

**Report to:** Executive  
**Date:** 22 July 2008  
**Report of:** Executive Member for Regeneration  
**Subject:** Peterlee and Horden Industrial Areas Masterplan  
**Ward:** All

## 1. Purpose of Report

- 1.1 The purpose of this report is to seek approval from the Executive to engage consultants to produce a Masterplan for the Peterlee and Horden industrial areas of North West, South West and Horden Seaview.

## 2. Consultations

- 2.1 This report has been prepared in consultation with Management Team, the Director of Regeneration and Development and the Economic Development Manager.

## 3. Background

- 3.1 As Members may be aware East Durham is suffering from a high level of vacant industrial and commercial premises, particularly in the larger floorspace bands. In East Durham the total amount of vacant industrial floorspace is currently 608,738 sqft, with 64.98% of these properties over 30,000 sqft (June 2008<sup>1</sup>). The large amount of redundant industrial premises was caused by the gradual decline of industrial sectors such as manufacturing, textiles and heavy engineering. Also, the demise of the coal mining industry compounded the decline through the collapse of the local supply chain. Adding to this issue, a number of industrial property owners hold on to their properties as an asset on their balance sheets, rather than trying to actively sell or modernize them.
- 3.2 Within the district there is also limited stock of appropriate development land which is adversely affecting the area's competitiveness and ability to proactively meet modern business needs. The total vacant land available within the district currently amounts to 47.52 acres (June 2008)<sup>2</sup>. The high levels of vacant industrial floorspace and the low level of appropriate development land mean that this 'mismatch' needs to be examined and a strategy developed to tackle this issue.
- 3.3 The large amount of vacant industrial premises within the district does, however, present an opportunity for investment that needs to be exploited. Through targeting key vacant premises and identifying their re-use potential, the Masterplan will provide the stimulus for investment in these properties to meet business need and ultimately assist business and job growth. As stated, the district does have a lack of industrial land, particularly for smaller, bespoke development. The potential for demolition of unusable industrial premises would therefore provide these necessary smaller industrial plots in key locations in the district. In addition, new business rate regulations came into effect in

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<sup>1</sup> Internal East Durham Business Service Statistics

<sup>2</sup> Internal East Durham Business Service Statistics

April 2008 which will reduce tax benefits for owners with empty properties. Industrial property owners will now incur additional costs as they will have to pay full business rates for empty properties after the first 6 months until they become occupied. This will encourage owners to sell, actively market or re-use their vacant properties.

- 3.4 The North West (NWIE), South West (SWIE) and Horden Seaview (HSIE) Industrial Estates (comprising of approximately 211 hectares in total); as key business locations, will be the focus of the Masterplan due to the proximity to Peterlee, the large numbers of vacant industrial floorspace within them, and the need to identify future industrial and commercial land provision to attract further investment. The North East Industrial Estate (NEIE) is also a key industrial area within Peterlee in need of investment which currently has interest from a housing developer. However if this interest does not materialise the NEIE will be included within the Masterplan's remit.

#### **4. Policy Context**

- 4.1 The Easington Regeneration Statement (2008) places economic growth at the heart of regenerating the District of Easington and recognises that successful economies are dependent upon economic factors such as economic diversity, a skilled workforce, connectivity, and infrastructure. The Statement illustrates the need for stronger economic links with the major city regions of Tyne and Wear and the Tees Valley, which need to be centred on the growth opportunities provided by the A19 Corridor. Improving the supply of high quality industrial and office accommodation and tackling the market failures which have limited private investment in employment land and premises is highlighted within the Statement as a major challenge for the area. The Statement therefore provides the overarching framework for the Peterlee and Horden Industrial Areas Masterplan which represents one of the key steps to tackle this challenge.
- 4.2 The Employment Sites and Premises Study (Donaldsons, 2004) and the draft County Durham Employment Sites and Premises Report (DTZ, 2008) confirm Peterlee Industrial Areas as a key employment site in need of investment within the A19 Corridor. The reports identify that business and industrial infrastructure within the district is dated and of low quality. The Donaldsons research confirmed the need to improve the quality of the supply of sites and premises, and the mismatch of accommodation. A substantial amount of these premises are older accommodation that is unlikely to become occupied. As the Regional Economic Strategy (2006) identifies, a key element of business productivity is the availability of sites and premises that are fit for purpose, efficient and in the right location at the right time. Business location is an important factor in facilitating access to markets and appropriately skilled employees and enhancing workforce participation, all of which are imperative to helping to improve and diversify the economy of East Durham.
- 4.3 The development of the Peterlee Industrial Areas Masterplan will complement a variety of developments planned for Peterlee town centre. The District of Easington has prepared and developed a comprehensive Peterlee Regeneration Framework (2004, GVA Grimley), a Peterlee Area Development Framework Masterplan (PADFM, 2007, GVA Grimley) and are a partner in the County Durham Growth Point Bid (CDGPB, 2007, Northern Consortium, co-ordinated through the Durham Housing and Neighbourhoods Partnership Board) to guide and help secure physical investment within Peterlee. The PADFM sets out a framework for the town's future based on developing and improving the town's

functions as a centre for employment, retail and leisure, service delivery and a transport hub, as well as plans for residential growth within the existing urban area and the redevelopment of the town centre. In addition, the CDGPB also focuses upon new housing provision that is able to support accelerated employment and investment. The CDGPB builds upon the PADFM and all recognise the need for appropriate infrastructure and site release for development.

## 5. Masterplan

5.1 The objective of the Masterplan is to provide a 'blueprint' for the regeneration of the three key industrial estates identified above. By identifying key vacant sites and premises and proposing measures required to bring them back into use (such as re-furbishment, re-use and demolition), the Masterplan will be used as a tool to secure funding to implement the recommendations identified. The Masterplan will offer a comprehensive and long-term approach to tackling land and property use within East Durham. It is proposed that consultants will be contracted to carry out this specialist piece of work and to take an objective view on the market conditions affecting property and land.

5.2 The full list of the components and requirements of the Masterplan are detailed within Consultant Brief (see appendix 1). However, the consultants will be required to specifically do the following:

- Review current property market assessment reports and instigate further research if required to determine the future demand for industrial and commercial property in East Durham
- Identify key vacant sites within the NWIE, SWIE and HSIE suitable for development to meet need and type of use required to meet demand.
- Identify key vacant properties that could meet current and future demand and measures required to bring them back into use i.e. splitting, demolition, refurbishment, renovation etc...
- Identify key areas, sites or premises for aesthetic improvements, with a particular focus on main arterial transport routeways, including gateway improvements, to NWIE, SWIE and HSIE.
- Identify and propose comprehensive recommendations and a phased, costed and timetabled programme of activity (with options analysis), including short, medium and long term priorities that is fully aware of the practicalities of implementation.
- Produce a Delivery Plan that will be used as the key document to make bids for external funding to implement the Masterplan's findings.

## 6. Next Steps and Timescales

6.1 The need to progress the development of the Masterplan is paramount and therefore the anticipated timetable for the Masterplan process is as follows:

- |   |                     |
|---|---------------------|
| • Brief out to Tender                       | August 2008         |
| • Tender process complete                   | September 2008      |
| • Shortlisting / interviews                 | September 2008      |
| • Appoint consultants and commence delivery | October 2008        |
| • Complete Masterplan                       | February/March 2009 |

- 6.2 The development of the Masterplan will be monitored by a project management group which will include representatives from East Durham Business Service, District of Easington's Planning, and Asset and Property Management sections and Durham County Council; to ensure timescales and budgets are adhered to and that proposals are appropriate to East Durham. The Senior Economic Development Officer will be the lead contact for the contract.
- 6.3 The Masterplan will comprise a Delivery Plan which will be used as tool to secure private and public sector financial support. It is hoped that the recommendations within the identified Delivery Programme could be delivered in subsequent years to target the key vacant industrial sites and premises for investment/development.
- 7.0 Implications**
- 7.1 Financial Implications**  
An allocation from the Capital Programme has been secured for the Peterlee Industrial Areas Masterplan. Therefore, it is not considered that the report has any financial implications for the Council
- 7.2 Legal Implications**  
It is not considered that the report has any legal implications for the Council.
- 7.3 Policy Implications**  
It is not considered that the report has any policy implications for the Council.
- 7.4 LGR Implications**  
The allocation for the Masterplan has been included within the Council's budget and Durham County Council will be informed of the project once Executive approval has been secured.
- 7.5 Risk Implications**  
A risk assessment has been carried out and the necessary actions required to manage the identified risks will be implemented.
- 7.6 Communications**  
The Peterlee Members Panel will be consulted throughout the development of the Masterplan, and owners/occupiers within the industrial areas will be notified of, and involved in, the Masterplan process.
- 8.0 Corporate Implications**
- 8.1 Corporate Plan and Priorities**  
The recommendations contained within the report comply with the Council's Corporate Objectives 'to secure economic well-being and provide quality equal and diverse sustainable employment and create 'a thriving economy'.
- 8.2 Service Plan**  
The proposals outlined in the report support the activities in the Service Plan for the East Durham Business Service Plan.

**8.3 Performance Management and Scrutiny**

The management and scrutiny of the Masterplan will be monitored by a project management group, including representatives from East Durham Business Service, the District of Easington's Planning and Asset and Property Management departments and Durham County Council.

**8.4 Sustainability**

It is not considered that this report has any sustainability implications for the Council.

**8.5 Expenditure relating to 'Well Being Powers'**

The recommendations contained within this report comply the well-being power to 'do anything to promote/improve the economic, social and/or environmental well-being of the District through skills and employment growth'.

**8.6 Human Resource Implications**

It is not considered that this report has any human resource implications for the Council.

**8.7 Information Technology**

It is not considered that this report has any information technology implications for the Council.

**8.8 Equality and Diversity**

It is not considered that the report has any equality and diversity implications for the Council.

**8.9 Crime and Disorder**

It is not considered that this report has any crime and disorder implications for the Council.

**8.10 Human Rights**

It is not considered that this report has any human rights implications for the Council.

**8.11 Social Inclusion**

It is not considered that this report has any social inclusion implications for the Council.

**8.12 Procurement**

It is not considered that this report has any procurement implications for the Council as the standard procurement regulations as set out within the District of Easington's Procurement Guideline Manual will be adhered to.

**9.0 Recommendations**

9.1 It is recommended that the Executive approves the proposal to engage consultants to produce a Masterplan for the Peterlee and Horden industrial areas of North West, South West and Horden Seaview.

**Appendices**

1 - Peterlee Industrial Areas Masterplan Consultants Brief and appendices

## Appendix 1

**Peterlee and Horden Industrial Areas Masterplan  
CONSULTANTS BRIEF**

**Creating a quality business infrastructure in East Durham**

**(1.0) Purpose of the Brief**

- 1.1 The District of Easington wishes to appoint suitable consultants to produce a Masterplan for the following Peterlee<sup>3</sup> and Horden industrial areas; North West Industrial Estate (NWIE), South West Industrial Estate (SWIE) and Horden Seaview Industrial Estate (HSIE). The Masterplan will identify a comprehensive and costed regeneration programme for the industrial areas, including an options analysis for key vacant properties and sites within the estates. The proposals must help to develop the industrial areas as an attractive and viable location for business activity, whilst increasing investment and job opportunities.

**(2.0) Background**

- 2.1 It is recognised that economic circumstances are having, and will continue to have, an adverse impact on the industrial and commercial property market. However, it is important that current accommodation supplies are appropriate and that developments are able to meet business needs and future demand.
- 2.2 The District of Easington lies in the eastern part of County Durham in the heart of the former coalfield. It occupies a prime location between the North East's two City Regions – Tyne and Wear and Tees Valley - and is on the key north-south route of the A19. The population of Easington District is 94,000 (2006), however, like many other areas of the North East, the district has experienced a population decline in recent years. Since the 1980s the district has witnessed a period of major economic restructuring with the decline of coal mining and the emergence of the Service industries sector. The district has benefited from Enterprise Zones status which brought significant investment into the district but an oversupply in contact centre premises. The decline in manufacturing and textiles industries has also resulted in high vacancy rates of industrial premises, particularly those in the larger floorspace bands. This situation, coupled with the lack of land<sup>4</sup> for bespoke development within East Durham, is adversely affecting the District of Easington's competitiveness.
- 2.3 The largest sector within East Durham is the Service industry, employing 72.5% of the working age population, this compares to a rate of 80.5% in the North East and 82.9% nationally. Employing 24.6% of the working age population (2006), compared to 12.5% in the North East and 10.9% nationally Manufacturing is the second largest industry sector within the district. The following largest sectors form part of the Service industries, with 23.4% employed in public admin, education and health, 20.5% in distribution, hotels and restaurants, 17.1% in finance, IT and other business activities and 7.9% in transport

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<sup>3</sup> Peterlee was designated a New Town in 1948 and built to provide alternative employment and housing to the area's major industries of coalmining, shipbuilding and heavy engineering.

<sup>4</sup> Unfortunately, within the East Durham there is limited stock of appropriate development land. The total vacant land amounts to 47.52 acres (EDBS Statistics, June 2008).

and communications (for further statistical details and background of the District please visit [www.edbs.co.uk](http://www.edbs.co.uk) and [www.easington.gov.uk](http://www.easington.gov.uk)). The Easington Regeneration Statement (2008) recognises economic growth is at the heart of efforts to regenerate Easington and highlights the following sectors as potential growth markets; retail, distribution and hospitality; public administration, education and health; finance and business services; construction; geothermal energy and microgeneration; creative industries; and transport and communications. Investments in improving East Durham's business infrastructure will be vital in supporting entrepreneurship, enhancing district competitiveness and increasing the productivity of existing businesses. Ensuring the availability of high quality employment sites and premises to support the retention and expansion of existing businesses, attracting inward investment and improving access to markets will be accelerated through the Masterplan.

2.4 As the Employment Sites and Premises Study (Donaldsons, 2004) and the draft County Durham Employment Sites and Premises Study (DTZ, 2008) confirm Peterlee Industrial Areas as a key employment site in need of investment within the A19 Corridor. Both reports identify that business and industrial infrastructure within the district is dated and of low quality. The Donaldsons Report confirmed the need to improve the quality of supply of sites and premises and the mismatch of accommodation. The study confirmed that there is a lack of workspace/incubator accommodation in the District and highlights a lack of small, good quality industrial units and small office units. Dewjo's Architects/Storeys ssp North East Industrial Estate Report (2008) demonstrates there is specific demand within the office property market for 2,500 – 10,000sqft premises and workshop units of 1,000 – 3,500sqft and again confirms that large offices are not appropriate. Thus, the current industrial areas and premises within East Durham require targeted intervention to assess, develop and rejuvenate the property market. This will help to attract and secure further inward investment and build business confidence.

2.5 The Masterplan will focus on three industrial areas within Peterlee:

(A) North West Industrial Estate

Part of the main industrial area within the District adjacent to the A19, NWIE has a site area of approximately 131 hectares with mixed land ownership and varied business uses. Originating in the 1960s development was first commissioned and managed by the Aycliffe and Peterlee Development Corporation. Located close to the centre of Peterlee, NWIE houses large international businesses such as Caterpillar, BHK and Mecaplast Peterlee Ltd.

(B) South West Industrial Estate

Lying adjacent to the NWIE (as part of the main industrial area within East Durham) and the A19 it covers a site area of approximately 70 hectares. All sizes of businesses from international engineering manufacturers such as NSK Steering Systems, medium sized high technology businesses such as Seaward Electronics and small specialist companies are located within the estate.

(C) Horden Seaview Industrial Estate

The estate is situated on the outskirts of Horden along the East Coast and covers approximately 10 hectares. The majority of the estate was built with the late 1980s/early 1990s and comprise workshop units and a large site open to development.

- 3.5 See appendix 1 for a map of the industrial areas within the district. The North East Industrial Estate (NEIE) is also a key industrial area within Peterlee in need of investment which currently has interest from a housing developer. However if this interest does not materialise the NEIE will be included within the Masterplan's remit.

### **(3.0) Objectives**

- 3.1 The objective of the Masterplan is to identify key vacant sites and premises and determine the measures required to bring them back into use (re-furbishment, re-use, re-development) to meet current demand. The Masterplan will also identify the overall environmental and aesthetic improvements to 'raise the game' of the industrial areas in question.
- 3.2 The Masterplan will be used to work with the private and public sectors to enable and implement the identified developments.

### **(4.0) Target Audience**

- 4.1 The target audience for the Masterplan is the public sector, specifically, the District of Easington, One North East, and Durham County Council. However, the Masterplan will also be of key importance to inward investors, project developers and local employers/businesses.

### **(5.0) Critical Dates**

- 5.1 The Masterplan must be completed by the 27<sup>th</sup> February 2009 and all contractual payments made by that date. The development of a realistic work programme will need to be produced to meet this submission deadline. A detailed work programme will be negotiated with the appointed consultants.

### **(6.0) Components of the Masterplan**

- 6.1 The proposal should fully set out the measures required to produce the Masterplan:
- a) Provide a 'blueprint' for the regeneration of the NWIE, SWIE and HSIE.
  - b) Produce separate coherent plans for the regeneration of NWIE, SWIE and HSIE.
  - c) Provide schematic layout plans detailing constraints and opportunities, the potential layout, primary site infrastructure, landscaping and environmental and transportation formation for the NWIE, SWIE and HSIE.
  - d) Review current property market assessment reports and instigate further research if required to determine the future demand for industrial and commercial property in East Durham
  - e) Provide a full assessment of the supply of the industrial and commercial property market and identify gaps in provision.
  - f) Evaluate the condition of current available sites and premises within the NWIE, SWIE and HSIE.
  - g) Identify and compile a list of all landowners who have an interest in NWIE, SWIE and HSIE and the extent of their interests.



- h) Consult with current landowners and occupiers of NWIE, SWIE and HSIE to identify their current and future property requirements and involve them in the masterplanning process.
- i) Consult and coordinate with local property agents to assess demand and develop recommendations within the Masterplan
- j) Identify key vacant sites within the NWIE, SWIE and HSIE suitable for development to meet need and the type of use required to meet demand.
- k) Identify key vacant properties that could meet current and future demand and measures required to bring them back into use i.e. splitting, demolition, refurbishment, renovation etc...
- l) Identify proposed use for those sites to which demolition is the preferred option.
- m) Identify additional industrial land allocations on the NWIE, SWIE and HSIE if required.
- n) Set the industrial estates of NWIE, SWIE and HSIE and the identified sites for development within the overall local, regional and national planning framework. All potential planning issues must be identified along with proposed solutions.
- o) Identify partner organisations to undertake delivery and identify financial mechanisms and agreements to implement the Masterplan.
- p) Identify key areas, sites or premises for aesthetic improvements, with a particular focus on main arterial transport routeways, including gateway improvements, to the NWIE, SWIE and HSIE.
- q) Provide options for aesthetic improvements proposed for the NWIE, SWIE and HSIE.
- r) Identify and propose comprehensive recommendations and a phased, costed and timetabled programme of activity (with options analysis), including short, medium and long term priorities that is fully aware of the practicalities of implementation.
- s) Produce a detailed Delivery Plan to be used as the key document to make bids for external funding to implement the Masterplan's findings. This must provide detail of timescales, mechanisms to achieve recommendations, any potential planning issues etc, and must be in line with the detailed specification in appendix 2.

## **(7.0) Project Management**

- 7.1 Heather Lang, Senior Economic Development Officer, will be the project manager for the Masterplan and will have day-to-day management responsibility for its delivery. A project management group (including representatives from East Durham Business Service Management Team, Senior Officers from the District of Easington's Planning, and Asset and Property Management sections and Durham County Council) will be established to oversee and monitor Masterplan development. The appointed consultants will be expected to provide regular reports on progress and any other issues to the project manager/group.

## **(8.0) Reporting**

- 8.1 Monthly update reports will be required by the project management group to demonstrate progress against agreed timescales and milestones with the appointed consultant. The format for this report will be agreed with the appointed consultant. The final Masterplan will need to be agreed in advance with the project management group and a draft will be submitted a month before the final deadline. Ten bound colour copies of the final Masterplan will be required, along with one unbound copy and an electronic version. These timeframes will need to be identified within the proposal.

**(9.0) Costs**

9.1 The proposal should provide a breakdown of the different elements in producing the Masterplan. All expenses involved should be included with a breakdown of VAT. The appointment of sub-contractors to carry out certain areas of the Masterplan must be detailed including associated costs. Information should be provided on the number of days and day rates for each member of the proposed team. As stated with section 3.7, the NEIE may be included within the remit of the Masterplan. Consultants must provide an indicative cost for the inclusion of NEIE within the Masterplan. A payment schedule should be illustrated within the proposal, however, it is anticipated that the following schedule will be adhered to:

- Contract agreement and signature 20%
- Completion of first draft of the Masterplan 30%
- Completion and sign off of the final draft 50%

9.2 The final payment will be made following written agreement to the completion of the Masterplan and acknowledged receipt of the final version.

**(10.0) Personnel**

10.1 Proposals should be able to offer a high level of expertise and experience in conducting the requirements of the Masterplan and its various component parts. An awareness, understanding and knowledge of the business sites and the East Durham business market must be demonstrated. The proposal document should provide details of the relevant qualifications and experience of staff to be involved, including information of staff to which any of the work may be sub-contracted. Contact details of at least two other organisations for which work of a similar nature has been carried out in the last three years should also be included in the proposal document. Five bound copies of the proposal and an electronic version should be submitted.

**(11.0) Confidentiality**

11.1 The appointed consultants must safeguard the confidentiality of any data and information supplied for the purpose of the Masterplan. On completion of the work, any data and information produced will be solely for use by the District of Easington Council and East Durham Development Agency that will have copyright over that material.

**(12.0) Selection Criteria**

12.1 Proposals will be assessed on the following criteria:

- Price (30%)
  - Value for money
  - Ability to meet outlined budgets
- Quality (30%)
  - Approach
  - Understanding of the brief

- Quality and clarity of the proposed market research and business engagement methodologies and rationale
- Experience (20%)
  - Demonstrated organisational ability to undertake the research
  - Provision of references
  - Provision of case studies
  - Quality of the proposed personnel
- Delivery (20%)
  - Ability to meet the timescales
  - Approach and methodology outlined

### **(13.0) Closing Date for Tenders**

13.1 Proposals should be submitted in a plain, sealed envelope bearing the word 'tender' followed by the subject to which it relates and not bearing any name or mark identifying the sender, to the address below by 12 noon ??? 2008:

Janet Johnson  
Chief Executive  
District of Easington  
Council Offices  
Seaside Lane  
Easington Village  
Peterlee  
County Durham  
SR8 3TN

13.2 Shortlisted consultants will be notified by ??? September 2008 and these consultants will then be expected to attend interviews during the week commencing ?? September 2008. The chosen consultants will be notified by no later than Friday ??? October 2008.

### **(14.0) Enclosures**

Appendix 1 – Map of industrial areas within the District  
Appendix 2– Detailed specification  
Appendix 3 - Peterlee Masterplan  
Appendix 4 – Regeneration Strategy  
Appendix 5 – Industrial Land Supply Study  
Appendix 6 –Draft County Durham Employment Sites and Premises Study (DTZ, 2008)  
Appendix 7 – Employment Sites and Premises Study (Donaldson, 2004)  
Appendix 8 – North East Industrial Estate Report (Dewjo'c Architects/Storeys ssp, 2008)  
Appendix 9 – Peterlee Regeneration Framework (GVA Grimley, 2004)  
Appendix 10 – Peterlee Area Development Framework Masterplan (GVA Grimley, 2007)  
Appendix 11 – County Durham Growth Point Bid (2007)