

Economy and Enterprise

Overview and Scrutiny Committee

20 September 2021

Strategic Employment Sites in

County Durham



Report of Amy Harhoff, Corporate Director of Regeneration, Economy and Growth

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 This report and presentation provides members with an overview of the key strategic employment sites in County Durham.

Executive Summary

- 2 The County Durham Vision for 2035 is that County Durham is a place where there are more and better jobs, people live long and independent lives and our communities are well connected and supportive. The Vision identifies that in order to help people to create more and better jobs we will develop major employment sites across the county to build a strong, competitive and lower carbon economy, establishing the county as a premier place in the North East to do business.
- 3 The availability of suitable sites and property for business is one of the critical drivers in attracting businesses to create jobs in the county, as well as to enable existing businesses to expand and grow. However, a large proportion of industrial space in the county is old and is no longer fit for purpose, and there is a lack of modern quality industrial space.
- 4 Whilst the county is becoming more attractive to investors and developers, there still remains little speculative development of employment sites and premises, and therefore a key role for the Council in enabling developments to address this market failure. This can include investing in site infrastructure and sometimes taking a stake in the developments in order to make them financially viable to the private

sector, with the aim of ensuring there is a portfolio of employment land available to attract investment and businesses, to support the creation of more and better jobs in the county.

- 5 The strategic employment sites that are currently being developed are located in the major employment locations in the County along the A1 Corridor (Forrest Park, NETPark, Integra 61 and Aykley Heads) and the A19 corridor (Jade Business Park). These sites form an important part of our portfolio of employment sites that are set out in the County Durham Plan.

Recommendations

- 6 Members of the Economy and Enterprise Overview and Scrutiny Committee are asked to note and comment upon the information provided in the report and during the presentation.

Background

- 7 Members will recall that at the meeting of the Economy and Enterprise Overview and Scrutiny Committee held on 21 July 2021 members discussed and agreed the draft work programme of the committee. Included in the work programme and identified as a priority to come to formal committee was detail in relation to strategic job creation and key strategic employment sites in the county.
- 8 Arrangements have been made for relevant officers from the Regeneration, Economy and Growth Directorate to attend committee and provide members with the information they have requested.

Strategy

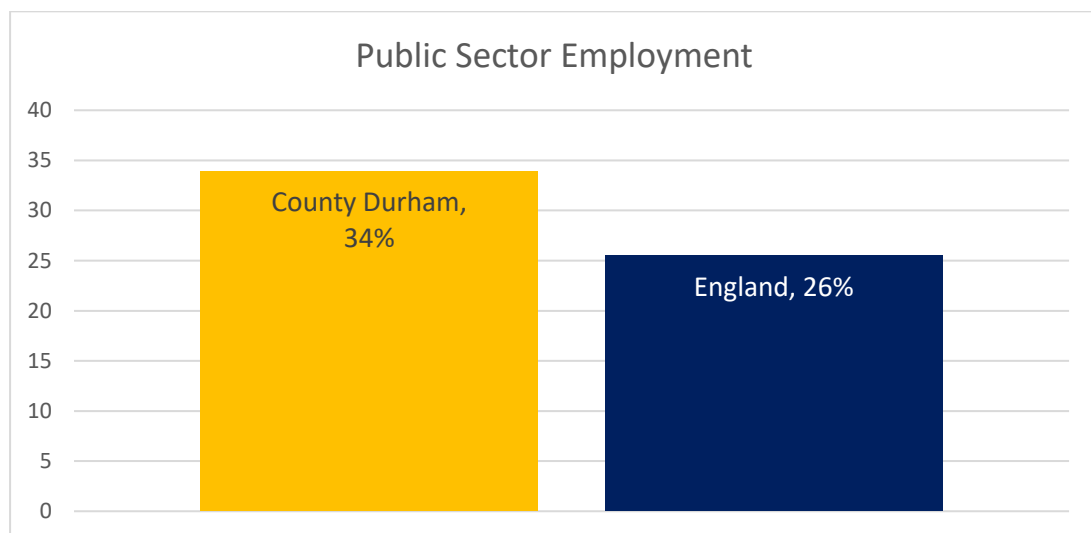
- 9 The County Durham Vision for 2035 is that County Durham is a place where there are more and better jobs, people live long and independent lives and our communities are well connected and supportive. The Vision identifies that in order to help people to create more and better jobs we will develop major employment sites across the county to build a strong, competitive and lower carbon economy, establishing the county as a premier place in the North East to do business.
- 10 The County Durham Vision document outlines six specific objectives to achieve more and better jobs across the whole county, with the first objective being:

We will deliver a range of accessible employment sites across the county

New and expanded employment sites across the county which are accessible to the labour market, will attract new employers, allow

expansion of existing businesses and respond to the changing needs of the business sector, as well as being located in areas of the county that offer good opportunities to attract investment, in line with the County Durham Plan.

- 11 The County Durham Plan, which was adopted in 2020, sets out a range of development proposals and planning policies for the county until 2035. To support the continued economic growth of the county and the aim of more and better jobs for residents, the plan includes over 302 hectares of new land to be developed for business and industry. This is in addition to protecting over 1,500 hectares of existing business and industrial land to prevent any other land uses.
- 12 Many of the county's industrial estates and business parks are on the sites of former mines, steelworks and other heavy industries which historically were the major employers in the county. Following the decline of these traditional industries, County Durham has successfully rebuilt its economy, with the engineering and manufacturing economy remaining a strength of the County and providing a significant source of employment. However, County Durham continues to be over-dependent on the public sector for jobs and there is an ongoing need to increase the size of the business base and to grow private sector employment. Our Strategic Employment Sites have the capacity to accommodate thousands of private sector jobs and help address this imbalance.



- 13 The availability of suitable sites and property for business is one of the critical drivers in attracting businesses to create jobs in the county, as well as to enable existing businesses to expand and grow. However, a large proportion of industrial space in the county is old and is no longer fit for purpose, and there is a lack of modern quality industrial space.

- 14 Whilst the county is becoming more attractive to investors and developers, there still remains little speculative development of employment sites and premises. Due to low land values and low demand in many parts of the County, the Council has a key role in enabling developments by investing in site infrastructure and sometimes taking a stake in the developments in order to make them financially viable to the private sector. 'Gap funding' from the public sector is often needed in County Durham and other parts of the north of England to make up for the shortfall in the end value of private developments. The overall aim, however, is to ensure there is a portfolio of employment land available to attract investment and businesses, and ultimately to support the creation of more and better jobs in the county.

Major Employment Locations in the County

- 15 The major employment sites in the County are concentrated in the following:
- A1 Corridor – the key industrial location
 - Durham City – the key office market
 - A19 Corridor – secondary industrial and office location

The A1 Corridor/Durham City

- 16 The A1 Corridor (including sites around Durham City) is the County's principal industrial location, containing a number of major employment locations. These include:
- (a) **Aycliffe Business Park** - a 400-acre industrial estate in the south of County Durham located close to the A1 with over 500 businesses and 10,000 employees. The Park is home to major employers such as Hitachi Rail, Gestamp Tallent, 3M, Ineos and Husqvarna among others. Aycliffe Business Park is a key location for inward investment and expansion of existing businesses, with potential for further expansion through the development of the **Forrest Park** strategic employment site.
- (b) **NETPark (The North East Technology Park), Sedgefield** – the region's premier science, engineering and technology park developed by the County Council. NETPark is home to 40 companies, including Kromek, Filtronic, IBEX Innovations and Polyphotonix and over 600 employees in specialist R&D, science-based, and high-tech sectors. It also benefits from having two National Catapult Centres on site – the High Value Manufacturing Catapult (managed by CPI) and the North East Centre of Excellence for Satellite Applications (managed by Business Durham) – as well as Durham University's Centre for

Advanced Instrumentation and Orbit, the recently opened University Enterprise Zone.

- (c) **Bowburn** – industrial estates within close proximity of Junction 61 of the A1 (M) which are home to a wide variety of businesses from distribution to office, including firms such as Brakes, High Force Research and the Esh Group. The estates are nearly fully developed out and significant additional space is now being provided at this location through the development of the new **Integra 61** strategic employment site.
- (d) **Durham City** – a key employment centre, with the largest office market, and home to significant public sector occupiers, as well as attracting private sector occupiers such as Atom Bank and Waterstons at Aykley Heads. Belmont industrial Estate and Business Park on the outskirts of the city has a growing number of professional services businesses and scientific companies such as Bruker. A lack of high-quality office space in and around Durham City had been identified as a constraint to growth in financial and professional services, and is being addressed through the Milburngate development and the plans for the **Aykley Heads** strategic employment site.

The A19 Corridor

- 17 **Peterlee Business Park** – the second largest industrial area in the county comprising Peterlee North West and South West Industrial Estates, Brackenhill Business Park and Whitehouse Business Park. Home to a range of multi-national companies including Caterpillar, NSK, ZF Automotive, as well as smaller engineering and manufacturing companies and a number of contact centres, such as Auxilis, HP, and HMRC.
- 18 **Seaham/Murton** – this employment location comprises modern office space and contact centres at Spectrum Business Park, home to a range of companies in the business and professional services, digital and IT sectors, including Great Annual Savings, ResQ, UMi and Believe Housing, as well as factory and industrial units at Foxcover, and the development of the new strategic employment site within a designated Enterprise Zone at **Jade Business Park**.

Other Employment Locations

- 19 In addition to the above strategic locations, there are concentrations of employment in more localised markets around Bishop Auckland and Consett and Stanley. Barnard Castle, in the rural west of the county, also contains some large employment sites and employers including GSK. Work is ongoing to continue to modernise both office and industrial space across the County to ensure the provision of business

space meets the needs of the many smaller businesses in the County. However, this is not covered in this report which focuses specifically on the strategic employment sites.

Development of Strategic Employment Sites

- 20 The Council plays a key role in enabling the development of the key strategic employment sites in the County, in order to ensure there is a portfolio of employment land available to attract investment and businesses, to support the creation of more and better jobs in the county. The Council's involvement in each site varies, depending upon the ownership of the site and what is needed in terms of public sector support and infrastructure to enable the development to happen.
- 21 The strategic employment sites that are currently being developed in the county are summarised in table below:

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor						
<p>Forrest Park</p> <p><u>Location:</u> Off Junction 59 of the A1(M) at Aycliffe Business Park</p> <p><u>Website</u> https://forrestpark.co.uk/</p>	<p>A 55 hectare site with planning consent for more than 1.75 million sq. ft of industrial/distribution accommodation.</p> <p>This will comprise 11 Industrial Units ranging in size from 46,000 – 575,000 sq ft, a 50,000 sq ft trade park of 7units ranging in size from 5,000 -10,000 sq ft, and a 60 bed Hotel & Pub development</p> <p>It forms an extension to Aycliffe Business Park, creating the largest industrial estate in the North East region.</p>	<p>A Joint venture – Forrest Park (Newton Aycliffe) Ltd – between DCC and the Forrest Family.</p> <p>Development Partner is Richardson Barberry</p>	<p>DCC and NELEP funded £13m infrastructure works to create a new signalised junction and electricity substation, in order to open up the site for development.</p>	<p>10-15 Year Development Programme</p> <p>Outline planning permission granted for 1.75m sq ft buildings on the site mostly for general industrial, storage and distribution uses, with some roadside retail, food and trade counter use at the entrance to the site.</p>	<p>Aimed at businesses in the warehousing, logistics and manufacturing sectors.</p> <p>Front Plot – Petrol Filling Station, retail units and KFC drive thru restaurant</p>	<p>Target 3,200 jobs</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor (continued)						
<p>NETPark Phase 3</p> <p><u>Location:</u> Just off the A177 at Sedgefield</p> <p><u>Website</u> https://www.northeasttechnologypark.com/</p>	<p>A 26 hectare site to expand the existing science park, with 13 hectares of serviced land available for the next phase of development.</p> <p>270,000 sq ft of new laboratory, office, production and storage space proposed to facilitate the growth of existing NETPark tenants and attract new inward investment.</p> <p>Will potentially include the development of a North East Space Hub and DISC (Disruptive Innovation for Space Capability facility).</p>	<p>DCC owns the land and the existing buildings at NETPark are managed by Business Durham.</p> <p>DCC Cabinet on 15th September is to consider £49.6m investment to develop Phase 3.</p>	<p>The NETPark site has been developed by DCC over 15 years with European funding support and funding from the NELEP Local Growth Fund.</p> <p>NELEP provided £5.1m funding to put in a road and site servicing to open up the land for the Phase 3 development.</p>	<p>Subject to Cabinet approval, development of Phase 3 is set to commence in July 2022, with completion from Summer 2023 onwards.</p>	<p>Science and technology businesses, including in the semi-conductor, advanced electronics, space and satellite, and health and life sciences sectors.</p> <p>Tenants to date (Phases 1& 2): 40 businesses including Kromek, Filtronic, Ibex Innovations, Polyphotonix, PragmatlC, Wootzano, Evinco Technology, Redditch Medical, Northumbria Pharma.</p> <p>Interest from 7 tenants in taking new facilities on Phase 3 to scale up their manufacture.</p>	<p>Target (1,250 jobs (Phase 3))</p> <p><u>To date:</u> 600 jobs</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor (continued)						
<p>Integra 61</p> <p><u>Location:</u> Bowburn at Junction 61 off the A1 and opposite Durham Services</p> <p><u>Website:</u> https://integra61.co.uk/</p>	<p>83 hectare mixed use site adjacent to the A1(M).</p> <p>£300m mixed use development will provide a total of three million sq ft of industrial and logistics space, 300 new homes and 50,000ft² of roadside opportunities, including a family pub/restaurant, hotel, drive-thru, trade counter units, car showrooms, a care home and a nursery.</p>	<p>Citrus Group is the owner and developer of the site, supported by agents Avison Young and Colliers.</p>	<p>NELEP and DCC funded £7m infrastructure works to improve access to the site and address congestion and safety issues.</p>	<p>Phase 1 recently completed with Amazon taking 2,000,000 sq ft at a cost of circa £150m.</p> <p>Phase 2 will see a new business/industrial hub, Evolution@Integra 61, being delivered speculatively by Citrus Group to provide up to 23 flexible units in sizes from 1,205 sq ft up to 6,480 sq ft.</p>	<p>Aimed at being a premier industrial and logistics hub.</p> <p><u>Tenants to date:</u> Amazon has located its second robotics fulfilment centre in the North East at the site, one of the largest distribution centres in the UK, creating around 1,000 jobs.</p>	<p>Target 5,000 jobs</p> <p><u>To date:</u> 1000+ jobs</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A1 Corridor (continued)						
<p>Aykley Heads</p> <p><u>Location:</u> Durham City</p>	<p>A 56 hectare site that would be made available for development by the relocation of the council from the site.</p> <p>Opportunity to develop high quality office space at a successful business location, home to existing occupiers including Atom Bank, Honcho, Waterstons, Durham Constabulary and the North East Chamber of Commerce, amongst others.</p>	<p>Site owned by DCC.</p> <p>Durham University are interested in being a key partner.</p> <p>A market exercise is to be undertaken in early 2022 to identify a suitable development partner for the site.</p>	<p>Development of the first building on the site 'Plot C' is being funded by DCC with £6m from the Getting Building Fund managed by NELEP.</p>	<p>Work began on Plot C in March 2021 and is to be completed by July 2022.</p>	<p>Vision is to attract innovation and knowledge-rich businesses, including those in the fintech and digital sectors.</p>	<p>Target up to 4,000 jobs (phases 1 and 2)</p>

Strategic Site	Description	Owner/Developer	Public sector role	Timescale	Sector/Industry	Jobs
A19 Corridor						
<p>Jade Business Park</p> <p><u>Location:</u> Murton next to Dalton Park retail outlet off the A19</p> <p><u>Website:</u> http://www.jadepark.co.uk/</p>	<p>19 hectare site reclaimed from Hawthorn colliery and cokeworks.</p> <p><u>Phase 1:</u> 7 new industrial units, totalling 155,000 sq.ft</p> <p>Tenants benefit from Enterprise Zone (EZ) status (5 years business rates discount)</p> <p><u>Phase 2:</u> Capacity to deliver a further 400,000 sq ft of industrial space</p>	<p>DCC owns the freehold and funded the speculative development of Phase 1.</p> <p>Units built by Highbridge Developments, which has an option agreement on the land; supported by Regional agent HTA and National agent CBRE.</p>	<p>As one of the Enterprise Zone (EZ) sites in the region, NELEP funded £11m infrastructure works.</p> <p>DCC funded the £14m development of the Phase 1 units, which are managed by Business Durham.</p>	<p>Phase 1 units completed August 2020.</p> <p>As of August 2021, 4 of the 7 units have been let, and Heads of Terms issued on a further 2 of the units.</p>	<p>Aimed at businesses in the advanced manufacturing, technology and distribution sectors.</p> <p><u>Tenants to date:</u></p> <p>Sumitomo Electric Wiring Systems Europe (SEWS-E) – <i>manufacture of wiring components for the automotive sector</i></p> <p>CoreHaus – <i>manufacture of innovative modular housing solutions</i></p> <p>Power Roll – <i>manufacture of lightweight, low-cost solar film for renewable energy generation</i></p> <p>ARGLA – <i>design and manufacture of bespoke architectural glass</i></p>	<p>Target 2,500 jobs</p> <p><u>To date:</u> 140 jobs</p>

Conclusion

- 22 The committee will be aware of the strategic employment sites that are being developed in the county and the role of the council in enabling these developments, in order to ensure there is a portfolio of employment land available to attract investment and businesses, supporting the creation of more and better jobs in the county.

Background papers:

- [County Durham Plan](#)
- [County Durham Vision](#)

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Appendix 1: Implications

Legal Implications

None.

Finance

None.

Consultation

None.

Equality and Diversity / Public Sector Equality Duty

None.

Human Rights

None.

Climate Change

None.

Crime and Disorder

None.

Staffing

None.

Accommodation

None.

Risk

None.

Procurement

None.