

# Sunderland City Deal

In partnership with  
South Tyneside



South Tyneside Council

North East  
Local Enterprise  
Partnership



## Executive Summary

The Sunderland City Deal will enable the city and North East to build on its strength in advanced manufacturing centred on the automotive sector, significantly increasing opportunities for enterprise and employment in the North East.

The creation of a new Combined Authority, bringing together the local councils in the area to act jointly and collectively to seize the economic opportunities available to the North East is a major breakthrough for the area, strongly backed by local businesses.

The City Deal will support the future development of the new International Advanced Manufacturing Park; a proposed 100 hectare development to the west of Sunderland city centre that will house new automotive, logistics and offshore manufacturing businesses. This development will build on the existing strengths of Sunderland and South Tyneside, supporting the vision for local economic growth as set out by the North East Local Enterprise Partnership and increasing private sector growth and employment.

Alongside this the City Deal also confirms the local and Government investment to construct the New Wear Crossing, a key component of the Sunderland Strategic Transport Corridor, which will support both the International Advanced Manufacturing Park and the wider economic regeneration of Sunderland. The local City Deal partners will also be taking forward plans to continue the revitalising of Sunderland's city centre through the development of a Central Business District on the former Vaux Brewery site. This will re-establish a city centre to match the enterprise and economic success of other parts of the city.

By 2027 Sunderland City Council predict the City Deal will deliver:

- Approximately 260,000m<sup>2</sup> 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

Alongside this City Deal partners will continue to grow and diversify Sunderland's economy through the development of a new Central Business District delivering an estimated 3,700 new city centre jobs by 2031.

**Our signing of this document confirms our joint commitment to ensure full implementation of the Sunderland City Deal proposed by: Sunderland City Council, South Tyneside Council and the North East Local Enterprise Partnership (NELEP). To ensure implementation and demonstrate success we will jointly track progress against milestones and outcomes.**

## Introduction

The North East is one of the leading manufacturing and export regions within the UK. In both 2011 and 2012 the North East was the only region in England to record a trade surplus of goods and the value of its exports has been increasing. The independent economic review, commissioned by the North East Local Enterprise Partnership (NELEP), concluded that the region has the potential to significantly expand this existing strength.

The independent economic review sets a vision of more and better jobs for the region; it focuses on the potential for the region to trade and export more; it underlines the importance of increasing GVA and enterprise; and it sees a boost in private sector employment as the key to rebalancing the North East's economy. The key areas for economic growth are set out below.

The North East Independent Economic Review concluded that the North East can become a powerful economic area based on a number of key features:

- **An International Leader in Trade in a Global Economy:** built on key sectors and niches, taking account of new trends in global value chains with world class companies benefiting from collaboration with research centres and local networks.
- **An International Exemplar in Smart Specialisation, Open Innovation Systems and Culture:** built on smart specialisation, centres of excellence, outstanding university research and an eco-system which leads on taking ideas to market.
- **A Place to Invest in Business Growth:** with investment funds for business growth and development and risk capital available for companies of all sizes with ambitious growth plans.
- **A Leading Location for Trade, (Re-) Investment and Stickiness:** building on a track record of accommodating new inward investors and businesses which bring international expenditure into the LEP area, with a focus on supporting new phases of development and embedding companies.
- **A High Skilled Economy which Invests in its young People:** with schools which bring out the best in our young people, an information and guidance system which helps students make career choices which reflect the new economy, and a long term commitment to an apprenticeship system which strengthens the workforce of key sectors.
- **A Special Place to Live and Work:** with strong international connectivity through its ports, direct air connections to key locations and international hub airports, and a first class strategic road network and public transport system which lets people access employment, and employment and residential locations that support new investment and the attraction and retention of talented people

Sunderland and South Tyneside, situated at the centre of the NELEP area, are at the heart of the North East manufacturing hub with a particular focus on automotive manufacturing. As such they are central to the delivery of NELEP's vision for local growth. Wider Wearside is home to over a million people and has an economy worth approximately £15bn annually. The area is already building on its manufacturing strength, with production GVA increasing by 6% between 2009 and 2010 alone. Manufacturing jobs increased by 9% between 2010 and 2011 and the sector continues to be a key driver for growth in Sunderland.

Nissan is a major local employer and the Sunderland plant is a good example of regional success in manufacturing. Having been secured with Government support in 1985 the plant has become Nissan's most highly regarded European plant with a reputation for high productivity and adaptability. At present the plant is increasing its production with a 25,000m<sup>2</sup> increase in floor space and a move to a 3 shift, 24hr production pattern (increasing from 2 shifts). The plant is also diversifying into new luxury and electric vehicle production. Overall production surpassed 500,000 vehicles in 2013 and is set to expand further in 2014, with the vast majority of these manufactured for export.

## Why do we need the City Deal?

In the last two years Sunderland has secured seventy-one investment and growth projects worth over £530m and created 3,786 new jobs. Much of this new investment has been within the manufacturing sector. This has included

- French parts maker SNOP UK choosing to locate its first UK manufacturing facility in Sunderland, creating 130 jobs
- Calsonic Kansei announcing an investment of £15.3m to expand its product range, creating more than 140 jobs;
- The Lear Corporation opened its first UK foam manufacturing plant, bringing 300 jobs to Sunderland in its first three years;
- Interplas Coatings NE announced expansion of its 35,000sq ft premises – growing from a single employee to 30 staff in less than a year;
- Vantec announcing a further 81 jobs created in addition to the 230 jobs the company is creating by 2015 as part of its £22.5 million investment in a new 421,000 sq ft development.

The North East Independent Economic Review highlighted that across the region there is insufficient private sector employment. The proposals set out in this City Deal seek to address this directly, building on a successful sector to create more high quality jobs for people from across the North East. The City Deal creates a major opportunity to accommodate the increasing demand for manufacturing land in the North East and will help expand UK manufacturing.

The Sunderland City Deal will enable the city and North East to boost advanced manufacturing centred on the automotive sector, significantly increasing opportunities for enterprise and employment in the North East.

Alongside this the City Deal also confirms the local and Government investment to construct the New Wear Crossing, a key component of the Sunderland Strategic Transport Corridor, which will support both the International Advanced Manufacturing Park and the wider economic regeneration of Sunderland. The local City Deal partners will also be taking forward plans to continue the revitalising of Sunderland's city centre through the development of a Central Business District on the former Vaux Brewery site. This will re-establish a city centre to match the enterprise and economic success of other parts of the city.

## The Deal

The Sunderland City Deal focuses on maximising the opportunities of the growing demand in the advanced manufacturing sector by supporting the development of an **International Advanced Manufacturing Park (IAMP)**. 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. To accommodate the projected growth, the new development will be approximately 100 hectare in size and will host new and expanding manufacturing operations, the majority of which will be international firms.

The City Deal partners will support the development of IAMP by co-designing a Sunderland Skills Compact with local businesses. This compact will encourage businesses to collaborate in the training of their workforces and to commit to improving the skills of local employees.

The International Advanced Manufacturing Park will expand opportunities for businesses and employment for local people but alone it will not address all of the challenges that Sunderland faces. The local City Deal partners will also be taking forward plans to continue the revitalising of Sunderland's city centre through the development of a Central Business District on the former Vaux Brewery site. This will re-establish a city centre to match the enterprise and economic success of other parts of the city.

By 2027 Sunderland City Council and South Tyneside Council predict the City Deal will deliver:

- Over 260,000m<sup>2</sup> 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;

Alongside this City Deal partners will continue to grow and diversify Sunderland's economy, delivering an estimated 3,700 new city centre jobs by 2031.

## Geography

The proposed International Advanced Manufacturing Park development crosses the border between Sunderland City Council and South Tyneside local authorities. Due to the proximity to key transport links it is expected however that the enterprise and employment opportunities created will have an impact across the NELEP region.

This City Deal is a further step in improving governance in the North East and delivery of the proposals within this City Deal will require the engagement and support of the Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

## Key Elements of the City Deal

### International Advanced Manufacturing Park

The expansion of the existing North East automotive manufacturing hub to create the International Advanced Manufacturing Park (IAMP) is a central proposal within the Sunderland City Deal. The development will help boost Sunderland's economic growth and continue the strong local track record of high quality, adaptable manufacturing, initiated with Government support in securing the Nissan plant.

The City Deal will take forward the development of the IAMP site, supporting the detailed planning, design and assembly of the site. This work will enable the future construction of infrastructure to enable a predicted £295m in private sector investment and creating over 5,200 new jobs by 2026/27, with more than 500 new jobs being created every year from 2018.

### Demand for Advanced Manufacturing Sites

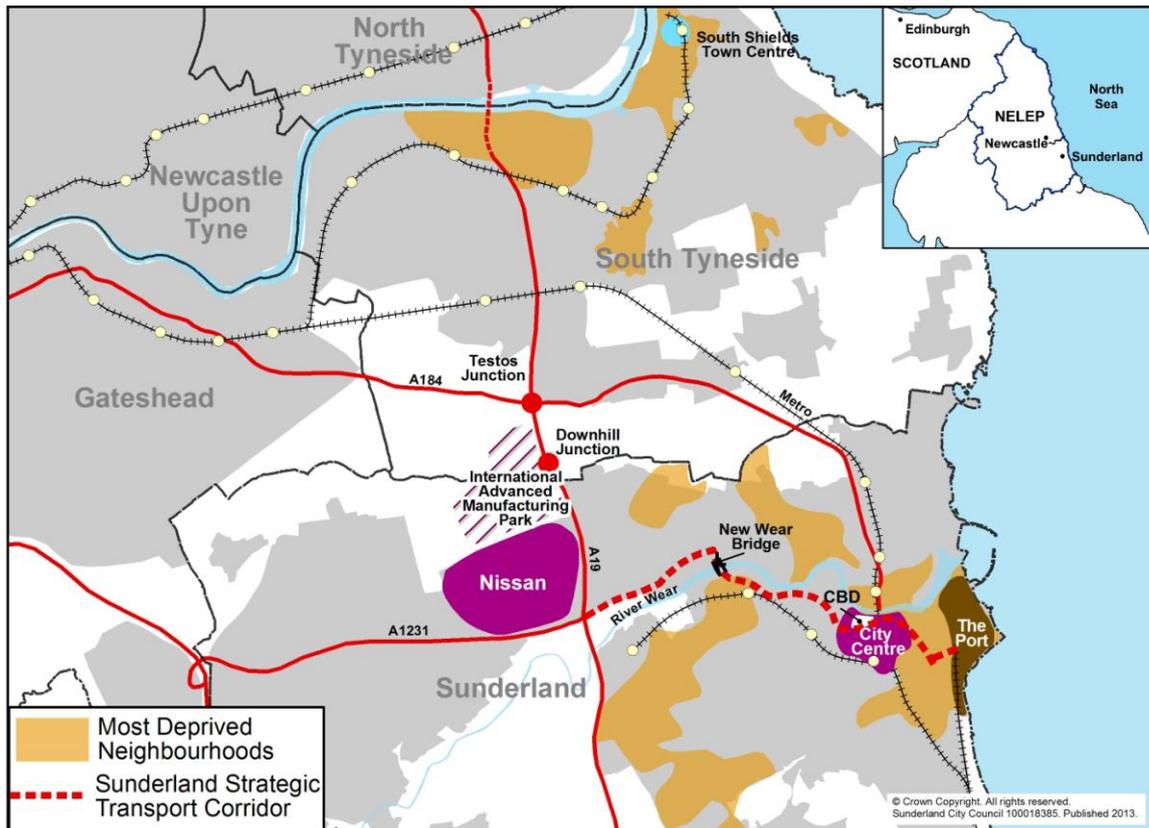
Across the UK there is strong growth in the automotive sector, both in vehicle production and in supply chain activity. The BIS automotive strategy estimated that supply chain production worth £3bn could be brought within the UK. In Sunderland there has been substantial demand for manufacturing land, with annual growth of 6 hectares per year. The Sunderland Enterprise Zone (EZ), adjacent to the Nissan plant, was the first of the new generation of EZs to attract investment: a 421,000 sq ft logistics facility providing supply support to Nissan and other local manufacturers.

A strategic employment study completed by PricewaterhouseCoopers LLP highlighted that automotive demand will continue to grow and more land will be required to sustain this growth. PwC examined the future prospects for automotive, advanced manufacturing, distribution and offshore sectors which have been identified as being of most importance to the manufacturing economy of the North East. The study considered a number of possible scenarios for future growth and concluded that, under a moderate set of assumptions, there is likely to be demand for around 150 hectares of development land for manufacturing and distribution in the next 20 years in the region. PwC noted that:

- Automotive growth is predicted to continue to be strong worldwide;
- Investment in the UK is expected to continue as the UK is seen as a stable economic environment with benefits from being outside the Eurozone, low Corporation Tax and high productivity levels;
- The trend towards near-shoring of suppliers close to OEM's is expected to continue; and
- Strong demand is expected from non-automotive advanced manufacturing, distribution and logistics.

There is a shortage of suitable sites available to meet this projected demand. Evidence from Sunderland and South Tyneside councils regarding recent investor enquiries, including those that could not be met, is 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.

In order to accommodate the demand for advanced manufacturing sites the study concluded that development of new industrial sites is required. Through an analysis of potential sites throughout the North East, PwC has identified that the most appropriate sites for this development are on the green belt land shared by both councils (see map, page 7). The combination of size, proximity to existing industry, transport links and availability makes these sites the most suitable for investment according to the demand study and needs analysis carried out by the consultant team.



### Proposed Location

A location has been identified as the best placed for the IAMP development and South Tyneside Council and Sunderland City Council will progress the necessary planning processes and local consultations to enable development. It is proposed this will comprise around 100 hectares to be developed with the potential for a further 30 hectares or so beyond that. The process for releasing this land will be through a joint Area Action Plan (AAP) prepared between the two local authorities. Sunderland’s draft Core Strategy already proposes a 20 hectare Strategic Site to the North of the Nissan plant and highlights the potential need for a much larger site in the light of emerging evidence on demand. In addition to the Area Action Plan, both Councils are progressing strategic level Local Plans which are scheduled to be published in autumn 2014. These will complement the Area Action Plan and provide the sub-regional context for developing the IAMP.

When completed, the IAMP will comprise the new 100 hectare development plus the existing Nissan plant and the existing supplier park.

### Enabling Development

This City Deal will identify what is required to bring the IAMP development into manufacturing use through the provision of enabling infrastructure. This includes the construction of a spine road through the development site, upgrading and improving the key junctions with the existing transport network, the construction of new and expansion of existing cycle-ways and footpaths to support sustainable transport options for employees on the site and construction of key utility links to the site.

The IAMP development will make use of the opportunities created by planned Department for Transport investments in key regional transport links such as:

- The improvements to the A19 / A184 Testos Junction, scheduled for delivery before 2020/21; and
- Pinch point funding to improve junctions of the A19 at the A1231 and A183.

City Deal partners have engaged with the Highways Agency which has confirmed that these improvements, along with the transport improvements planned within the City Deal, will support a development of the proposed scale. Sunderland and South Tyneside have committed to supporting sustainable transport to the site and will engage with the Highways Agency and DfT as detailed plans

are developed to ensure that every reasonable measure is taken to reduce traffic flows into and from the new development.

## **Funding**

Through the City Deal Government will contribute £5m of funding in 2014/15 which will support the delivery of the initial planning phases of the development. In providing this support Government has recognised the national significance of the IAMP development in delivering economic growth and supporting the further rebalancing of the national economy. Government will work with partners in the North East to identify the full funding required to deliver IAMP at the conclusion of the initial phase of the project. As the project progresses local partners, including Sunderland and South Tyneside councils and the North East Local Enterprise Partnership, will commit local funding to the project including from the Local Growth Fund and the local authorities' borrowing to leverage private sector investment, estimated to be approximately £295m.

## **Skills**

City Deal partners will work with businesses that locate on the IAMP to develop and encourage the take up of a Skills Compact. This will be a voluntary agreement between businesses and local partners to share information about the skills requirements of their workforces and local training provision to enable co-operation between employers to overcome short term skills needs and reduce barriers to skills provision for businesses. It is intended that through the compact businesses will also commit to matching a proportion of any Government support with an investment in the local workforce, ensuring that there is a flow of new skilled employees for businesses. The Skills Compact will be co-produced with existing local employers and will be ready for adoption ahead of the completion of phase one of IAMP.

## **New Wear Crossing**

The New Wear Crossing will provide the critical capacity required to enable Sunderland city centre to grow and for activities at the Port of Sunderland to expand. It will also provide a vital means of access to development sites along the river corridor, providing the enabling infrastructure for their ongoing economic regeneration. By linking the north and south banks of the River Wear, the city centre and the Port of Sunderland to the national road network, a number of strategic brownfield sites will be opened for development and provide the required capacity for significant growth in the whole economy of the city.

As part of the City Deal local partners and Government have restated their commitment to delivering this project and Government has confirmed funding of £82.5 million to secure the delivery of this project.

## **Central Business District**

While IAMP offers a significant opportunity to deliver local economic growth local partners will also pursue the development of a more sustainable economy for the city. Sunderland city centre is currently underperforming. The city will tackle this by developing and expanding the city centre economy through establishing a Central Business District (CBD) which will provide high quality office space in the heart of the city, attracting more businesses, jobs and spending power. To bring this about Sunderland City Council has undertaken a number of major investments and is now procuring a LABV partner to support the development of the city centre.

The CBD will be based on the former Vaux Brewery site and by 2031 this development is expected to have created 3,700 new jobs in the city centre.

Sunderland are taking forward this development within local resources, working with private and local public sector partners.

## **Ultra Low Emission Vehicles (ULEVs)**

Sunderland and South Tyneside have taken several steps in recent years to facilitate the take up of ULEVs, for example through the creation of designated parking bays and offering free parking to ULEVs. Recognising the future growth in ULEV production and its importance to the UK automotive sector through the City Deal Sunderland and South Tyneside will go further.

Sunderland City Council and South Tyneside Council will:

- Expand the number of parking bays available to ULEVs in line with increases in demand.
- Investigate the feasibility and likely impact of giving ULEVs access to no car lanes.
- Install new charging points close to taxi ranks to encourage the switch to ULEVs by taxi drivers.
- Commit to increase the proportion of ULEV in the council owned fleet up to 33% by 2020.

## **Governance**

The delivery of this City Deal will be overseen by the Cabinets of Sunderland and South Tyneside councils, the NELEP board and the Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland Combined Authority.

Sunderland City Council and South Tyneside Council will form a joint venture arrangement to progress the necessary land acquisition to commission construction of the infrastructure and to secure a preferred private sector development partner. The councils will work together through this joint venture to enable the development of necessary infrastructure, with each bearing a portion of the financial and project risk and undertaking any borrowing required. The joint venture will also invite engagement from IUK and Local Partnerships to provide external expertise and challenge in recognition of the scale and importance of the IAMP and New Wear Crossing infrastructure projects.

A programme management board has been established, comprising senior executives from Sunderland City Council and South Tyneside Council and the Director of NELEP. The board is responsible for maintaining appropriate communications and sign off from council leaders, chief executives, the wider council, NELEP and the private sector, as appropriate. The Programme Board will also oversee the financial management of the City Deal.

# Summary of Commitments

## International Advanced Manufacturing Park

Sunderland, South Tyneside and NELEP Commitments	Central Government Commitments
<p>Provide local funding of £2.05m over 2014/15 – 2016/17 to deliver the initial planning phase of development.</p> <p>Secure the release of an appropriate development site or sites, as agreed through local consultation, and working to mitigate the impacts of the extraction on local biodiversity.</p> <p>Complete and publish draft Local Plans within 2014 for adoption at the earliest practical opportunity.</p> <p>Undertake early engagement with the Environment Agency and other Defra ALBs to ensure that environmental impact and opportunities from the development are addressed.</p> <p>Develop detailed sustainable travel plans for the IAMP development and undertake to support the provision of improved public transport to the site to minimise impacts on the local and strategic road network.</p> <p>Undertake early engagement with the Highways Agency in relation to the internal road layout as development progresses to ensure that impact on the strategic road network is minimised.</p> <p>Creation of a joint management arrangement for the delivery of the project with NELEP, Local Partnerships and IUK (at their discretion), and through this secure an appropriate developer (s)</p> <p>Support private sector investment on the site.</p> <p>Progress with the adoption of a CIL schemes by April 2015.</p> <p>Engage with the Government Property Unit to review local approaches to asset management in 2014/15, including the sharing of relevant data by April 2014.</p>	<p>Provide £5m of funding in 2014/15 to support the planning, design and land assembly of the IAMP site.</p> <p>Ensure the delivery of the planned major project improvements to the A19 Testo’s Junction, subject to the project continuing to demonstrate value for money and deliverability.</p> <p>UKTI and the new Automotive Investment Organisation will support the marketing of the IAMP in line with their existing UK first approach.</p>

### Skills

Sunderland and South Tyneside Commitments	Central Government Commitments
<p>Commit to co-designing a local Skills Compact with local businesses.</p>	<p>To provide comment and feedback on the Skills Compact ahead of adoption, through the NELEP skills pilot.</p>

## New Wear Crossing

<b>Sunderland, South Tyneside and NELEP Commitments</b>	<b>Central Government Commitments</b>
Delivery of the New Wear Crossing by Nov 2017.  Creation of a joint management arrangement for the delivery of the project with oversight from NELEP and IUK.	Confirmation of Government funding of £82.5m, subject to final approval of the project.

## Ultra Low Emission Vehicles

<b>Sunderland and South Tyneside Commitments</b>
Expand the number of bays available to ULEVs in line with increases in demand.  Investigate the feasibility and likely impact of giving ULEVs access to no car lanes.  Install new charging points close to taxi ranks to encourage the switch to ULEVs by taxi drivers  Commit to increase the proportion of ULEV in the council owned fleet up to 33% by 2020.

## Governance

<b>Sunderland and South Tyneside Commitments</b>
Sunderland and South Tyneside councils commit to supporting the development of the Combined Authority  Continue to review and improve local public services and regularly publish detailed plans for public service transformation.

