



Economic Development and Regeneration Advisory Board

Friday 18th December 2015 at 10.00 am

Meeting to be held in a Committee Room, County Hall, Durham, DH1 5UL

www.northeastca.gov.uk

SUPPLEMENTAL AGENDA 2

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To All Members

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North East Combined Authority

Economic Development and Regeneration Advisory Board

DATE: 18 December 2015

SUBJECT: Economic Assets

REPORT OF: Economic Development and Regeneration Thematic Lead

EXECUTIVE SUMMARY

This report presents an update on the prioritisation of strategic employment and housing development sites as part of the development of a Regional Investment Plan.

RECOMMENDATIONS

The Advisory Board is requested to receive the report and provide comment.

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1.0 Executive Summary

- 1.1 The report presents an update on the prioritisation of strategic employment and housing development sites as part of the development of a Regional Investment Plan. The Advisory Board is requested to provide comment.

2.0 Background

- 2.1 The Economic Development and Regeneration theme takes lead responsibility for coordinating efforts to enhance the region's important economic assets and to develop new ones that will promote growth. To do this job effectively requires a thorough understanding of the range of existing and proposed economic assets and their potential.
- 2.2 Opportunities may arise to secure public investment in loan or grant form that can be invested in new economic projects or to improve existing assets.

3.0 The New Approach

- 3.1 Funding rounds are often launched with little prior notice. Because of the Government's own spending cycles, calls for bids may often be limited to projects that are able to begin and complete within a period of one or two years. Through the devolution discussions, the NECA and its partners have secured assurances that a range of funds will be devolved once an allocation for the North east has been agreed. This will secure greater certainty of funding over a much longer period than previously.
- 3.2 A pipeline of both employment sites and housing sites has been developed to underpin this approach. These investments build upon and strengthen our integrated employment locations, recognise the diverse nature of the regional economy and aim to enhance connectivity of our places. Both schedules have been compiled by the Local Authorities. The sites identified illustrate a brief overview, type of investment, planned output/outcomes, whether or not public investment is required, delivery timescales, planning status and barriers to development.
- 3.3 It has taken some time to compile these lists and because they include sites in private ownership, they are currently being examined in order to exclude information that may be commercially confidential. The housing sites have been reviewed by the HCA to assess deliverability and funding options. Further work is now planned to undertake a deliverability assessment of the employment sites.
- 3.4 A draft spatial narrative has also been produced (Annex A) that links employment growth to housing development in a coherent way and one that will help inform future transport developments and strengthen the region's case for coordinated and devolved investment. It sets out the spatial

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approach to delivering more and better jobs and more and better homes across the NECA area. A strong housing, employment and urban core offer is critical to securing the North East's sustained economic growth and achieving the ambitions as set out within the Strategic Economic Plan. The approach will help encourage the right quality and quantity of development in the right places to meet demand and aspirations, building on our well connected infrastructure, cities, settlement pattern and areas of opportunity.

- 3.6 Already, this work has proved fruitful in identifying candidates for the North East's successful bid for Enterprise Zone extension.

4.0 Next Steps

- 4.1 Following discussion at the ED&R Advisory Board the project lists and spatial narrative will be presented to NECA Leadership Board. It is intended that the project database will be kept "live and that both it and the spatial narrative will inform the prioritisation of projects either for future funding calls or the allocation of expenditure from devolved budgets.

5 Potential Impact on Objectives

- 5.1 The report sets out a proposal that will support the NECA in meeting its objectives.

6 Finance and Other Resources

- 6.1 There are no specific resource implications arising from this report.

7 Legal

- 7.1 There are no specific legal implications arising from this report.

8 Other Considerations

8.1 Consultation/Community Engagement

There are no issues arising from this report for consultation.

8.2 Human Rights

There are no specific human rights implications arising from this report.

8.3 Equalities and Diversity

There are no specific equalities and diversity implications arising from this report.

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8.4 Risk Management

There are no specific risk implications arising from this report.

8.5 Crime and Disorder

There are no specific crime and disorder implications arising from this report.

8.6 Environment and Sustainability

There are no specific environment and sustainability implications arising from this report.

9 Background Documents

North East Strategic Economic Plan – More and Better Jobs

10 Links to Plans in the Policy Framework

This report links to the Strategic Economic Plan and other plans in the Policy Framework.

11 Appendices

Annex A: Delivering more and better jobs and more and better homes. North East Combined Authority – Draft Spatial Narrative

12 Contact Officers

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13 Sign off

- Head of Paid Service ✓
- Monitoring Officer ✓
- Chief Finance Officer ✓

Annex A:

Delivering more and better jobs and more and better homes. North East Combined Authority – Draft Spatial Narrative

Introduction

1. A strong housing, employment and urban core offer is critical in securing the North East's sustained economic growth. We are an area with great assets, vibrant cities, metropolitan areas, towns and attractive rural areas. With a population of over 2 million and over 57,000 businesses the North East Combined Authority's (NECA's) role is to create the conditions to enable an appropriate quantity, of good quality developments in the right places to meet the North East's demands and aspirations and build on our well connected infrastructure — ultimately to deliver *more and better jobs* and to *increase the supply of the right type and mix of homes in the right location*.
2. Our spatial approach builds on our strengths, promotes growth and recognises the opportunities presented by our cities, settlement pattern and transport network which means those rural areas and other towns and villages are within easy commute of the urban cores. The North East's well-established and well-used ports, airport and highway network and public transport networks form a natural infrastructure grid that supports movement of people and trade. The spatial approach recognises the scope to build high quality developments that are an attractive proposition to the people we want to retain and attract to the area. It makes the most of successful patterns of development influenced by our strategic transport network and our environmental assets and focuses on identifying tailored solutions for residential, commercial and industrial locations in the area, taking into account investment in education and skills, business, housing, the public realm and the wider built environment and the availability of sustainable transport.
3. This spatial narrative demonstrates the shared ambitions across the NECA area to build on our collective strengths and recognises the potential of our common assets in achieving our economic and housing aims. In particular, the narrative identifies significant development opportunities within our urban cores, economic corridors along the highway and public transport networks as well as supporting growth within our network of towns and smaller settlements, rural areas and coastal areas and connected through our infrastructure network.

Background

4. We have developed an ambitious Strategic Economic Plan which sets out a clear vision to meet our economic potential and to provide over one million jobs by 2024; this equates to an increase of 11% over the period. Developing economic assets and infrastructure is one of the six themes identified to develop places and stimulate economic growth.
5. Whilst the SEP is not in itself a strategic land use policy, it identifies some of the key investment priorities for the North East area and helps to highlight where discussion is required as part of the local authorities' Duty to

Cooperate. Clarifying the overarching spatial narrative for the North East and establishing clear synergies between the SEP and the complementary local spatial plans, will be crucial if investment on the ground is to happen at pace, and to ensure that industry maintains confidence in the area's ability to deliver and so growth and investment in places occurs in a manner that reduces risk and supports delivery.

6. We recognise that having a strong housing offer is critical in securing the North East's sustained economic growth. The North East, along with the rest of the UK, has built too few homes over the past 20 years, and this situation has worsened since 2008. The housing market is starting to pick up pace but delivery of new homes needs to be accelerated if we are to provide housing which meets the demands of our current and future population. We have a changing demographic profile, in particular with increasing numbers of single and older households.
7. The local authorities are actively seeking to provide a choice of good quality housing for older people, including specialist housing and working with Health and Adult Services to support people in their own homes so they can lead a more independent life and help people to stay in their own home if at all possible. Fundamentally, as well as responding to the changing population, we need to attract more people of a working age into the area to support our economic growth objectives. To do this we need to build new homes as well as improve our existing stock.
8. The SEP's overarching aim for '*more and better jobs*' therefore needs to be complemented by '*more and better homes*' of the right type, mix and quality and in the right location. By enhancing our infrastructure network to support the sustainable movement of people and business we will help to expand our employment markets, support trade and improve the connectivity of our places with other regions/cities outside the NECA area which is an essential part to stimulating economic growth. The NECA and its constituent local planning authorities can ensure that a balanced approach to growth is sustained so that investment in economic development and jobs is supported by greater choices and quality in housing, more resilience in our cities and town centres as commercial and retail centres and a strategic approach to key employment locations.

Strategic Objectives

9. There are two strategic objectives underpinning our approach and these are:
 - A. Commitment to supporting economic growth; supported by
 - B. Investing in places.

Objective A: Commitment to supporting economic growth

10. The approach reflects our key drivers for growth and emphasises our main economic growth within our infrastructure network.

11. By investing in opportunities across the area and capitalising on our strengths such as our three strong cities, outstanding employment sites, the distinctive and valued natural and built environment, our transport infrastructure and international gateways, access to universities and an excellent labour force as drivers for growth we will aim to support the reinvigoration of our economy. This reflects the diverse nature of our economy and geography. Opportunity is presented through recognising the role of the rural economy and making the most of connectivity to our growth areas. These areas also present a high quality of life and different housing offer.
12. There is an aim across the north east to close that gap between regional and national employment rates by stimulating private sector employment growth, supporting the SEP's vision through making, trading and innovating across a range of business sectors. We need to recognise our major assets and identify the projects which will contribute the most to our objective of more and better jobs. Significant job growth will be enabled through the development of key sites. However, a substantial portion will also be secured through the intensification of employment on current sites. This may also require new development, as well as more intensive occupation of existing buildings. Through taking this approach we will identify and prioritise the main employment and housing locations. We will achieve this by working together to identify the sites and locations with greatest potential for employment or housing growth:
 - To create a pipeline of deliverable sites where the market will deliver new development;
 - To identify where, with support from the NECA, development would be accelerated; and
 - Where public sector investment or intervention is required, to prioritise a pipeline of deliverable sites in terms of those providing the greatest potential and maximising the impact of public investment in supporting the delivery of development.
13. These investments will build upon and strengthen our integrated employment locations, recognise the diverse nature of the economy and enhance sustainable connectivity of places.

Objective B: Investment in Places

14. The second objective is to make sure that we invest and regenerate our places. While there are fewer resources to support place making, there is a need to improve the housing offer, quality of place in certain areas and to enhance the quality and competitiveness of our places by improving access to employment.
15. The North East has already successfully delivered some transformational physical regeneration programmes. However, there are still some areas where the conditions – housing, employment, retail, transport and other local amenities – are undermining wider ambitions. The focus moving forward for investing in places is about creating a distinctive area that supports sustainable growth and resilience. We intend to continue with long term approaches to tackle physical barriers to place making and to re-model the

local offer to bring forward land assembled for development and rationalise and secure the future of existing stock as well as the provision of homes to meet specific needs.

16. Within the NECA area, we have a proportion of homes that have been empty for more than six months; some of these can contribute to the housing offer if brought back into use, but in some areas they do not meet peoples' aspirations and alternative solutions need to be considered. Bringing empty homes back into use in sustainable areas where there would be demand for the improved property is therefore an important intervention for NECA local authorities.
17. We also have a rapidly growing private rented sector and know that when this is well managed it plays an important role in providing many families with valuable housing choices. We know, however, that there are too many landlords who fail to meet their responsibilities and provide unsatisfactory living conditions for tenants. This negligence has wider impacts and tackling this collectively is an important issue for NECA.
18. Investing in places will involve:
 - Developing a pipeline of deliverable sites and working together to prioritise investment in those sites providing the greatest potential
 - Addressing pockets of low demand and sites requiring demolition, land assembly, and remediation works before development.
 - Investment in sustainable employment, retail and other local amenities where conditions are undermining wider ambitions
 - Ensuring existing homes are of a high standard and used to optimum effect through bringing sustainable empty properties back into use
 - Working with the private rented sector, especially where there are high concentrations of private rented accommodation
 - Better connect outlying places and people to opportunities in a sustainable manner

Spatial clusters as priorities for development and delivery

20. To focus future development to improve the North East's employment, housing and urban core offer, natural clusters of investment are evident. Unlike some other UK regions which display a concentric pattern, the development of the North East's centrally-located urban areas has been more linear, typically following the region's rivers initially spreading out from the major conurbations. However, in the last century in particular, overlaid on this structure, there has been the development of industrial and commercial 'corridors', primarily along the central portions of the A1 and the A19/A184 and around the River Tyne and the River Wear. The resulting pattern of development is one of the urban cores and the industrial/commercial corridors resting upon a grid-like transport system. This has certain advantages in terms of its potential resilience for the movement of people and goods. A business wishing to export its product via one of the region's ports or the airport often has more than one option for route its goods can take. This means that congestion or even failure of part of the transport system can more easily be overcome through temporary diversion. Smart traffic prediction

systems are making this increasingly achievable as well as important. The connectivity of outlying parts of the region to this central area is critical in terms of promoting trade and labour market flows.

21. Significant development opportunities have been identified within these clusters and connected infrastructure network have been identified. These clusters represent locations which present opportunities to deliver more and better jobs and to capitalise on market opportunities to increase the supply and quality of housing. The area's current and future economic infrastructure is the framework that makes, and will continue to make economic activity possible. A coordinated and integrated approach which incorporates housing, our urban cores and employment sites and premises will deliver growth in the short term and satisfy the longer term economic growth ambitions. Our integrated investment approach includes the alignment of current local public and private sector resources and the national resources that have already been secured and seeks to leverage further investment to deal with current barriers to growth and build in enough capacity to meet future demand. There are four defined clusters:

- **Cities** – The cities of NewcastleGateshead, Sunderland and Durham, are powerful locations and drivers of the economy. These cities form a cluster as part of the NECA spatial narrative and between them they contribute significant employment hubs with world renowned higher education establishments, outstanding cultural and tourism assets, vibrant retailing and a lively evening economy. Our Cities are important on a national and international scale for their cultural and academic strengths and innovation assets and provide the opportunities to support economic growth forward for the entire area. From an economic perspective, in particular these locations support financial, professional and business services employment. The River Tyne runs through the built up areas of Newcastle, Gateshead, South Tyneside and North Tyneside. The SEP notes the importance of the key employment locations along the River Tyne in a regional economic context. This cluster includes the North Bank of the River Tyne Enterprise Zone, as a location for offshore subsea and energy sectors it also includes the Newcastle and North Tyneside North Bank of the Tyne area and North Shields in North Tyneside. Hebburn and the South Bank of the Tyne are included in South Tyneside. The River Wear is identified as a key employment location within the SEP. It is recognised that housing development activity within the cities both aids economic growth and facilitates regeneration opportunities.
- **A1 Central Section** – The A1 provides connectivity south to the rest of England through to Edinburgh to the north. This corridor has potential to support housing development opportunities and important employment locations exist at Newton Aycliffe, NETPark, Chester le Street, Bowburn (Tursdale) and Spennymoor in County Durham; Team Valley, Metrogreen and Birtley in Gateshead; the Airport Business Park in Newcastle; Dudley in North Tyneside and; Morpeth in Northumberland. It houses the NECAs two largest business parks at Team Valley and Newton Aycliffe. In order to support sustainable patterns of development, there is considerable opportunity for housing development along this section of the A1.

- **A19 / A189 Central Section** – The A19 provides connectivity from south east Northumberland through to Tees Valley to the South. This corridor includes key development locations at Peterlee, Seaham and Murton in County Durham; Sunderland South, Washington in Sunderland; the major development area North of Nissan in Sunderland and South Tyneside; Boldon in South Tyneside; Follingsby in Gateshead and; Longbenton, Killingworth, Cobalt, Backworth, Shiremoor. It also contains the Tyne Tunnel in North Tyneside and the Parts of Tyne and of Sunderland. This corridor provides a range of established and proposed employment locations and includes the Low Carbon Vehicle Corridor, part of the North East Enterprise Zone. The A189 corridor runs through south east Northumberland. This corridor includes key economic development and housing developments at the settlements of Blyth, Cramlington, Ashington, Lynemouth, Ellington and Widdrington. The Port of Blyth, which forms part of the North East Enterprise Zone, supports the development of next generation renewables.
- **Network of Smaller Towns, Rural Areas and Coast** – The varied economic roles that different places play are a significant strength of the North East. It is therefore acknowledged that for a diverse and growing economy, there is a need to support the development of prosperous urban cores alongside vibrant towns and a strong rural economy. Our smaller towns, rural and coastal communities are sustainable and attractive locations for housing and provide a critical role in supporting local growth. The rural area of the NECA is extensive and includes the greater part of County Durham and Northumberland, with rural hinterlands in parts of Tyne and Wear. Rural areas and their natural and physical assets are central to the area’s economic prosperity and quality of life. This cluster identifies specific development opportunities at Stanley, Bishop Auckland and Eastgate in County Durham; Hexham, Prudhoe in Northumberland; with contributions from the wider rural area and rural Gateshead as well as Coalfield housing schemes within Sunderland. The economic potential of the coastal areas is identified within the SEP which identifies, the Port of Tyne as a strength in terms of its role as a primary international gateway. The SEP also acknowledges that investment in coastal towns will serve to create distinctive areas which will support sustainable growth and that this will build upon past regeneration initiatives. In coastal areas, the cluster includes Whitley Bay and the wider regeneration areas in North Tyneside; Amble and Seahouses in Northumberland; South Shields in South Tyneside and; in Sunderland, Seaburn and the Port of Sunderland Housing development within this cluster contributes towards both strategic economic growth objectives as well as regeneration.

Delivery Context and Conclusion

24. In the last growth cycle new supply of land and premises accommodated some 70,000 additional jobs (between 1998 and 2008). As identified in the SEP the North East has an ambition to create 60,000 jobs and raise the quality and productivity of jobs in this growth cycle up to 2024 and more in the longer term – with our economy supporting over one million jobs by 2024. There is also an ambition of all of the NECA area local authorities to deliver

more and better homes. The employment sites identified are capable of accommodating some 54,000 jobs, while the housing sites could accommodate an estimated 64,000 dwellings.

25. There are a significant number of important employment, residential and mixed use sites where new development is constrained by transport and other site specific development issues. Some of these can be unlocked by relatively small scale investment which will quickly lead to new investment by companies and developers. Others may require more substantive intervention, particularly where land remediation or significant infrastructure constraints are an issue.
26. To ensure that the quality, type and scale of employment premises and housing contributes to this supply, we will work together to better understand how we can:
 - Invest in potential opportunities to accelerate demand and leverage private sector demand.
 - Align current local public and private sector resources, assets and national and European resources (already secured and future) to leverage private sector investment.
 - Work in partnership to unlock sites, overcome local barriers and add value to bring forward key developments.
 - Satisfy the increasing demand for reliable high capacity and quality infrastructure within our integrated infrastructure network and avoiding barriers to longer term economic growth ambitions.
 - Maximise choice, flexibility and resilience of networks and premises for businesses and individuals in the face of uncertain future risks.
 - Secure more power and flexibility for local determination of priorities and investment, building on success such as the City Deals
 - Co-ordinate intelligence, forecasting and planning.
 - Ensure that development are located, designed and constructed in a way that encourages access by walking, cycling and public transport.
27. This serves to support the North East Combined Authority intention to establish a North East Investment Fund to focus investment where it can make a difference and support local need and ambition. In partnership, the NECA will develop its investment plan to realise its ambitions through the delivery of the projects contained within the pipeline it is developing.

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