planning obligations framework to recoup investments.

4. These are no different to the situation in the Tees Valley. The whole ethos of developing the AAP was to streamline the planning process and open up major sites for development that may be owned by one or more developer(s), allowing land to be brought forward by separate developers (or even local authorities), be it for housing, employment or leisure, without the often lengthy negotiations as to who is going to fund the required transport improvements, and when.

5. The preliminary list of transport interventions have had first order cost estimates prepared and an indicative timescale developed. Essentially, these are the transport schemes needed to ensure that economic regeneration (in a period of upturn) will not be stifled by future congestion and safety concerns.

6. However, under normal circumstances, all developer contributions would need to be secured before the improvement could be delivered, which could delay some developments from starting. For the AAP to work, therefore, a more innovative funding mechanism for pump-priming the infrastructure schemes and/or acting as a ‘ringmaster’, is required.
A Tees Valley Funding Proposal

7. A fundamental difference between the current RIFs and the innovative funding mechanism needed to implement the AAP is that the former is allocating funding from a general ‘pot’, within which some schemes are as yet undeveloped. In the Tees Valley, the AAP clearly identifies those transport schemes needed to support development proposals and the outline costings have already been taken forward through the North East’s RFA process.

8. Any Tees Valley proposal will therefore be less of a ‘fund’ which allows monies to be drawn down from a top-sliced source, but more of an ‘allocation’ of wider regional funding (and maybe national funding) to be directed towards specific projects as they come forward. The proposal being offered to help implement the AAP in the Tees Valley is therefore called a Joint Infrastructure Development Allocation (JIDA) to reflect these two important distinctions.

9. The operation of the JIDA will use a series of regional and national funding allocations to pump-prime key transport infrastructure at the start of the five year time slice, and then seek to recycle financial planning obligations received from developments that come forward within that five year time period back into the JIDA ‘pot’. The same process then starts for the next five year period, and so on. This is illustrated in simplified form in the diagram overleaf.

10. The JIDA total ‘pot’ at the outset will comprise funding for strategic transport improvements identified within the RFA – £15 million for AAP projects up to 2014 has been identified as a “provisional priority” within the draft advice to Government, with a further £50 million beyond 2014 to be considered in the next round of RFA – together with any allocated funding from the last round of Community Infrastructure Fund (CIF).

11. As the Department for Transport (DfT)’s conditions on major scheme funding require a minimum 10% ‘local’ contribution, the initial size of the JIDA may need to include a contribution of this scale from the Tees Valley authorities, as a guarantee against future private sector contributions reclaimed. This will need early confirmation from DfT.

12. Over the course of the operation of the JIDA, it will be topped up periodically by further RFA monies, following rounds of CIF and/or housing growth point, together with any other national or regional funding opportunities that arise. However, the main source of additional funding for the JIDA ‘pot’ will be private sector contributions recycled through the planning process.

13. The concept of the JIDA is intended to maximise the return to the public purse by recycling resources back into the JIDA as development gathers pace, allowing further infrastructure improvements to be secured and brought forward. The ultimate aim will be to make the fund as self-sustaining as possible within the first two cycles of its start-up, with additional national and regional funding being used to expand the scope of the scheme rather than cover anticipated contributions that do not materialise.
Stage 1: The JIDA ‘bucket’ is filled initially from regional and national funds, such as the RFA, CIF and housing growth point. The amount placed in the ‘bucket’ is based on the cost estimate of the schemes required within the first five year period (up to 2014).

Stage 2: The funding within the ‘bucket’ is then used to deliver those schemes within the first five year time slice of the AAP that are considered necessary to mitigate the traffic impacts of the development proposals planned to come on line within the same period. The schemes are delivered as early as possible within the five year time period.

Stage 3: The JIDA ‘bucket’ is now fully allocated for funding, or a small level is retained for development work for future projects.

Stage 4: As developments come on line, retrospective Section 106 (or similar) contributions are claimed from developers proportionate to the traffic impact relating to their development. The calculation of the contribution should be in line with more traditional development control and planning procedures.

Stage 5: The JIDA ‘bucket’ is then topped up with these cumulative contributions by the end of the five year time slice, at which point the process for the following five years starts again at Stage 2, based on schemes within the AAP at that time. Additional regional or national funding may also be added to the JIDA ‘bucket’ at this time, depending on availability and the proportion of funding recycled in the preceding period.

14. The schemes nominally eligible for funding from the JIDA will be those identified within the AAP at any given time, taking into account that the AAP is
a ‘live’ document and will be subject to periodic review when there are significant changes to the development profile that influences it.

15. It is suggested that, in these initial stages, the JIDA be limited to transport schemes identified within the AAP, including road, rail and public transport improvements, and traffic and travel management measures. Over time, however, it may be that the definition of the ‘infrastructure’ element of the JIDA is widened to include elements such as green infrastructure, public services, utilities and waste, and flood defences, all of which are required to facilitate development but can be a significant additional cost to any one site. This could help draw other funding to the JIDA to increase the size of the allocation.

16. To allow for the fact that circumstances can change rapidly on occasions, there should be an opportunity for other schemes to come forward to draw down on the JIDA between the periodic reviews of the AAP, provided that they can demonstrate how the scheme brings forward development.

17. The process for drawing down JIDA monies should be relatively straightforward. Any scheme wishing to draw down on the JIDA should be able to demonstrate a fundamental fit with the City Region Investment Plan (and also to the Regional Spatial Strategy or its successor documents), and priority will be given to schemes that add value to the delivery of the larger regeneration sites and/or the identified housing growth point sites within the Tees Valley.

18. It would also be expected that schemes being brought forward through the JIDA, as well as the development proposal(s) it supports, should be identified within the relevant Local Development Framework (LDF) or one of its supporting documents.

19. The proposal to draw down on JIDA monies should be put to a properly constituted panel. This could (and most likely would) be any future Economic Prosperity Board (EPB) or Joint Investment Group within a revised Tees Valley Unlimited (TVU) structure. If a JIDA is taken forward before either of these new arrangements is implemented, a separate decision-making panel may be needed, based primarily on local authority representation, to determine the eligibility of any proposals.

20. The volume and detail of the information provided should reflect the level of funding required and be in accord with the current rules of both DfT and Communities and Local Government (CLG). This would suggest that any scheme below £5 million would be treated less rigorously in terms of appraisal, whilst still demonstrating ‘high’ value for money. Any scheme of value in excess of £5 million is likely to be treated like an independent major scheme for the purposes of appraisal.
21. For the JIDA to operate satisfactorily, there needs to be an accountable body. In the Tees Valley, this has more often than not been Stockton-on-Tees Borough Council for sub-regional partnerships, and this arrangement was offered as part of both the MAA negotiations and as part of major transport scheme funding for bus network improvements. Until any further progress is made with EPBs, it would seem sensible to adapt the current arrangements (for which there is an existing legal agreement) for the JIDA. The main principle is that the accountable body becomes a ‘holding bank’ for the JIDA monies.

22. Although the accountable body will hold any uncommitted JIDA funds and be the recipient body for private sector contributions, it will not hold any money directly from the DfT, as the current rules on major schemes require this to be drawn down as and when required, in accord with a quarterly monitoring reports submitted by all scheme promoters.

23. The accountable body will take its direction from the panel established (or delegated) to operate the JIDA, but will also ensure proper records are kept for audit and scrutiny purpose, again, very much as at present for single programme economic regeneration funding.

24. The TVU Programmes Group should provide a quarterly update on spend and delivery as if the JIDA were a specific project within the Investment Plan. This information can then be used to feed into regional and national monitoring procedures already established. Indeed, the Programmes Group would seem an appropriate team to provide the secretariat for a JIDA.

25. The key aspect of the monitoring will be the likely contributions received, both in terms of timing and value, and this information will need to be supplied by the local authorities with a high degree of accuracy to allow robust decisions to be taken on the JIDA by its administrative panel.

26. Once operational, the local planning authorities will be responsible for securing the anticipated level of private sector contribution, using existing planning powers through Section 106 and Section 278 contributions, or through future opportunities, such as the Community Infrastructure Levy (CIL).

27. The value of these contributions should be related to the proportionate impact of any individual development of the total traffic impact within each five year time slice, set against the total value of the infrastructure improvements required over that time period. This mirrors the more traditional development control approach to determining an appropriate level of contribution.

28. For example, using the £19.3 million total of JIDA schemes up to 2014 identified in the preliminary list of schemes, if a development proposal contributed 10% of the total additional traffic on the network from all developments in that time period, a contribution of around 10% (£1.9 million) should be sought from the developer in lieu of the improvements required.
Benefits and Risks

29. The principal benefit of the suggested approach is the earlier delivery of key development on the ground in the Tees Valley. This marries the ethos of the MAA and the City Region Business Case.

30. The main ways in which this will be achieved are as follows:
   - Reducing the amount of time taken to negotiate highway improvements with either the local highway authority or the HA;
   - Providing developers with an early indication of the likely contribution to transport improvements required, speeding up the site appraisal process;
   - Ensuring whole packages of infrastructure can be delivered in parallel, or in a more logical sequence, rather than waiting for all of the required contributions to be in place; and
   - Reducing the likelihood of ‘beauty contests’ between competing developments, or inappropriate or speculative developments coming forward to take advantage of any additional network capacity at the expense of one of the key Tees Valley projects.

31. Some of the above points have a direct cost implication as well, for both the public and private sectors. In terms of the first point, delivering infrastructure earlier should reduce inflationary costs that have impacted on many recent major transport projects. For the second point, not only will a shortened timescale have inflationary benefits, but potentially costly appeals and enquiries may be saved by reaching agreement on contributions early in the planning process. Provision of early infrastructure should also benefit a developer’s cash flow forecasts and site viability.

32. There may even be further added value in terms of land value uplift once the JIDA is operational. Early infrastructure delivery may unlock other development sites across the Tees Valley, reducing the costs discussed above to a level that now makes the financial appraisal of a site viable. This in itself has a value, and the application of a CIL to all developments across the Tees Valley would not only reduce one of the key risks described below, but also allow this value to be captured and recycled into the JIDA.

33. A robust risk strategy, in terms of both the approach to risks and their management, will need to be developed at the start of the JIDA process. There are a number of obvious risks at this stage:
   - Private sector contributions do not materialise – the largest risk to the proposal, and one that would result in the JIDA failing to become self-sufficient, or reach the recycling target set at the outset. The consequence is that, at some point, an additional funding bid will be required from some source, with no guarantee that this would be successful. The aim must be to reduce this risk by obtaining some form
of minimum guarantee as part of the JIDA approval process, either through embedding this within the planning condition, or by making it a legal condition of drawing down JIDA monies. The inclusion of a future CIL within the process will also minimise this risk.

- Local planning authorities do not pass on the private sector contributions – a much smaller risk, but one that will have much the same consequences as those described above. Again, the risk management process should centre on ensuring a legal agreement is included within the JIDA approval process. As a further step, the accountable body could enter into agreements with developers themselves, but this would require a new agreement (or even legislation) where the accountable body was not also the local planning authority.

- No schemes come forward due to changed circumstances – a possible risk in a period of recession, as at present, but one that could be managed by putting a time limited approval from either national or regional funds (as with CIF), meaning that any underspend is then returned and lost to the JIDA pot.

- Scheme slippage affecting JIDA cash flow profile – a risk almost certain to be realised, but one that will be managed by the quarterly monitoring arrangements described previously. It should also be noted that this risk is little different to that of any other major transport scheme.

- Cost increases or overruns – again, an almost inevitable risk in the real world. This risk could be addressed in one of three ways:
  
  o Allow no cost overruns over and above the allocation agreed from JIDA – other sources must make up the difference (possibly using any flexibility on virement through the Multi-Area Agreement);

  o Examine the impact of the cost increase on the overall JIDA pot and authorise an increase in the allocation provided that the recycling target is not breached; or

  o Request further regional funding in line with a newly agreed protocol for cost increases on North East major schemes.

  In reality, it is likely that all three methods will be employed, with a progression from the first (as a starting point) to the third (as a last resort).

- Legal challenge to the JIDA process – this may well happen with an innovative arrangement such as that proposed, but the opportunity over the next few months is to test out the legal principles of its operation. Middlesbrough Council has received previous legal advice regarding retrospective Section 106 contributions (which would be
Based on the experience to date of developing the draft AAP with the HA, it should also be expected that the very process of operating the JIDA will help local authorities to deliver robust planning and transport policies, to work with partner organisations on joint investment planning and to plan and deliver major infrastructure. These changes should all help to mitigate the risks outlined above and maintain good working relationships with the HA.

Indeed, it is important to define the role of the HA in the JIDA process. In fact, it is little different to the current situation in that the HA needs to be satisfied that an agreed improvement aimed at mitigating the impact of one or more development proposals will be implemented in advance of either the development coming into use, or reaching a threshold of build out. The HA will condition as such.

The principal difference is that discharging that condition is likely to be undertaken by the local authority through the JIDA process, and the provision of infrastructure may be in advance of the development proposal by a number of years, rather than immediately preceding it. Provided that the HA is involved in all stages of the development, framing and setting up of a JIDA to ensure that they are confident this process can enforce the AAP, then there should not be a problem, nor an obvious need for legislative change.

Next Steps

A final AAP is still around three months from completion, with detailed modelling work required to confirm that the preliminary list of schemes remains valid, and that the assumptions on development build out rates have not been significantly affected by ongoing changes in economic conditions.

The proposals for a Tees Valley JIDA set out in this note are intended to stimulate debate as to whether this innovative mechanism is the right approach to help bring forward development and de-risk strategic sites and to establish whether there are any significant legislative barriers to its practical operation. Once agreed, the Authorities and the HA would then look to prepare the necessary business case for the overall JIDA principle in Autumn 2009, in close liaison with the DfT and CLG, with the aim of having the mechanism operational in 2010.
In a major blow for the Kent Thameside Strategic Transport Tariff Policy, the Secretary of State has allowed an appeal against Dartford Council’s non-determination of a proposal for 49 flats in Greenhithe, Kent. The Council had claimed that planning permission should be refused for development in the absence of payment of a “roof tax” of £5,000 per dwelling. The Council had insisted on payment as a contribution to strategic transport improvements in the Kent Thameside area. The Council attempted to justify the sum by relying on the Kent Thameside Strategic Transport Tariff policy which it had adopted for development control purposes.

P J Mullan & Sons (Contractors) Ltd represented by Peter Village QC and James Strachan of 4-5 Gray’s Inn Square and instructed by Nick Pryor of the JTS Partnership, challenged the policy. They successfully argued that no material weight could be attached to the Tariff which imposed a flat rate charge which was not justified, was applied without realistic prospect of negotiation, and which was not fairly and reasonably related in scale and kind to the proposed development contrary to the advice in Circular 05/2005.

Both the Inspector reporting on the appeal and the Secretary of State agreed. They found that the formulation, adoption and imposition of the Council’s Tariff Policy was not in line with national policy and could not be endorsed. It was found not to be the product of due process required under PP51 and PP512. It did not display the characteristics of being suitably justified, effective and consistent with national policy. It failed to consider reasonable alternatives. It was predicated in a form which did not account for the additional housing promoted in the South East Plan. It did not satisfactorily account for the potential revenue to be obtained from non-residential development in the Kent Thameside area. It had been applied with scant flexibility, and the contributions being sought did not meet the requirements of Circular 05/2005. There was a lack of robustness and credibility in the evidence base.

In addition to allowing the appeal, the Secretary of State awarded the developer all its costs of the appeal on the grounds that the Council had acted unreasonably in seeking to apply the tariff. She rejected the idea that the decision to grant planning permission in light of the Tariff was finely balanced, and found that the evidence produced by the Council to support its approach had been inadequate and that it had acted unreasonably in failing to enable a process of negotiation.

The Secretary of State’s decision is of enormous significance for cases involving formulaic infrastructure contributions. Not only is it relevant to development in the wider Kent Thameside area, where other authorities have sought to rely upon the Tariff, but it is also of relevance to local planning authorities which have introduced similar tariffs in advance of proposals for a Community Infrastructure Levy. It demonstrates that the context of such tariffs, as well as the process of their introduction and a flexible application can all be subject to legitimate scrutiny.

The Council itself recognised the importance of the case from an early stage. It requested recovery of the appeal by the Secretary of State as raising important or novel issues and legal difficulties. The Inspector and the Secretary of State have reaffirmed the central importance of policies based upon robust and credible evidence, subject to transparent and fair public consultation, and which can be applied flexibly to meet the requirements of a particular case.
Tees Valley Unlimited

PO Box 199
Melrose House
Melrose Street
Middlesbrough
Tees Valley
TS1 2XF

Tel: 01642 264800
Fax: 01642 230870
E-mail: tvu@teesvalley-jsu.gov.uk
Web: www.teesvalleyunlimited.gov.uk
www.connectteesvalley.com

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