

Sunderland City Council and South
Tyneside Council

**International Advanced
Manufacturing Park – Impact
Analyses**

Topic Paper: Employment Land

Issue | August 2015

This report takes into account the particular instructions and requirements of our client.

It is not intended for and should not be relied upon by any third party and no responsibility is undertaken to any third party.

Job number 240728-00

Ove Arup & Partners Ltd
Central Square
Forth Street
Newcastle upon Tyne NE1 3PL
United Kingdom
www.arup.com

ARUP

Contents

	Page	
1	Introduction	1
1.1	Overview	1
1.2	Objectives of this paper	1
2	Approach	2
2.1	Overview	2
2.2	Summary of approach	2
3	Context and Previous Reports	3
3.1	Overview	3
3.2	IAMP	3
3.3	North East Local Enterprise Partnership and the North East Combined Authority	5
3.4	Development Finance	9
3.5	Enterprise Zone Designations	10
3.6	The PwC Strategic Employment Study	11
3.7	Area Action Plan Evidence Base	12
3.8	Impact of Proposed IAMP	15
4	Development Land Availability	17
4.1	Overview	17
4.2	Employment Land availability	17
4.3	Take up of Employment Land	21
4.4	Conclusion	23
5	Consultation	26
5.1	Overview	26
5.2	Newcastle City Council	26
5.3	Gateshead Council	26
5.4	Durham County Council	26
5.5	Middlesbrough Council and Tees Valley LEP	27
5.6	Summary of Consultation	27
6	Conclusions and Recommendations	28

1 Introduction

1.1 Overview

Sunderland and South Tyneside Councils are working jointly to secure the development of the International Advanced Manufacturing Park (IAMP) on land to the north of Nissan in Sunderland.

The development will comprise of around 100 ha, suitable for uses within the automotive and advanced manufacturing sectors, along with some distribution uses linked to these growth sectors. The IAMP is expected to create approximately 5,000 jobs on the site.

1.2 Objectives of this paper

This Paper examines the issues around the impact of IAMP on existing and proposed strategic employment sites and forms part of Arup's assessment of the skills, economic and housing impacts of the IAMP. The assessment will be used as part of the evidence base to inform the emerging development plans of the two Councils.

The primary objective of this paper is to examine the local development plans and economic development strategies of the neighbouring authorities of Durham, Gateshead, Newcastle, Northumberland and North Tyneside. Consideration is also given to potential interaction of IAMP with the Tees Valley area.

There is a particular emphasis on examining the employment land proposals in each area, in order to gain a greater appreciation of how the IAMP will integrate into the North East economy.

2 Approach

2.1 Overview

The success of a robust strategy to encourage long-term investment from the private sector in the property market to develop new space and to help to replace employment premises that have and, over the life of the project, will have reached the end of useful life is seen as being critical to the IAMP project.

This Paper includes an examination of the local development plans and economic development strategies of the neighbouring authorities of Durham, Gateshead, Newcastle, Northumberland and North Tyneside. Consideration will also be given to interaction of IAMP with the Tees Valley area.

Consideration of the overall objectives of neighbouring authorities in relation to their economic growth plans and key employment sectors is essential to achieving a balance for growth; one that is not competing with another but working in collaboration and complementarity.

Consultation has been undertaken with key stakeholders and with the North East Local Enterprise Partnership (NELEP) and the newly created North East Combined Authority (NECA). This has enabled an understanding to be gained of the potential collaborative solutions for how IAMP can be best integrated into the wider economy of the North East region.

Historical data of activity in the property market has been reviewed with the resultant statistics derived from an economy in recession which needs to be contrasted with the outputs required for an economy of growth.

2.2 Summary of approach

The assessment has involved the following tasks:

1. **Review** through research and discussions the plans and proposals of neighbouring local authorities and how these may be affected or complement IAMP;
2. **Review of the establishment and performance of other AMP's**, for example Sheffield and the expressions of interest from investors and indigenous businesses about growth and contraction to gauge the likely amount and pace of growth;
3. **Analysis (in tandem with the Displacement Paper) of existing major employment locations** in the NELEP area, including consideration of their likely operational lifetime, attractiveness to regional and international investment, labour markets and connectivity to existing economic locations;
4. **Review of information on the amount of space available, with planning permission for development and levels of demand**, in addition to a review of the economic growth plans of the region, nearby councils and the South Tyneside and Sunderland Councils; and
5. **Provide recommendations** on how to establish and maximise the benefits of IAMP.

3 Context and Previous Reports

3.1 Overview

This section seeks to provide an overview of the property and economic context for the IAMP project. In particular it provides a commentary on the following.

- Sunderland City Deal
- Sunderland Economic Master Plan
- North East Local Enterprise Partnership: Strategic Economic Plan
- North East Combined Authority
- Development finance
- Enterprise Zone Designations
- The PwC Strategic Employment Study
- The Bissett Adams Confidential Site Analysis

The above strategies and research documents provide the context for the demand for space at IAMP linked with the availability of employment land.

3.2 IAMP

The development of the IAMP is central to the Sunderland City Deal. The overall vision for the project is a 100 ha development to the west of Sunderland city centre that will house new automotive, logistics and offshore manufacturing businesses.

The IAMP will extend the prime location for automotive and other advanced manufacturing and engineering activities that currently comprises the Nissan plant, its supply chain and Sunderland's Enterprise Zone. The development will host new and expanding manufacturing operations, the majority of which will be international firms.

The business case for the IAMP is based on the strong growth in the automotive sector in the UK, both in vehicle production and supply chain activity. The Department for Business Innovation and Skills (BIS) automotive strategy estimates that £3 billion of supply chain production could be brought to the UK. The Sunderland Enterprise Zone, adjacent to the Nissan plant, has attracted a 421,000 sq ft logistics facility providing supply support to Nissan and other local manufacturers.

There is not yet a final definition of the proposed IAMP although it is anticipated that it will provide around 100 ha of land to create 5,000 jobs located north of the Nissan car plant focussed on the automotive and low carbon sectors. A table of floorspace and employment projections from PwC¹ is shown below.

¹ Sunderland City Deal – IAMP Project Schedule of Floorspace and Employment (August 2014).

Table 1: Proposed floorspace and employment per phase (PWC, August 2014)

	Phase One				Phase Two				Phase Three				Totals
Year	Offices (sq m)	Office Jobs	B2/B8 (sqm)	B2/B8 Jobs	Offices (sqm)	Office Jobs	B2/B8 (sqm)	B2/B8 Jobs	Offices (sqm)	Office Jobs	B2/B8 (sqm)	B2/B8 Jobs	
2018/19	2,500	147	25,000	403									
2019/20	2,500	147	25,000	403									
2020/21	700	41	7,000	113	1,700	100	17,000	274					
2021/22					3,200	188	32,000	516					
2022/23					3,200	188	32,000	516					
2023/24					3,200	188	32,000	516					
2024/25									2,250	132	22,500	363	
2025/26									2,250	132	22,500	363	
2026/27									2,250	132	22,500	363	
Totals	5,700	335	57,000	919	11,300	665	113,000	1,823	6,750	397	67,500	1,089	
Sqm/phase			62,700				124,300				74,250		261,250
Jobs/phase				1,255				2,487				1,486	5,228

3.2.1 Sunderland City Deal

The City Deal will enable Sunderland and South Tyneside Councils and the wider North East region to build on the existing strengths of Sunderland and South Tyneside in advanced manufacturing centred on the automotive sector. This will support the vision for local economic growth and private sector employment as set out by the NELEP.

The City Deal also confirms the construction of the New Wear Crossing, a key component of the Sunderland Strategic Transport Corridor, which will support both the IAMP and the wider economic regeneration of Sunderland. The City Deal partners will progress plans to revitalise Sunderland's city centre through the development of a Central Business District on the former Vaux Brewery site.

By 2027 it is predicted that the City Deal will deliver:

- Approximately 260,000 sq. m. of developable floorspace over a 100 hectare advanced manufacturing park;
- 5,200 new jobs with the vast majority within the manufacturing sector;
- An estimated £295m private sector investment in advanced manufacturing in the North East; and
- Through the development of a new Central Business District delivering an estimated 3,700 new city centre jobs by 2031.

3.2.2 Sunderland Economic Master Plan

The Sunderland Economic Master Plan sets out a clear vision to develop new, higher value areas of economic activity while building on Sunderland's existing strengths. There are five aims over 15 years, one aim of which is "A National Hub of the Low Carbon Economy Delivery Plan" with a policy focus including a sector approach to low carbon vehicle development.

There is a stated objective to ensure a range of sites and premises are available to grow and attract business in key sectors.

3.3 North East Local Enterprise Partnership and the North East Combined Authority

The policy and funding for economic growth and the creation of jobs has radically changed in recent years from both the EU and the UK government. There is no longer the availability of funds that are 'grant' related: whether this is capital or fiscal. By fiscal this means tax relief through 'old' Enterprise Zone style policy that established the development of, for example, Doxford Park in Sunderland.

The UK Government has recognised that to achieve overall economic growth, stronger economies need to be established in the regions. The North East Local Enterprise Partnership ('NELEP') and the North East Combined Authority ('NECA'), a collaboration of the private sector and seven councils, including South Tyneside and Sunderland, has been established and are working together to achieve economic growth for the region.

3.3.1 North East Local Enterprise Partnership: Strategic Economic Plan

With the abolition of the Regional Spatial Strategies, there is no longer a formal regional planning tier by which emerging local plans must generally conform to. However, local planning authorities “should have regard to” the views of the LEP (including the Strategic Economic Plans) when preparing their respective development plans. The NELEP Strategic Economic Plan (SEP) area was submitted to Government in March 2014.

At the centre of its growth ambitions the SEP seeks to:

- Decrease the gap between the Region and national average on GVA;
- Increase the private sector employment density;
- Improve business density; and
- Increase the employment rate of the Region.

It provides the synergy between the NELEPs aims, agreed City Deals (Sunderland / South Tyneside and Newcastle) and the NELEP Investment Fund.

The headline target in the SEP is to achieve, by 2024, at minimum a halving of the gap between the North East and the national average (excluding London) in terms of GVA, private sector employment density, business density, employment rate, and unemployment rate.

The SEP outlines three high level strategic outcomes to achieve this goal, these are:

- Innovative, enterprising and creative businesses;
- Skilled and inclusive communities that are great places to live; and
- Infrastructure that serves and connects.

Underpinning these strategic outcomes is an imperative to deliver improvements to the assets in the Region which can give competitive advantage to the regional economy by ensuring connectivity to key national, European and international markets.

The SEP recognises the importance of the manufacturing base in the North East, particularly advanced and marine engineering. It also identifies the following growth sectors which will have a positive impact on the economy over the course of the plan:

- Business services;
- New economy including cultural, creative and media industries;
- Low carbon and renewable sectors;
- Tourism; and
- Logistics.

The SEP identifies that in order to facilitate jobs growth, NELEP needs to:

- Provide the necessary infrastructure that serves and connects people and businesses;

- Support innovative, enterprising and creative businesses by investing in improved skills and educational performance; and
- Create skilled and inclusive communities that are great places to live in.

The key employment locations and growth corridors along the A1, the A19, the River Wear and the River Tyne include:

- Urban cores of Newcastle Gateshead, Sunderland and Durham;
- North East LEP Enterprise Zone;
- Proposed International Advanced Manufacturing Park in Sunderland and South Tyneside; and
- Team Valley and Aycliffe Industrial Estates and the business and industrial estates near the northern entrances to the Tyne Tunnel.

Investment in these areas is stated as having the potential to achieve wider benefits across the whole of the North East region.

3.3.2 Specific Strategic Projects from the NELEP Relating to IAMP

To achieve the 100,000 jobs target by 2024, the SEP reports that it is expected that one of the major growth sectors to be Low Carbon:

“Low carbon, including renewable technologies, has the potential to deliver significant new investment and jobs. The area aspires to become Europe’s premier location for low carbon, sustainable, private sector-led jobs and growth. There is potential to secure greater competitive and commercial advantage from the transition to a low carbon economy - through new investments in offshore wind, electric vehicles, micro-generation and drawing upon renowned scientific research and innovation strength in a range of low carbon technologies.”

Two of the six strategic themes to the report are:

- *“Economic assets and infrastructure: developing the places for business to invest and people to live, developing new opportunities with towns and cities, coast and country, and heritage assets; and*
- *Transport and digital connectivity: This serves and connects people and businesses, letting people move around for both work and leisure, and connecting the North East to the national and international economy.”*

The SEP outlines that in order to maximise growth in the North East’s economy strategies, plans and programmes will focus appropriate enabling investment towards the key employment locations along the A1, the A19, the River Wear, the River Tyne and the coast. These are:

The urban cores of Newcastle, Gateshead, Sunderland and Durham.

- The North East Enterprise Zone.
- The International Advanced Manufacturing Park in Sunderland and South Tyneside.
- The two largest industrial estates in the area (Team Valley Trading Estate and Aycliffe Business Park), the business and industrial estates near the

northern entrance to the Tyne Tunnel, and key employment locations along our main transport corridors.

- Newcastle International Airport Business Park.

In relation to highways and digital connectivity the SEP states that “...*The North East Local Transport Board has prioritised transport interventions for the devolved local major transport schemes and agreed to support six schemes totalling £31.5m...*” and which include “...*the South Shields Transport Hub, the Sunderland Low Carbon Zone...*”

Under “Manufacturing renaissance” the SEP identifies advance manufacturing and low carbon as particularly important sectors for the NELEP area, and identifies amongst other locations the key location on the A19, in “...*providing current and future opportunities, especially through the North East Enterprise Zone to provide the necessary physical economic infrastructure to support the growth of these related sectors.*”

The highways priorities for the IAMP include the Sunderland Low Carbon Zone Improvements to the A19/ A1231 and A19 / A1290 junctions, internal road links, pedestrian, cycling and public transport facilities. The scheme aims to enhance the capacity of the network to accommodate projected employment growth of the entire zone bounded by the A1231, A19, A1290 and Leamside Line, including Nissan, North East Enterprise Zone and other proposed developments.

Future priorities that will enhance the infrastructure for the IAMP area include the Sunderland Strategic Transport Corridor (Low Carbon Zone to City Centre to Port) phase 3 (New Wear Bridge to City Centre). This provision of a major new transport link supports the development of a number of key sites in the river Wear corridor, the regeneration of Sunderland Urban Core – City Centre and the regeneration of the Port of Sunderland. The scheme supports the introduction of the new Wear crossing announced as part of the City Deal.

3.3.3 North East Combined Authority

The North East Combined Authority has proposed a “Devolution Prospectus for the North East” (January 2015) which is currently the subject of consultation.

The Combined Authority will work closely with the NELEP to ensure these proposals support delivery of ‘More and Better Jobs’ through the Strategic Economic Plan. These proposals are to “enable a long-term substantial programme of devolution of new programmes of investment to help people into work, develop new skills as well as a major boost to the transport system.”

The proposals include delivery of the following:

- A North East Investment Fund, bringing together devolved capital funding for economic development, transport and regeneration, to be financed by a government guarantee to a minimum commitment of funding from the Local Growth Fund, with leverage from the private sector and local sources.
- Enhanced responsibilities for the delivery of around £500 million of European Funding, through arrangements devolved to the Combined Authority as a formal Intermediary Body for European funding.

- A Government guarantee to deliver on the commitments made under the existing City Deals, including to the IAMP and International Conference and Exhibition Centre.
- A Housing Investment Fund to deliver on the plans set out by each of the seven authorities, including funds, guaranteed loans devolved from the Homes and Communities Agency (HCA) and the devolution of assets in the North East owned by the HCA.
- Investment plans for investment in major transport infrastructure, for road and both passengers and freight rail. On the roads, investment is proposed on critical north-south and east-west links within and beyond the region; including improvements to the A1 to motorway standard, to the A19, and to the A69 and A690.
- The creation of Transport North East, as an integrated public transport system for the North East; for buses, improvements to northern rail services, and securing devolved funding for improvements and extensions to the Metro.
- International Connectivity secured through investment in connections to Newcastle International Airport, to protect against unfair competition from reduced air taxation in Scotland; marketing in North America to exploit the opportunity of the new service to New York; and investment in the Newcastle International Airport Business Park. An expansion is also proposed of the role of the North East successful ports, and to re-invest profits locally in the growth of the ports and marine engineering sector.
- A fully devolved Work Programme (or its successor), allowing joined-up employability support to be delivered more effectively, particularly to clients with the highest needs and over time developing joint accountability for the work of Jobcentre Plus.
- Devolution of skills funding, through joint accountability for the Skills Funding Agency shared between national government and the North East; to deliver enhanced apprenticeships and to meet skill gaps in our growing sectors.
- New powers to help North East business to grow; with devolved business support budgets, delivered through a coordinated North East Business Growth Hub; joint accountability for UKTI activity in the region; devolved funding from re-investment of the region's Access To Finance programme; and new powers and funding to support our vibrant culture and visitor economy.
- Development over time of an integrated approach to public service delivery, supported by the integrated management of all public assets in the region, and a framework to support health and social care integration at local level.

The plans for an IAMP are therefore integrated and supported within the devolution proposals.

3.4 Development Finance

Grant and fiscal support has helped to establish much of the office, manufacturing and distribution space in the region. Whilst this support has been necessary in the

short-term it has been to the detriment of a strong independent property market that can attract private sector funding for development.

It will be important to ‘wean’ the region off such grant support and to establish a strong and confident property market. Such a strategy requires a highly focussed approach and which is evident through the activities of the NELEP Investment Fund, but much more is required to become successful.

The activities required include greater demand for space, a supportive public sector to partner with the private sector to create and release opportunities, and a good infrastructure of transport, digital connectivity and utility services.

Much of the strategy to achieve this is in place. A stronger collaboration for marketing the region and the relationship management to help indigenous business to grow is essential to achieve the increase in demand for space: the Combined Authority is beginning to address this strategy.

The policy of “Quantitative Easing” to move the economy out of recession has created a shortage of investment wishing to secure long-term stable income. Property can provide this and funds are now actively seeking such investments. This has focussed on the global gateway cities such as London, Frankfurt and New York, but the demand for such real estate investments has increased prices and funds are now beginning to seek these real estate investments in the stronger regions of Europe and the UK.

To be successful in economic growth and jobs in the region, property will not lead the region out of recession but can be a barrier to growth if not addressed as a strategic provision. This requires the adequate provision of land and accommodation, linked with marketing the region and the establishment of confidence in investment to provide that long term growing economy.

As part of the NELEP activities to create economic growth and jobs, the North East Investment Fund established a loan fund of £55 million, which includes £25m of Growing Places Fund (GPF) and £30m of Regional Growth Fund (RGF). The fund supports capital projects that encourage economic growth and create jobs in the North East LEP area. In particular the GPF seeks to kick-start development.

Arising out of these combined activities the North East Strategic Economic Plan has been adopted. The UK government has established Growth Deals, a £2bn per year fund to support economic growth. The North East Growth Deal will support £279.3 million of projects across the North East, which investment is planned to create over 4,000 new jobs. This investment is planned to bring forward at least £90 million of additional investment from local partners and the private sector. Combined together this will create a total new investment package of £379.3 million for the NELEP.

3.5 Enterprise Zone Designations

Three Enterprise Zone areas, comprising 10 sites, were designated in 2013 for economic growth in the NELEP region:

- Port of Blyth;
- North Bank River Tyne; and

- A19 Ultra Low Carbon Vehicle.

Each have a designated economic sector on which to focus and which forms an important policy in the North East Strategic Economic Plan proposals. The A19 Ultra Low Carbon Vehicle Enterprise Zone was selected because it is close to global leaders in the automotive sector.

The A19 Ultra Low Carbon Zone sites at Sunderland (adjacent to the proposed IAMP site) provide simplified planning and financial incentives for:

- Site 1 and Site 3 – Enhanced Capital Allowances on plant and machinery investment; and
- Site 2 – Business Rate Relief.

Enhanced Capital Allowances represent 100% first-year allowance for companies investing in plant and machinery for use primarily in designated assisted areas with Enterprise Zones for the period 1 April 2012 to 31 March 2017.

In relation to Business Rate Relief, businesses can qualify for up to £55,000 per year relief on business rates for a period of five years. Businesses need to be located on the site by 31 March 2017 to qualify.

3.6 The PwC Strategic Employment Study

The PwC Strategic Employment Study² identified a need for South Tyneside and Sunderland City Councils to identify significant space for new employment uses, to provide for growth and regeneration in the region as well as in response to numerous enquiries from national employers for sites for major operations up to 50,000 sq. m.

The Study went on to report that:

“As a result of our industry specific demand analysis we have identified a series of accommodation/space and high level user requirement ‘scenarios’ for the National Advanced Manufacturing Park (“NAMP”) to accommodate Automotive, Advanced Manufacturing, Advanced Engineering and Distribution growth and the separate Off-shore Renewable Zone(s). The two zones are separate primarily because of the need for Off-shore Renewable assembly to be within close proximity to river/port frontage and the limited availability of such space to accommodate a consolidated zone...our estimates in regard to the NAMP range from a ‘pessimistic’ view where future demand may fall due to wider competitive pressures in the automotive sector, to a ‘very optimistic’ scenario whereby infrastructure take-up could be as much as 283 hectares in relation to automotive requirements (200 hectares), advanced manufacturing (23 hectares) and distribution (60 hectares). Demand, in relation to offshore, is significantly less in total (as well as less variable) ranging from a take-up of between 4.75 to 26.5 hectares. As a cross check, this demand summary above can be compared to the recent history of demand requests made to the Councils over the last 5 years which equate to approximately 50,000 sq. m. of accommodation p.a. If all demand requests converted due to the availability of appropriately incentivised land

² Sunderland and South Tyneside Strategic Employment Study (2013).

transactions this could total up to 1m sq. m. over 20 years which is similar to the very optimistic option.”

The PwC Study highlighted three key factors of market need for the IAMP:

- Strong demand from companies in the automotive, advanced manufacturing, distribution and logistic sectors. The study estimated future demand in these sectors under a moderate set of assumptions is likely to be around 150 ha over the next 20 years. The assumptions behind this level of growth are as follows:
 - Automotive assembly growth will continue to be strong worldwide;
 - Investment in the UK will continue, as the UK is seen as a stable economic environment with potential benefits of being outside the Eurozone, low Corporation Tax and high productivity;
 - The trend towards near-shoring of suppliers close to OEM’s will continue – and the proposal provides a major plank by which the “£3bn opportunity” highlighted in the Government’s Automotive Strategy can be achieved;
 - Strong demand from non-automotive advanced manufacturing, distribution and logistics.
- Requirement for various enabling infrastructure factors to be in place for the main scenario to be realised particularly in relation to external transport networks to and from the site; and
- Lack of current brownfield sites available to meet the above demand. Evidence from Sunderland City Council regarding recent investor enquiries that could not be met strongly suggests that the current land supply for large scale industrial development is insufficient to meet market demand. This is largely attributable to the lack of suitably large sites capable of being developed, and a lack of good quality units to meet the demands of new or expanding businesses wishing to locate in the area.

For the North East economy to prosper in these industries and to help secure the major opportunities forecast in terms of manufacturing growth, PwC reported that the region needs to develop an IAMP. The development of an IAMP adjacent to the existing automotive cluster around Nissan was considered the best location in the region to capture growth opportunities and provide significantly more land for development thereby delivering a major increase in manufacturing capacity for the region.

3.7 Area Action Plan Evidence Base

As part of the preparation of the Area Action Plan for the IAMP being prepared by the Councils the following has been considered:

- Enquiries by major companies for very large sites in the area have had to be rejected owing to lack of available space, with serious potential implications for the area and its population in terms of jobs and economic growth;
- A number of large sites have been identified across the region, these being as follows.

Table 2: Large Employment Sites in the North East

Site	Summary
Northumberland Coastal Enterprise Centre	103ha site. 61.6ha of actual development land and 41.6ha of expansion land. No development of the land has taken place to date. Site identified for offshore oil & gas, renewables, advanced engineering and manufacturing sectors. Good road, freight rail and sea links.
West Hartford Business Park	55ha site. 1.7ha has been developed for a community fire station. Site has outline planning for B1, B2 & B8 industrial use. Good road links.
Newcastle Great Park	80ha site. Commercial office development for buildings circa 300-5000sq. m. Good road and air links
Newburn Riverside Industrial Park	92ha the development has been allotted. 5-40ha plots but no development has taken place to date. This site has planning permission for B1, B2 & B8 use for buildings up to 46,000sqm. The adjacent site has been largely developed out. Good road links
Baltic Business Park	20ha site. The site has been developed for commercial office and education with buildings ranging from 4,500-16,000sqm. Good road links.
South of Seaham	68ha site. This site has been reserved for a centre of Creative Excellence.
Hawthorn Business Park	22ha site. The development has been allotted six plots from 4ha. The site has outline planning for B1, B2 & B8 industrial use for up to 66,000sqm of buildings. Good road links.
Tursdale Business Park	120ha site. No development has taken place to date on the site. This site has been identified for B1, B2 & B8 for medium to heavy industrial use with the potential for buildings up to 7200 sq. m. The sites have been identified for rail freight facilities. Good road and rail freight links

Site	Summary
Net Park	25ha site. The development has been allotted 0.5-2ha plots and a third of the site has already been developed. This site has been identified for R&D and Technology Park with buildings up to circa 1900sqm. Good road links
Wynyard Park	205ha site. The site comprises commercial offices and industrial/warehouse space due to be delivered by 2016 with major occupiers such as AMEC and Balfour Beatty. The site has approximately 20% currently developed out and has a proposal for a large hospital facility on the site. Good road links
Heighington Lane West	70ha site. Reserved land for Distribution and Logistics use. Good road and rail freight links.
Amazon Park	52ha site. The site is partly occupied by Hitachi Rail Europe with 3 sites remaining of 3.5ha, 14.25ha and 17ha. The site has been identified for B1, B2 & B8 use for large industrial or warehousing use. Good road and freight rail links with connections to air and sea.
Faverdale Park	120ha site. This site has been reserved for 2 single major industrial users.

It is recommended that the best potential location for large scale development is the land north of Nissan, adjacent to key employers such as Nissan and major trunk road intersections.

Land to the north of Nissan, offers the benefits of linked and adjacent sites, close proximity to the Nissan Plant with new dual carriageway links between the A1230, the A194 (M) and the A19. This option is also the most beneficial in retaining a broad and effective wildlife corridor in the Green Belt from East to West. This scenario also provides for a good spread of employment land across both Sunderland and South Tyneside administrative areas.

A further matter of importance is the status of the wider Washington area between the A184 to the north, A19 to the east, A1084 to the south and A1 (M) to the west, which is the recognised prime industrial and distribution area in the north east region and the preferred location for many manufacturers and distribution businesses. The choice of the land north of Nissan for the IAMP extends this prime regional employment area.

3.8 Impact of Proposed IAMP

To ascertain impact that the IAMP will have, consultation has been undertaken with those Councils in close proximity – namely Durham, Gateshead and Newcastle, and with the Tees Valley Local Enterprise Partnership, partly to address the Duty to Co-operate requirement for the Planning process and to also ensure that the IAMP is a strategic fit in the regional strategy for economic growth and planning policy. See Section 5 for details.

The IAMP project is an integral part of the North East Strategic Economic Plan (‘NESEP’) formulated by the NELEP and the Combined Authority, on which all of the seven Councils that make up the Combined Authority are represented. Whilst the NESEP has been formulated at a regional strategy level it is important to assess whether there is any adverse impact in implementation across the region in other council areas.

An interview with each of the named Councils and the Tees Valley LEP was completed to determine:

- The impact of the IAMP in each council area;
- To ascertain the complementarity of the IAMP; and
- To review other large employment sites in the North East.

On a more local basis the impact of the IAMP also is considered on the Washington area, one of the two prime locations for many manufacturers and distribution businesses. The challenge for this area is one of managing change: much of the buildings within the area were built from the early 1970’s and are becoming dilapidated and not energy efficient, it is likely that occupiers will begin to seek better alternative buildings, particularly as the costs of production and occupation increase.

On a wider geographic consideration the impact of the IAMP on the Teesside sub-region of the North East of England is also be addressed, with the Tees Valley LEP.

In order to explore the likely distribution of displacement an initial high-level analysis has been undertaken.

The scale of displacement effects across local authorities will vary depending upon the nature of activity supported and local markets. The table below provides an estimate of the potential distribution of displacement effects across the seven local authorities comprising the NELEP area and the Tees Valley. This is based on both the lower and upper bounds of estimated displacement effects on employment.

The greatest pull is likely to be from relatively local locations in Sunderland and South Tyneside, particularly dated space, driven will be the floorspace offer, connectivity and access to input/output markets. Whilst outside of the NELEP area, there may be some displacement of activity at the Teesside Advanced Manufacturing Park (TAMP) in the Tees Valley.

Table 3: Estimated breakdown of displacement effects by area, to 2027

Area	% of displacement	Jobs displaced	
		Central case 15%	Worst case 30%
NELEP Local authorities			
Durham	10%	75	149
Gateshead	5%	37	75
Newcastle	5%	37	75
North Tyneside	5%	37	75
Northumberland	5%	37	75
South Tyneside	25%	186	373
Sunderland	25%	186	373
Tees Valley	20%	149	298
Total	100%	745	1490

In terms of the form of this displacement, it is expected that the majority of these jobs would be in the advanced manufacturing and distribution sectors since these are key target markets for other key employment locations. The scale of displacement in the automotive sector is likely to be limited since the majority of other major existing and planned employment locations do not have an automotive focus. The majority of floorspace associated with displacement will be B2/B8 (General Industrial and Distribution) space and to a lesser extent, B1 (Offices).

In considering these estimates, timing is an important aspect. In particular, floorspace at the IAMP will be delivered over a 10-year period to 2027. The relative timing between demand coming to fruition vs. space being provided at the IAMP will influence patterns of displacement across local authority areas.

These estimates should also be considered in the context of additional employment created through economic multiplier effects. Economic multiplier effects are expected to outweigh displacement effects when the full impacts of the IAMP are fully realised. Employment associated with multiplier effects is however likely to take place over a longer timeframe, and involve a broader range of consumer-led sectors (for example, retail and service jobs, especially in Sunderland).

4 Development Land Availability

4.1 Overview

This section seeks to identify the scale of land currently available for development in South Tyneside and Sunderland.

4.2 Employment Land availability

The amount and character of land for employment development is essential for the growth of the economy but it must match the needs of the businesses that it seeks to support. In the case of the IAMP it must be of a scale that is proximate to Nissan and with good transport links.

4.2.1 Sunderland

Sunderland comprises two main areas of employment land. The historical locations around the Port, the west edge of the city and Washington developed from the early 1970's between the A1M and the A19 trunk road, this being one of the two prime manufacturing and distribution locations for the North East region.

Over the last 25 years, from a standing start, Sunderland has developed a successful advanced engineering sector, the largest component of which is automotive manufacturing to become one of Europe's principal automotive locations. There are a cluster of 25 'Tier one' automotive suppliers employing over 7,000 people.

Nissan operates a just-in-time production model that requires their supply chain to locate in close proximity to the Washington car plant. Anecdotally, the supply chain for Nissan is said to have established a wider European and global market. There is also increasing emphasis on innovation in the emerging technologies in low emission vehicles with R&D being undertaken by the University of Sunderland, AMAP and other Higher Education institutions.

Whilst there is no researched information available for the take up of land for manufacturing and distribution in Sunderland a list of the take up of employment space has been provided by Sunderland City Council from which the take up for manufacturing and distribution uses has been compiled.

Table 4: Employment Land Availability – Sunderland

Reference	Size	Title	Comment
Pattinson Industrial Estate, Washington			
2	3.9 ha	Development Plot	Established retail use
Crowther Industrial Estate, Washington			
1	0.4 ha	Development plot	Under offer
3	0.2 ha	Development plot	Under offer
Glover Industrial Estate, Washington			
1	0.4 ha	Development plot	Vacant

Reference	Size	Title	Comment
2	0.3 ha	Development plot	Highways constraints
Hertburn Industrial Estate, Washington			
1	0.2 ha	Development Plot	Divided by road very small plots
Nissan / Cherry Blossom Way / Turbine Business Park, Washington			
1	6.5 ha	Development Plot	Separate access required. E Z site for spin-outs from the Zero Carbon Futures R&D Centre /Test Track.
3	7.5 ha	Development Plot	Divided by site access road and underground services, limiting plot sizes. Land on Turbine Business Park EZ status. Values would deter most industrial users
Pattinson South Industrial Estate, Washington			
1	0.6 ha	Development Plot	
2	0.2 ha	Development Plot	
5	8.0 ha	Development Plot	Heavily contaminated. Possible residential
6	6.3 ha	Development Plot	Heavily contaminated. Possible residential and ancillary retail use.
Silverstone Road, Washington			
1	0.5 ha	Development Plot	Bisected by underground services. B1 allocation, tree covered (local recreational use). Difficult to develop.
Stephenson Industrial Estate (North And South), Washington			
1	0.6 ha	Development Plot	Plot and adjacent parcel of greenbelt land
2	0.6 ha	Development Plot	Available for a design & build project only.
3	0.2 ha	Development Plot	Difficult access, but Highway Engineers are amenable in principle
Wear Industrial Estate (West And East), Washington			
2	0.3 ha	Development Plot	Owner unwilling to sell.
4	0.3 ha	Development Plot	Sloping site outside allocated employment development area out of 0.6 could be created
Pallion Industrial Estate, Sunderland			
5	2.7 ha	Developed Land	Likely to be cleared and subject to redevelopment
8		Development Plot	
9	0.3 ha	Development Plot	
10	0.7 ha	Developed Land	Cleared site
Port of Sunderland / Hendon Sidings, Sunderland			
1		Strategic Port Land	
2	5.9 ha	Strategic Port Land	
3	0.6 ha	Development Plot	
Salterfen, Ryhope, Sunderland			
3	0.8 ha	Development Plot	Cleared site – leisure potential
4	0.6 ha	Development Plot	Cleared site – leisure potential
5	0.3 ha	Development Plot	Occupier but leisure potential

Reference	Size	Title	Comment
South Ryhope, Sunderland			
1	20.5	Development Plot	Allocated for employment use, but potential residential and planners are amenable for South Sunderland Growth Area

Source: *Sunderland City Council*

From the above schedule, it is concluded that:

- Much of the land available is of small scale and fragmented that does not meet the criteria necessary for the IAMP.
- Land around the Port is retained for expansion and strategic port related development, or for residential development.
- The South Ryhope area is being actively pursued for major housing provision in the South Sunderland Growth Area.
- Pattinson South, Washington is also held for residential development and will need that level of value to help to remediate the heavily contaminated sites.
- The land at Cherry Blossom Way and around Nissan is being actively developed and occupied and has seen the largest growth over the last four years.

In summary, the total available land for manufacturing and/or distribution uses in Sunderland is 39.5 ha, comprising: 9.2 ha on 20 plots of up to 1 ha; 9.3 ha on 3 plots of 1 to 5 ha; and 21 ha on 3 plots of 5 to 10 ha. The land is considered to be too fragmented and will not provide an adequate footprint to meet the land requirement for the proposed IAMP.

4.2.2 South Tyneside

The South Tyneside Employment Land Review 2014 Update has provided a useful basis on which to provide the following information, adjusted with current market information.

Table 5: Employment Land Availability – South Tyneside

Reference	Size	Title	Comment
Hebburn			
	10.26ha	Development Land	Trench Lab Victoria Road West – possible residential
	0.50 ha	Development Plot	A&B Cranes, Prince Consort Road - possible residential
Jarrow			
	3.70 ha	Development Land	Hawthorn Leslie Shipyard Ellison Street - possible residential
	6.00 ha	Development Land	Green Business Park – not Manufacture/distribution
	0.50 ha	Development Plot	Sports Pitch, Waggonway Industrial Estate
	9.71 ha	Development Land	Chemical works to be remediated for employment use
Shaftsbury Place, Simonside			
	1.3 ha	Development Land	Towers Filtrona Park – recently acquired for South Shields Football Club
	2.14 ha	Development Land	Acquired by South Tyneside Council for regeneration purposes
Bede Industrial Estate			
	1.14 ha	Development Plot	
	0.49 ha	Development Plot	
	0.43 ha	Development Plot	
	0.17 ha	Development Plot	
	0.10 ha	Development Plot	
Outer South Shields			
	0.30 ha	Development Plot	Rear TEDCO Business Centre – sold to a local company for expansion
	0.34 ha	Development Plot	Ex Jerry's Drums, Garwood Street
	0.35 ha	Development Plot	Rekendyke Lane
	3.00 ha	Development Plot	South Shields Riverside for mixed use regeneration with potential for employment element.
Boldon Business Park			
	0.60 ha	Development Plot	Brooklands Way Business space
Monkton Business Park			
	0.70 ha	Development Plot	Business Space
	0.90 ha	Development Plot	Business Space
	4.14 ha	Development Plot	Monkton Fell South – a house builder has an option to buy

Source: South Tyneside Council

The South Tyneside Employment Land Review 2014 Update also makes an assessment of the six larger sites available:

- *Former Hawthorne Leslie Shipyard, Ellison Street, Hebburn* - 3.70 ha including foreshore, redevelopment would require raising land at river's edge and bunds to mitigate noise. Development potential is uncertain at this stage as ecological value of mud flats not known. Employment use of this site could take a number of forms including a range of small units, a single large unit, or use for external storage / load out areas. Mixed use redevelopment to include housing and employment is being proposed, but

there is no detailed scheme prepared but considering a one-third employment and two-thirds housing split.

- *Former Trench UK and laboratories, Victoria Road West, Hebburn* – the present owner wishes to secure residential development.
- *Monkton Fell South, Luke's Lane, Monkton* – option held by Taylor Wimpey and present owner has aspirations for residential development on this and adjoining land, but because of the success of the adjoining Business Park the ELR recommends retention for employment use.
- *Towers Place, Simonside Industrial Estate, South Shields* – available for development for employment use.
- *Filtrona Park, Simonside Industrial Estate, South Shields* – available for development for employment use.
- *Wardley Disposal Point, Follingsby Lane* – proposals to extend Follingsby as a distribution park.

Since the Employment Land Review was prepared Dow Group, Jarrow (formerly Rohm & Haas) has announced closure and will after remediation over the next two years offer the site comprising 9.7 ha for employment use.

On the basis of the above, the total available land for manufacturing and/or distribution uses in South Tyneside is 16.97 ha, comprising: 2.68 ha on 8 plots of up to 1 ha; 4.58 ha on 3 plots of 1 to 5 ha; and 9.71 ha on 1 plot (increasing to 19.41 ha on 2 plots after two years) of 5 to 10 ha.

The available employment land is considered to be too fragmented or in the wrong location to meet the needs of occupiers that would seek to be located as part of the IAMP development and Nissan supply chain.

South Tyneside also requires land for other employment development and the provision outlined in the table above provides some of the land required for development and expansion for new and existing businesses.

4.3 Take up of Employment Land

4.3.1 Overview

The take up of employment land has been relatively good over the years of recession. The net effect of which is a shortage of land for employment development in South Tyneside such that the Council are not able to make a positive response to potential inward investors introduced through UK Trade & Industry department.

Sunderland has a higher level of available land for development, however as noted above this is likely to be either in the wrong location or too small, for strategic provision, required for the IAMP.

It is also apparent that the historic location of the supply chain for Nissan has made decisions of what is available at the time that best meets their need, not necessarily meeting their best commercial decision of proximity with Nissan.

Table 6: Take up of Manufacturing & Distribution Property – Sunderland

Year ended 31 Oct	Up to 1000 sq. ft.	Up to 2,000 sq. ft.	Up to 5,000 sq. ft.	Up to 10,000 sq. ft.	Up to 20,000 sq. ft.	Up to 45,000 sq. ft.	Up to 75,000 sq. ft.	Over 75,000 sq. ft.	Totals
2011 area units	-	2,500	3,100	-	37,000	38,000	48,500	825,000	211,600
	-	1	1	-	2	1	1	1	7
2012 area units	-	-	4,000	-	15,000	68,500	89,000	975,500	1,152,000
	-	-	1	-	1	2	2	5	11
2013 area units	-	2,000	6,500	52,605	41,500	79,000	46,000	275,000	502,605
	-	1	2	7	3	3	1	1	7
2014 area units	1,000	4,000	16,000	16,000	24,000	208,500	-	436,5000	706,000
	1	2	4	2	2	7	-	5	23

Source: Sunderland City Council

There has clearly been significant success in the growth of manufacturing and distribution in Sunderland, with neighbouring Council areas also benefitting.

Adopting the DCLG ratio of 0.4 to convert accommodation area to site area this represents a site area annual average take up of approximately 2.4 ha during an economy in recession over the last four year period.

4.3.2 South Tyneside

The South Tyneside Employment Land Review 2014 Update has provided information on past take up of employment land, this is summarised in the table below.

Table 7: Past Take-up of Land for Employment Purposes in South Tyneside, 2000-2013

Period	Total Take-up (hectares)	Average Take-up (hectares p.a.)
Short Term (5 years) 2009 -2013	1.57	0.31
Medium Term (10 years) 2004 - 2013	25.13	2.51
Long Term (15 years) 1999 -2013	48.26	3.22
Very Long Term (25 years) 1989 -2013	90.77	3.63

The improvement to regional infrastructure such as the second Tyne Tunnel and its proximity to a successful Port makes the location for land within South Tyneside strategically attractive to potential occupiers.

However, this has not yet been shown in the take up of land for employment use. The report identifies a general deterioration in the market for industrial units since 2011 but also a shortage of supply for units over 10,000 sq. ft. which should encourage further development.

The Council have confirmed that there is now an overall shortage of supply in industrial units across all size bands but in a particular that there are no larger units available; this has resulted in a negative feedback to UK Trade & Industry enquiries for land to meet the needs of inward investors.

The take up of employment land in South Tyneside is therefore being limited by their previous success and this is a constraint to growth.

4.4 Conclusion

Sunderland and South Tyneside are very well placed with excellent port access to provide facilities for advanced manufacturing services and the long term maintenance that will be required to the sector as it develops.

South Tyneside Council report that they have not, for some time, been able to give a positive response to enquiries by UK Trade & Investment from Foreign Direct Investors for industrial units.

Similarly, Sunderland City Council report that (as with the wider NELEP area) there are very few large industrial premises available and those that are available are less of a quality that makes them suitable.

The combined present supply of available land for manufacturing and distribution uses in the two council areas totals **56.47ha** but is fragmented in 20 plots of up to 1 ha, 6 plots of between 1 to 5 ha and 4 plots of between 5 and 10 ha.

There is an imbalance between the location of available land and market demand. In the main, deliverable land is too small and in the wrong location; a constraint to economic growth. Sites that meet the market need for the strategic automotive and low carbon sectors need to be on the edge of the conurbation to meet occupier demand and be close to road infrastructure network.

Overall there is also a shortage of large “sheds” that are readily available for manufacturing or distribution uses.

The South Tyneside Employment Land Review, 2014 Update, Topic Paper 3 “Understanding Future Land Requirements” concludes that approximately 45 ha to 50 ha of general employment land should be planned [for South Tyneside] over the Plan period and that additional land for the Sunderland and South Tyneside City Deal Advanced Manufacturing Park IAMP should be identified to capture the opportunities presented through this project.

There is no similar forecast available for Sunderland, but adopting the “Take up of Manufacturing & Distribution Property – Sunderland”, shown in the table above, an annual average take up is projected at around 60,000 sq. m. equivalent to 24 ha based on the DCLG basis for the calculation of land use. This is also formulated before the policy of a strategic allocation of land for the development of an IAMP.

Since preparing the above an Employment Land Review has been prepared by Nathaniel Lichfield Partners and Lambert Smith Hampton. This shows historic take up and current availability but does not take account of the Councils’ current plans including that of IAMP.

The IAMP, through innovation and focussing on sectoral matters plans to achieve economic growth and jobs for the wider region and build on the success and strengths of the geographic location around Nissan and the current Enterprise Zone status.

This policy requires large sites such as the following examples:

2010

BAE Systems, Wear West site, 6.69 ha;

2012

Rolls Royce, Wear West site 11.43 ha;

Vantec Nissan Turbine site 8.38 ha; and

2015 currently

Vantec – phase 2, Hill Farm Estate 9.58 ha

With the exception of the strategic land at the Port of Sunderland and the heavily contaminated site at Pattinson South, Industrial Estate, Washington, which if

developed is more likely to be allocated for residential use, the only sizable area of land remaining for large scale development is a total of 14 .00 ha prior to the Vantec Phase 2 development.

There is no further land of adequate size to achieve the step change needed for economic growth and jobs, unless more land is allocated.

5 Consultation

5.1 Overview

Whilst the principle of the IAMP has been supported by all of the Councils within the NELEP area, it is important to ensure that full collaboration about the proposal, how it will affect the plans of other Councils and what needs to be done in future to manage any changes that will occur in the plans for those Councils as well as the neighbouring Tees Valley LEP.

In accordance with the instructions of the client interviews were conducted with Durham, Gateshead, Newcastle councils and Tees Valley LEP.

5.2 Newcastle City Council

Newcastle City Council was generally supportive of the IAMP project and considered that it would create opportunities for the wider area by the creation of additional jobs in support.

An analogous situation was referred to in the successful development of the world class industries at River Tyne North Bank (Walker Riverside and Wallsend) where marine and maritime technologies have resulted in the establishment of new offices in Newcastle and Gateshead for high value activities such as a design / engineering office.

5.3 Gateshead Council

Gateshead Council was cautiously supportive of the proposed IAMP. In particular, concern was expressed at the potential impact on:

- Follingsby Distribution development proposals to expand Follingsby Park to the south;
- East Gateshead Industrial area of small businesses;
- Demand on housing; the demand for skills development;
- Displacement of Nissan supply chain occupiers in their area especially in Team Valley.

Follingsby Park has a total site area of 26.04 ha providing 103,617 sq. m. of which 4152 sq. m. is vacant: development started in 1995 and was completed in 2012, resulting in an annual average take up of 1.45 ha. Gateshead proposes an expansion of the Follingsby Park to the south by 39 ha of Green Belt land, being 22 ha of net development land specifically for B8 distribution uses.

The Council questioned whether, or not, the IAMP has an impact on the Follingsby proposed expansion, and if so, to what degree, will be a matter of timing.

5.4 Durham County Council

Durham County Council described the IAMP as a regional priority that raised challenges that they wished to work through overtime.

The Durham County Local Plan has been progressed through Examination stage without the impact of IAMP being considered.

It was considered that the impact that was likely to occur from the IAMP on displacement is likely to be to Peterlee, but a review of other sites in the wider catchment area for skills and housing relating to IAMP needs to be carried out in greater detail.

There was not an apparent fear of displacement but rather a wish to work collaboratively and adapt plans over time.

5.5 Middlesbrough Council and Tees Valley LEP

The Tees Valley LEP and Middlesbrough Council were of the view that the Tees Advanced Manufacturing Park ('TAMP') proposal is not directly competitive to IAMP. Key points to note:

- TAMP is research based – offshore wind and fabrication, including the Materials Processing Institute and others.
- AED is the site owner and involved in the Sheffield AMP.
- TAMP is about 13 ha and benefits from Enterprise Zone status.

A particular concern was noted regarding the potential for companies to relocate in the future to the IAMP, especially in the auto supply chain.

5.6 Summary of Consultation

There was recognition of all parties, within the NELEP and its neighbour Tees Valley LEP that the provision of an IAMP focussed on automotive and low carbon sectors around the strength of Nissan was important to grow the regional economy.

How successful this will be in terms of additionality as well as any displacement is dependent on how effective the collaboration is amongst the councils and LEP's.

6 Conclusions and Recommendations

The IAMP forms part of the Combined Authority and NELEP economic strategy to create economic growth and jobs in the region. This strategy was formulated to build on the sectoral strengths of the region. It is also an aim of the Sunderland Economic Masterplan to build on the automotive and low carbon sectors.

Nissan has attracted a large supply chain. Because there has been no discernible plan to make provision for that supply chain, over the 25 years or so of production, some suppliers are located close to the manufacturing plant, others at a longer distance.

The Councils in the main support the proposal and have expressed a willingness to collaborate and work through these changes that will be necessary over time.

The proposed IAMP, was formulated after some of the neighbouring Councils have prepared their Local Plans, which may require changes to planning policy to manage through any impact that is likely to occur.

The Tees Valley LEP, whilst expressing acceptance in general to the proposed IAMP, did also express the need for improved collaboration between the two LEP's and Sunderland and South Tyneside Councils.

The proximity of the road infrastructure and Nissan provide an ideal location for the IAMP to attract more inward investors.

Making land and accommodation available adjacent to Nissan for the automotive and low carbon sectors will be attractive to both new as well as existing suppliers. However, this carries the risk that some suppliers that are already located in the region will consider the feasibility of relocating.

Those factors that make such relocation attractive are the usual three locational factors of proximity to market, labour and materials.

Those investors considering relocation might wish to do so because the present accommodation is sub-optimal, or in a location that is less attractive than that of the IAMP due to access. Such relocation is often accompanied with re-investment in plant and machinery and to some degree modernisation and increased productivity.

However, making the decision to relocate will also have regard to the retention through relocation of the skilled people already employed, as well as the costs, the quality and adequacy of the existing accommodation. These factors could outweigh the advantages of relocating to IAMP.

More locally, the management of change in the establishment of the IAMP should also include facilitating the refurbishment and improvement of employment space in the surrounding area and support through client relationship management of the indigenous businesses in addition to the marketing and support given to attract and anchor inward investors. This should be done through an asset management strategy that the Council should seek to facilitate with the owners of the employment property stock. Activity by Sunderland and South Tyneside Councils should include an understanding of the manufacturing businesses within their locality and encouragement of property investors to improve properties to encourage occupiers to stay in their present properties or location, rather than

moving to the IAMP simply because it provides new and more efficient and productive facilities.

The scale of displacement effects across local authorities will vary depending upon the nature of activity supported and local markets. A high level logic-based assessment of the likely distribution of displacement effects across the seven local authorities comprising the NELEP area and the Tees Valley has been undertaken. The greatest pull is likely to be from relatively local locations in Sunderland and South Tyneside, particularly dated space, driven will be the floorspace offer, connectivity and access to input/output markets.

Some relocation is likely to occur but this should not be a reason to do nothing; such inertia will cause economic decline. Making the circumstances right under which the market can operate is an important factor in the achievement of economic growth. This includes making it possible for a business to expand and contract, which will require the business to relocate on some occasions. This ‘churn’ is essential to a healthy property market as well as a local and regional economy.

Relocation when it does occur will be primarily from within Sunderland and from nearby areas. Washington is one of the two prime locations for employment space in this region. The general condition of industrial units in Washington are reaching an age where major work to refurbish or redevelop will be required in the short to medium term. Some smaller accommodation has recently been refurbished and is offered on the market to let. Similar circumstance might arise farther afield as the churn in the market operates in the normal way.

The following recommendations are made to maximise the net additional impact of IAMP:

- Manage the change, so as not to frustrate the market but to facilitate relocation where it is desirable for the occupier;
- Reinforce the activity being implemented through the North East Combined Authority to market the region to attract further Foreign Direct Investors;
- Extend the collaboration amongst neighbouring councils and LEP’s to help to facilitate the change that the IAMP and other strategic objectives that are being proposed through the Strategic Economic Plan;
- Consider undertaking in-depth interviews and surveys with current supply chain occupiers in order to add provide further robustness to the displacement distributional analysis across local authorities;
- Implement customer relations management for local businesses to help with the necessary change and help to facilitate the asset management of the existing employment stock of property in Sunderland area in general and Washington in particular; and
- Implement research and monitoring of the supply and take up of employment land and premises to more easily identify need and forecast the provision for investment and development

These activities linked with the recommendations from the Displacement Topic Paper will assist in establishing a proactive rather than a reactive market to changing circumstances over time.