

**County Durham**  
**Business Space Plan**  
**2011 – 2016**

DRAFT

County Durham Business Space Plan 2011 – 2016  
Business Durham  
Regeneration and Economic Development  
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## **1.0 Executive Summary**

Durham County Council (DCC), a provider of SME (Small to Medium sized Enterprises) business accommodation owns a portfolio of 52,867m<sup>2</sup> (520 individual lettable units) consisting of modern office and managed workspace facilities, industrial and retail units and specialist accommodation focused on high-growth knowledge based business operating in the science sector.

This plan, covering the period 2011 – 2016, discusses key aspects of the DCC portfolio and its position and role in the County Durham SME accommodation market. This is considered along with that of other third party operators and developers.

### **Strategic context**

The Business Space Plan 2011-2016, positioned and aligned to a number of key County Durham strategies, also addresses a key priority in supporting SME's, as acknowledged by the Department of Business, Innovation and Skills. It also assists in delivering key ambitions and objectives outlined in the County Durham Regeneration Statement for County Durham to be a Top Location for Business.

### **Durham County Council's Business Space Property Portfolio**

The DCC Business Space portfolio of 52,867m<sup>2</sup> is split as follows:

- 31,106m<sup>2</sup> (202 units, 59% of the portfolio) of industrial space across 18 DCC owned Industrial Estates.
- 11,676m<sup>2</sup> (158 units, 22% of the portfolio) of office and managed workspace accommodation across 7 sites, including the Durham Dales Centre which also hosts visitor information, restaurant and retail facilities.
- 3,630m<sup>2</sup> (82 units, 7% of the portfolio) of office accommodation at 4 business centres managed by local Enterprise Agencies on behalf of DCC.
- 6,455m<sup>2</sup> (79 units, 12% of the portfolio) of accommodation at NETPark, the County Council's Science Park.

The portfolio is mainly located in the north and south of the county, with a small proportion within a 5-10 mile radius of Durham City and the remainder in the rural west. The portfolio serves a number of key market sectors including business and financial services, creative, engineering, IT and telecoms and those with a high-growth science focus.

In terms of market position, DCC is the 3<sup>rd</sup> largest provider in County Durham of industrial accommodation (Northern Trust and Biz Space being first and second), and is the market leader in the provision of office and managed workspace

facilities and the only major provider of scientific focused SME accommodation at NETPark.

The majority of space is let to SME's by formal lease arrangement. Other landlords in the County Durham market operate a mixed licence and lease approach. Occupancy rates in terms of square metres of floorspace across the portfolio currently sits at 73% for industrial units, 80% for office and managed workspace and 84% at NETPark. As expected, average rental figures per m<sup>2</sup> are higher in the managed workspace office and science accommodation ranging from £48.85m<sup>2</sup> to £376.73m<sup>2</sup> (£4.54sq.ft to £34.99sq.ft). Across the industrial portfolio, rental figures range from £16.06m<sup>2</sup> to £57.29m<sup>2</sup> (£1.49sq.ft. to £5.32sq.ft.) depending on the size, location and condition of units. Typically, DCC industrial rents are lower than that of private sector operators, mainly due to the current condition of the existing industrial accommodation and lease terms offered to occupants.

In the financial year 2011/12 it is forecast that the DCC Business Space portfolio will generate circa £1.96m of gross revenue (excluding income from NETPark). It is estimated that the current DCC portfolio supports in excess of 1600 FTE jobs, currently providing accommodation for approximately 300 businesses.

## Vision

In taking forward the DCC Business Space portfolio, the vision of the Business Space Plan 2011-2016 is:

**“To meet demand for business space in County Durham where the commercial market fails to do so and encourage businesses to start-up and grow, whilst maximising income to support wider business development.”**

Clearly defined aims include:

- Deliver key DCC projects including the development of new business space and revitalise the existing portfolio.
- Ensure that there is an adequate provision of quality business accommodation.
- Support the development and delivery of effective business support services.
- Encourage and facilitate effective networking and business development opportunities.

## Investment in the current DCC Business Space Portfolio

Following the completion of a Business Space Investment Plan in March 2011, £1.4m of DCC capital has been secured to improve the current DCC industrial space stock of 202 units (31,106m<sup>2</sup>) across 18 industrial estates.

This investment will be delivered during the financial years 2011/12 and 2012/13 and resources will be targeted where the greatest levels of economic impact and financial return will be realised. In accordance with the County Council's approved Property Review Methodology, investment in property will be subject to Asset Challenge Questions analysing:

- Fit for purpose
- Quality
- Location
- Tenure
- Commerciality
- Size
- Utilisation

Given that most industrial units are let on a Full Repair and Insuring (FRI) lease basis, capital works will need to be undertaken in agreement with the incumbent lease holders. It may be that vacant units are given priority to minimise disruption. In addressing the wider economic, skills and training agenda, links with partners offering Targeted Recruitment & Training (TRT) opportunities will also be explored.

In addition to the above, consideration is to be given to investing in other projects which will provide regeneration benefits and add value to the DCC portfolio including:

- Durham County Council Solar PV project – funded through a corporate programme.
- Electric Vehicle Charging Points
- Durham Dales Centre remodelling – funded by current 2011/12 capital plan.
- Additional value adding services at DCC managed workspace facilities

### **Effective Portfolio Management**

Through the adoption of a business like approach a standardised estate and facilities management framework will be introduced across the DCC business space portfolio. This will cover the following areas:

- Location, transport and infrastructure
- Environment
- Site ownership and site conditions
- Grounds maintenance
- Building management
- Lease and tenancy arrangements
- Development
- Estate liaison and business support
- Marketing
- Financial performance
- Setting and measuring KPI's & targets

- Risk management

This will aid effective decision making, better partnership working arrangements across DCC disciplines, the targeting and measurement of economic impact and help to inform the wider 'Whole Town Approach' to regeneration.

### **DCC Current Portfolio Targets & KPI's**

In summary, targets set for the existing DCC portfolio for achievement by 2016 are:

- 80% occupancy across the entire portfolio including Industrial, Office and NETPark by 2016.
- SME Industrial properties refurbished 26,500m<sup>2</sup> by 2014 (dependent on third year of funding in 2013/14 of an additional £650k).
- Gross revenue income increased from DCC portfolio by 5% (£125k) on current projected 2011 baseline revenue by March 2016.
- 100% of businesses occupying DCC portfolio surveyed on an annual basis to elicit views on customer satisfaction, estate management performance and future business investment and performance (e.g. business growth and development and potential job creation).

### **Future Development & Collaborative Working**

It is estimated that over the past decade, the former district councils, invested circa. £25million in the development of managed workspace in locations where the private sector failed to deliver against market demand. This was in the main due to the lack of commercial and financial viability required by private sector developers. Whilst DCC's business space portfolio represents only 1% (CHECK THIS) of the county's entire business accommodation stock DCC play a key role in providing SME business accommodation in local markets where private sector intervention is less apparent.

In continuing this key role, DCC, over the next five years (subject to match funding) are focused on delivering the following as new SME workspace developments:

- Consett Business Park – 1,890m<sup>2</sup> of managed workspace SME office accommodation by December 2012.
- NETPark mixed use development – 3,000m<sup>2</sup> of new multi-use accommodation by March 2014.

Further work is to be undertaken to develop effective working relationships with private sector partners, in the delivery of business space developments and the regeneration of existing key employment sites. Any capital funding made available to support this may take shape in financial years 2014/15 and 2015/16 and is dependent upon DCC capital investment priorities.

## **Investment and Development Targets**

A set of targets has been devised to monitor progress against the investment and development agenda:

- DCC Investment in additional /refurbishment of business accommodation - £9.2m by 2016:
  - £3.2m approved FY 2011/12
  - £1.5m to be confirmed late 2011 for FY 2012/13
  - £1.5m to be confirmed for FY 2013/14
  - £3.0m currently in DCC capital bidding process for FY 2014/15 & 2015/16
- External match funding against DCC developments - £3.7m by 2014
- New workspace developed by DCC – 4,890m<sup>2</sup> by 2014.



## 2.0 Introduction

Durham County Council (DCC) own 520 individual commercial business units which are lettable to Small to Medium Sized Enterprises (SME's). In total this comprises 52,867 square meters (m2) of floorspace located throughout County Durham. The Business Space portfolio is typically made up of:

- modern office accommodation (15,306m2 – 240 units)
- industrial and retail units (31,106m2 – 202 units)
- NETPark (6,455m2 – 78 individual units).

This plan considers the position, condition and performance of the DCC Business Space portfolio in relation to the wider County Durham business accommodation market. Spanning the period 2011 to 2016, attention is focused on the future role of the DCC Business Space portfolio, alongside that of third party and private sector developers, in addressing demand and supply issues in the County Durham SME accommodation market.

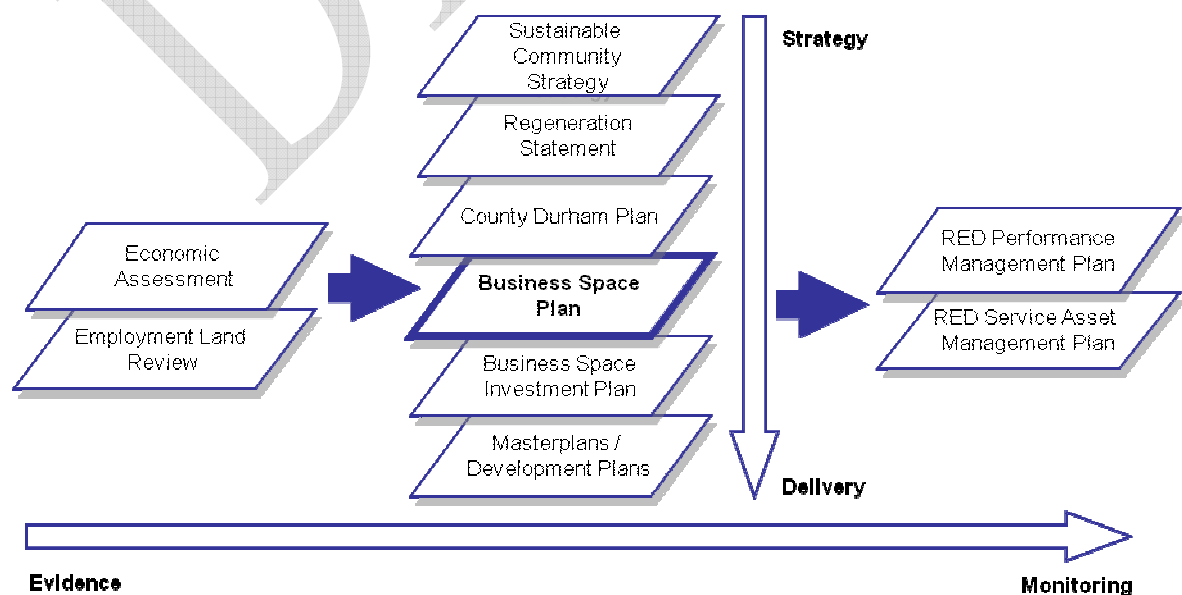
## 3.0 Strategic Context

This plan specifically addresses one of the nine priorities of the Department for Business, Innovation and Skills:

*“Help small and medium-sized businesses start and thrive through better business support, improved access to finance and stronger competition, with fewer market barriers to entry, creating a more entrepreneurial culture.”*

As figure 1 shows, this Business Space Plan (BSP) is one of a number of key documents for County Durham; more details are given in Appendix C.

**Figure 1: Positioning of Business Space Plan**



Under the theme “A Top Location for Business” the BSP will help to deliver the following priorities of the Regeneration Statement:

- Nurture business development and growth
- Support an enterprise surge
- Attract and retain employment
- Promote the County as an attractive investment location

This plan also integrates with the Performance Management Framework for DCC’s Regeneration and Economic Development service grouping, and will contribute towards the following targets:

- Raising gross value added
- Improving the number of business registrations
- Improving the employment rate

## 4.0 Economic Trends and Market Conditions

Nationally, there is a focus to rebalance the economy from that of an over-reliance on the public sector, to one that is driven by high-value businesses.

County Durham’s economy is more reliant on the public sector than the national average. Its business base is largely underpinned by vulnerable, low value activities.

In response to this, providing good quality workspace for enterprises in areas of market failure, will support more higher-value enterprise activity particularly in the following sectors:

Key Industries	Niche sectors
<ul style="list-style-type: none"> <li>• Digital and creative</li> <li>• Tourism</li> <li>• Financial</li> <li>• Business &amp; professional services</li> <li>• Manufacture of food &amp; drink</li> </ul>	<ul style="list-style-type: none"> <li>• New &amp; renewable energy</li> <li>• Electric vehicles</li> <li>• Health &amp; life sciences</li> <li>• New materials (e.g. plastic electronics)</li> <li>• Telecoms</li> </ul>

Appendices B and C contain evidence to support this approach.

## 5.0 Durham County Council's Business Space Property Portfolio

DCC's stock of industrial and commercial workspace is set out in figure 2 below:

**Figure 2: DCC SME business accommodation portfolio**

	Property Name	Number of Units	Gross Lettable Floor Space (m2)	Occupancy (m2)
<b>Industrial, Workshop &amp; Retail Units</b>	Sacriston Industrial Estate	19	1,733	93%
	Stella Gill Industrial Estate	35	4,392	70%
	Sacriston Cooperative Workshops	9	618	35%
	Sacriston Cooperative Retail Units	7	540	17%
	Tanfield Lea South Industrial Estate	4	1,018	75%
	All Saints Industrial Estate	5	1,347	60%
	Chilton Industrial Estate	18	5,615	91%
	Dabble Duck Industrial Estate	9	2,177	92%
	Coulson Street Industrial Estate	5	565	84%
	Dean & Chapter Industrial Estate	11	1,533	85%
	Fishburn Industrial Estate	6	2,262	83%
	Tudhoe Industrial Estate	12	944	83%
	Furnace Industrial Estate	20	2,671	76%
	South Church Industrial Estate	5	697	20%
	Stainton Grove Industrial Estate	25	2,927	72%
	Evenwood Randolph Industrial Estate	6	929	100%
	Harvey Court, Low Willington Industrial Estate	5	848	80%
	Brockwell Court, Low Willington Industrial Estate	1	290	100%
	<b>Industrial Total</b>	<b>202</b>	<b>31,106</b>	<b>74%</b>
	<b>Managed Workspace / Office Accommodation</b>	Consett Business Park (Derwentside Business Centre)	61	5,716
Tanfield Lea Business Centre		41	2,592	45%
Sildon Business centre		8	132	100%
St Stephens Court, Low Willington		14	1,253	34%
Crook Business Centre		14	560	92%
Durham Dales Centre (excl Tea Room, TIC/Gift shop)		19	604	97%
Enterprise Place, Tanfield Lea		1	819	100%
<b>Office / Retail Total</b>		<b>158</b>	<b>11,676</b>	<b>80%</b>
<b>Science Units</b>		NETPark Incubator(s) **	77	3,361
NETPark Grow on Space	1	1,466	100%	
NETPark Research Institute Building (Durham University)	1	1,628	100%	
<b>Science Park Total</b>	<b>79</b>	<b>6,455</b>	<b>84%</b>	
<b>Other*</b>	Innovation House	42	1,566	N/K
	Novus Business Centre	31	726	N/K
	Mile House	8	595	N/K
	Steel House	1	743	N/K
	<b>Other Total</b>	<b>82</b>	<b>3,630</b>	
<b>Grand Total</b>	<b>520</b>	<b>52,867</b>		

\* Other: buildings leased to Enterprise Agencies

\* Correct as at 1<sup>st</sup> September 2011

\*\* Phase 1 of NETPark Incubator undergoing major refurbishment works and available to let late 2011.

In analysing figure 2, it can be seen that there are a number key facilities and locations which are not performing at a 50% or above occupancy rate. These are:

- *Sacriston Cooperative Workshops*  
Currently 35% occupied these units are in particularly poor physical condition. It is to be decided during the 2010/11 – 2011/12 Industrial Properties Refurbishment Programme whether a capital investment would warrant a comparative economic and financial return, or if a demolition programme and re-housing of the existing businesses be more appropriate.
- *Sacriston Cooperative Retail Units*  
With a 17% occupancy rate and poor condition the future of these retail units is to be decided during the 2011-2012 Industrial Properties Refurbishment Programme.
- *South Church Industrial Estate*  
At 20% occupancy, the 5 units owned by DCC sit amongst a larger block of industrial units mainly of private/occupier ownership. Consideration is being given to levels of capital investment to improve their appeal versus their potential disposal.
- *Tanfield Lea Business Centre*  
At 45% occupancy Tanfield Lea Business Centre, located in Stanley and 6 miles from the A1, was opened in May of 2009. Despite offering a state of the art modern office accommodation and managed workspace environment, the economic downturn has somewhat hindered it's performance. At full occupancy Tanfield Lea Business Centre has the potential to achieve over £280,000 gross revenue per annum. During 2010/11 and 2011/12 the business centre has been and continues to be at the heart of an aggressive marketing campaign, increasing awareness of its offering in County Durham and neighbouring business locations.
- *St. Stephens Court, Low Willington*  
St. Stephens Court is an arrangement of 14 self-contained modern office units located in Low Willington. Occupancy figures have remained low (currently 34%) since it's opening in 2007. Again, this development is subject to further marketing and promotion. The use of commercial letting agents in accessing a wider property market is also being considered.

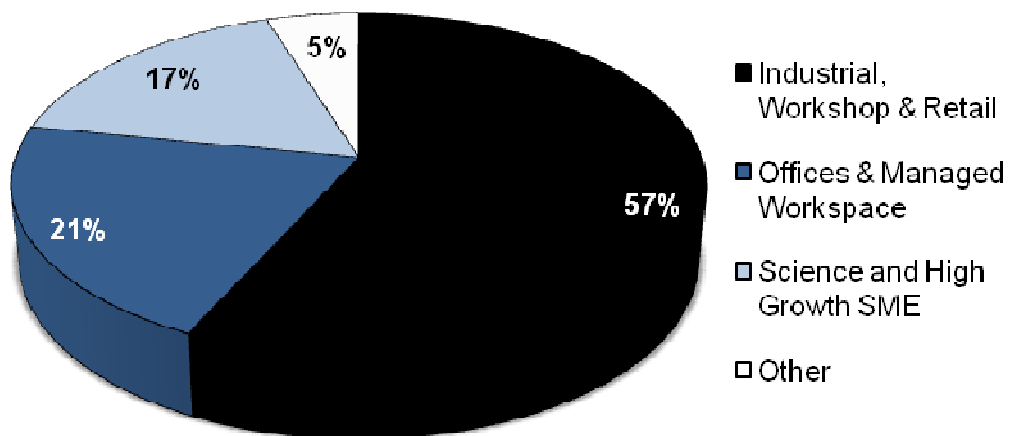
Appendix A contains a map which illustrates the geographical location of all of County Durham's Industrial Estates and Business Parks. In summary this represents:

- Industrial, workshop and retail units located at 18 Durham County Council owned and managed industrial estates.
- Office and Managed Workspace accommodation located at 6 employment sites/locations across the county.

- Specialist accommodation for science focused, high growth and knowledge-based sector businesses at NETPark in Sedgefield.
- Other office accommodation owned by DCC, but let on long term lease management arrangements to external Enterprise Agencies.

Figure 3 displays the proportionate split of DCC owned SME accommodation and business space around the county; the majority (in terms of floor space) being industrial, workshop and retail units.

**Figure 3: DCC Accommodation**



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## 5.1 Serving the market

DCC's business accommodation serves a number of target markets; figure 4 details the locations and business sectors with example businesses.

**Figure 4: Profile of DCC enterprise accommodation**

Property Category	Planning / use classifications	Key locations	Main Business Sectors served	Example Businesses
Industrial, Workshop & Retail Units (59% of DCC portfolio)	B2 & B8 (Warehousing, Storage & Light Industrial use)  Retail units A1	<ul style="list-style-type: none"> <li>8,301m<sup>2</sup> located in the North / North West Durham</li> <li>22,804m<sup>2</sup> located in South / South West Durham</li> </ul>	<ul style="list-style-type: none"> <li>Light Manufacturing</li> <li>Motor vehicle servicing</li> <li>Joinery &amp; Woodwork</li> <li>Clothing &amp; Leisure</li> <li>Arts &amp; Crafts</li> <li>Food &amp; Drink</li> <li>Charitable causes</li> </ul>	<ul style="list-style-type: none"> <li>BMW Building Products</li> <li>A&amp;S Motors</li> <li>Scott Leathers</li> <li>GemCraft</li> <li>Hanover Dairies</li> <li>Durham Furniture Help scheme</li> </ul>
Office & Managed Workspace Accommodation (22% of DCC portfolio)	B1 (Office use)	<ul style="list-style-type: none"> <li>9,124m<sup>2</sup> located in North West Durham</li> <li>2,416m<sup>2</sup> located in West Durham</li> <li>132m<sup>2</sup> located in South Durham</li> </ul>	<ul style="list-style-type: none"> <li>Business Services</li> <li>Financial &amp; Legal Services</li> <li>Consultancy and Professional Services</li> <li>Marketing Design &amp; Print</li> <li>Training</li> <li>IT &amp; Telecoms</li> <li>Energy Solutions</li> </ul>	<ul style="list-style-type: none"> <li>Scott Doherty technical consultancy</li> <li>True Potential Telephony</li> <li>Sanctus Energy Consultancy</li> <li>Concept IT Services</li> </ul>
Science & High Growth Accommodation (12% of DCC portfolio)	B1	<ul style="list-style-type: none"> <li>6,455m<sup>2</sup> located in South Durham</li> </ul>	<ul style="list-style-type: none"> <li>Cell growth / Biotechnology</li> <li>X-ray imaging / Nanotechnology</li> </ul>	<ul style="list-style-type: none"> <li>Reinnervate</li> <li>Kromek</li> <li>Durham University Research Institute</li> <li>PETEC</li> </ul>
Other Accommodation - Managed Workspace office accommodation leased to Enterprise Agencies (7% of DCC portfolio)	B1 (Office use)	<ul style="list-style-type: none"> <li>1,338m<sup>2</sup> located in North Durham</li> <li>726m<sup>2</sup> located in East Durham</li> <li>1,565m<sup>2</sup> located in South Durham</li> </ul>	<ul style="list-style-type: none"> <li>Business Services</li> <li>Financial &amp; Legal Services</li> <li>Consultancy and Professional Services</li> <li>Marketing Design &amp; Print</li> <li>Training</li> <li>IT &amp; Telecoms</li> </ul>	

## 5.2 Market Position

In surveying the county's market for SME accommodation, it is clear that whilst DCC is not the largest provider of space, it is considered a major partner in localised markets. Figure 5 sets out the position of DCC and other key players in the provision of SME accommodation in County Durham.

**Figure 5: Enterprise accommodation providers / operators in County Durham**

Position in Market	Provider Name	Total portfolio size (m2)	Unit size range (m2)
<b>Industrial Premises</b>			
1	Northern Trust Company Limited	130,155	44 – 7,060
2	Biz Space	36,969	19 – 2,787
3	Durham County Council	31,106	42 – 929
<b>Offices &amp; Managed Workspace (Including accommodation managed by 3<sup>rd</sup> parties)</b>			
1	Durham County Council	14,557	9 – 166
2	Biz Space	3,740	9 – 372
3	St Johns Road facility, Meadowfield	3,066	139
4	Groundwork Trust	2,300	31 – 98
5	Evans Easy Space	1,725	16 - 116
<b>Science &amp; High Growth Accommodation</b>			
1	Durham County Council	9,154	12 – 1,872

DCC's industrial premises stock varies in size and condition; the majority of the industrial portfolio (73.3%) is located in the South / South West of the county.

DCC is the county's leading provider of office accommodation for SME's. Facilities including Consett Business Park and Tanfield Lea Business Centre represent over 78% of the DCC managed workspace portfolio. The majority of DCC's office accommodation for SME's is located in North Durham.

DCC is also the county's leading provider of specialist workspace serving scientific and associated knowledge-based high-growth businesses. NETPark located in the south of the county, is a member of the United Kingdom Science Park Association and a strategic partner of Durham University, whose Research Institute is located at NETPark.

The Durham Dales Centre, located in Stanhope also provides commercial catering and café facilities. As a location for visitors (over 100,000 visitors per annum), the 19 managed workspace units which are 97% occupied and the retail facilities provide a valuable hub in the rural west of the county. In addition, the Dales Centre also provides access to customer services through the DCC TeleTalk facilities, tourist information and is a host to local Durham Constabulary Policing, acting as a multi-service outreach centre to the local community.

### 5.3 Lettings

The lease arrangements across the industrial portfolio differ, with the majority of tenants subject to Full Repair and Insuring (FRI) leases. These run over a 3-6 year period and include rolling break clauses after the first 12 months, subject to a 3 month notice period. At present, new occupants following a 6- 8 week lease preparation period, are subject to £500 in charges for surveying and legal fees before they are able to occupy premises. In terms of the office accommodation element of the portfolio, there is no common approach.

Having researched other similar services, there is an opportunity to remove further barriers to enterprises wishing to occupy industrial and office units. Therefore, a new approach to lettings management will be investigated to

consider future use of a combination of lease and licence agreements, which will meet the authority's requirements but also address the needs of the business tenant. This will be undertaken by Business Durham and DCC Asset Management. In proactively addressing this issue, DCC can ensure that its approach to property management reflects the flexible letting arrangements required in today's commercial workspace market.

#### **5.4 DCC Business Space Portfolio Key Facts, Performance and Market Comparisons**

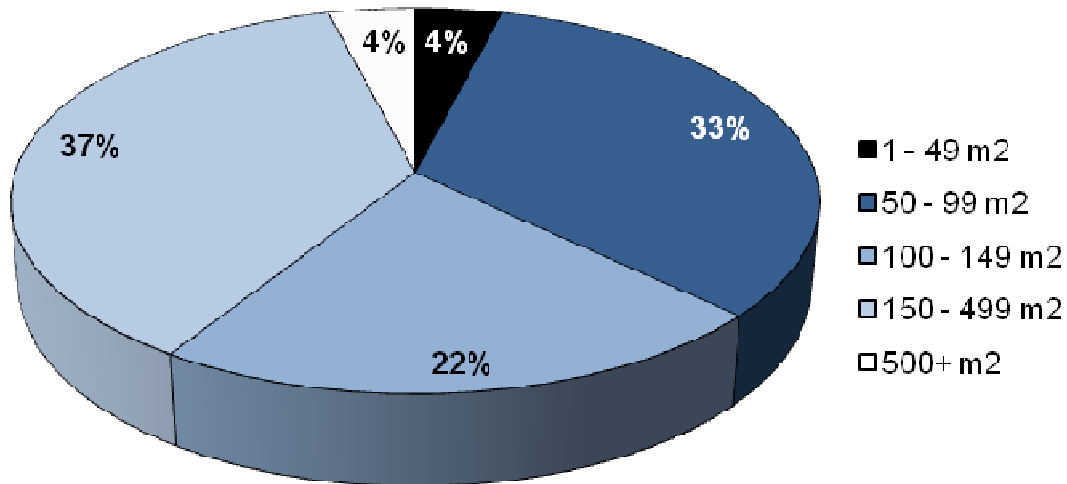
Unit size, occupancy levels and average rent per square metre vary across the DCC business space portfolio. The limited availability of commercial information allows for general comparisons with other private sector business space providers, where they have units located on the same industrial estate or business parks. With regard to DCC's industrial portfolio:

- The lowest rentals charged by DCC are at the Stainton Grove Industrial Estate, Barnard Castle at £16.06m<sup>2</sup>. This figure is particularly low given the poor quality of the units which date back to the 1940's and do not represent the overall condition of the portfolio. The highest rent per m<sup>2</sup> is at Tudhoe Industrial Estate, Spennymoor at £57.29m<sup>2</sup> (smallest size range of units up to 49m<sup>2</sup>).
- On 7 of the 18 industrial estates owned and managed by Durham County Council, other operators, primarily Northern Trust and Biz Space have also developed and offer SME industrial accommodation. From the information available, Northern Trust typically enjoy high occupancy rates on all estates, other than at Stella Gill Industrial Estate in Chester le Street. Occupancy information was not made available by BizSpace.
- Generally, private sector operators achieve a higher rental figure per square metre (m<sup>2</sup>). A clear example of this is at Tudhoe Industrial Estate (units sized between 50 – 99m<sup>2</sup>), where Durham County Council's (12 units, 83% occupancy) average rental figure of £35.64 is 17% lower than the Northern Trust rate of £47.56 per m<sup>2</sup> (4 units 75% occupancy). However, in making comparisons, it is important to note that at Tudhoe and on several estates, unit sizes and letting arrangements differ with each landlord, as do the general condition of units.
- On all of the DCC owned industrial estates, with exception of Tanfield Lea in Stanley and Chilton Industrial Estate in Chilton, DCC have the largest number of units. On Tanfield Lea North Industrial Estate, Northern Trust is the largest operator with 30 units. DCC have 4 units on the south of the estate. At Chilton Industrial Estate there is almost a 50% split in the ownership of units on the estate. DCC own 18 units, all larger than 150m<sup>2</sup> in size, with Northern Trust owning 19 units across a wider range of sizes from less than 49m<sup>2</sup> up to 499m<sup>2</sup> in size.

Figure 6 illustrates the range and proportion of industrial unit sizes owned by DCC.



**Figure 6: DCC Industrial Unit Portfolio (Number of Units)**



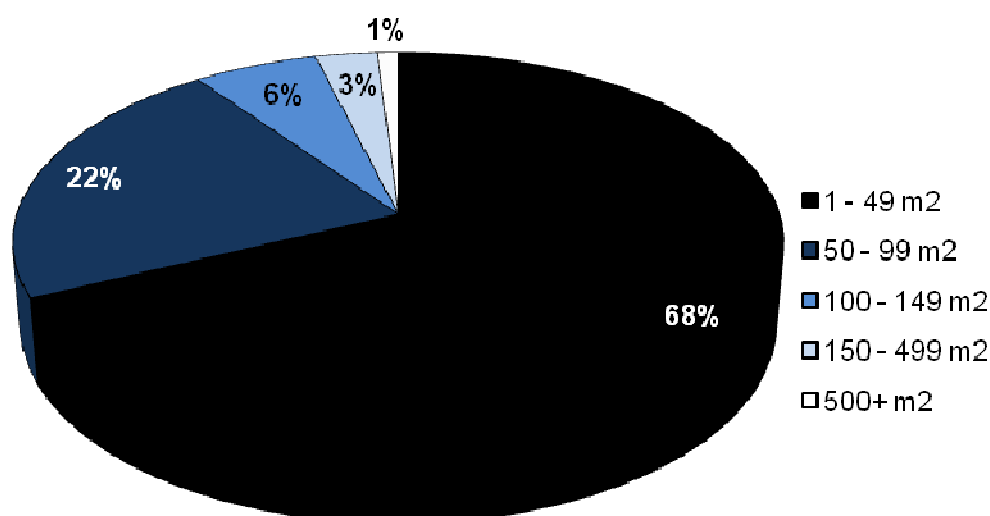
On inspection of the units and estates, it is clearly evident that Northern Trust and Biz Space have invested in the physical fabric and visual appeal of their portfolio and the environment surrounding their units. The units are typically younger in age (mainly constructed in the late 1980's and throughout the 1990's) than DCC industrial properties, and this explains why they generally yield a higher rental income per square metre. An Industrial Properties Refurbishment Programme 2011/12 to 2012/13 and possibly 2013/14 will contribute significantly to addressing prevalent issues and in the longer term, potentially enable higher rental revenues to be realised from this element of the business space portfolio.

In examining the Durham County Council Managed Workspace, Office and Science Park properties the current position is as follows:

- Made up of 8 sites, this element of the business space portfolio typically enjoys high occupancy figures, realising rental income per square metre from £48.85 at Enterprise Place in Tanfield Lea to around £160.00m2 at the NETPark Incubator in Sedgfield.
- The majority of the office and managed workspace portfolio is of extremely high quality, well maintained and serviced by on-site dedicated operational staff. Going forward, these staff will also adopt a proactive approach in Industrial Estate Management within an Estate and Facilities Management framework which is discussed in later sections and summarised in figure 9.

Consisting of 237 individual lettable units, figure 7 below illustrates the percentage split of unit sizes provided across this element of the portfolio.

**Figure 7: DCC Managed Workspace, Office and Science Park Unit Portfolio**



It can be seen from the above that the majority of units provided are less than 49m2 in size. These properties are particularly attractive to the smaller SME and micro businesses in County Durham and have been developed, over the past 20 years in areas where the private sector have failed to meet market demand for accommodation of this size and type.

## 5.5 Financial Performance

In the financial year 2011/12, it is estimated that the Durham County Council Business Space portfolio will generate a gross revenue income of £1.96million (plus circa. £528k from NETPark based buildings). Figure 8 details a financial breakdown:

**Figure 8: DCC Business Space Portfolio - Financial Year 2011/12**

Revenue Area	Estimated Revenue FY 2011/12 (£)	% of overall portfolio revenue
Industrial Units, Office & Retail Portfolio	£1,669,771	68%
Durham Dales Centre	£295,000	12%
NETPark Incubator ***	£325,000	13%
NETPark Research Institute***	£111,000	4%
NETPark Kromek Building***	£ 92,000	3%
<b>TOTAL</b>	<b>£2,492,771</b>	<b>100%</b>

\*\*\* Does not include any other additional income from service charge or ancillary services.

This plan in later sections discusses various projects and initiatives which aim to increase this revenue income, year on year, over the next five years. This primarily involves the effective investment of capital finance and resources in developing new workspace and improving existing business space stock. Close attention will also be paid to achieving cost savings and maximising economies of scale across the portfolio.

To assist service delivery and continuous improvement, it is proposed from April 2012 that an annual Business, Jobs and Skills survey is undertaken to include all

occupants of the business space portfolio to capture accurate information including:

- Business performance - market and financial
- Employment statistics
- Employee skills base and training
- Employee travel to work patterns
- Business support received
- Customer satisfaction

## 6.0 Vision

Having undertaken a detailed analysis of current provision, this plan now discusses a vision for the future, in broad terms being:

***“To meet demand for business space in County Durham where the commercial market fails to do so and encourage businesses to start-up and grow, whilst maximising income to support wider business development.”***

This plan should be read alongside the Business Space Investment Plan 2010 – 2016.

## 7.0 Objectives, milestones and outcomes

Through this plan, we aim to make targeted improvements to the County’s wider business property portfolio which amounts to over 4.6 million square metres and over 6,700 properties<sup>1</sup>. The two main challenges are to attract more office-based businesses, and improving poor quality premises and sites. The main justification for addressing these challenges is that:

- offices account for just 12% of the County’s property portfolio<sup>2</sup>; there is a need to support business service activities by developing more office space and reducing vacancy rates in the existing portfolio (e.g. Spectrum Business Park).
- just 2% of the County’s total property portfolio is less than 10 years old, therefore there is a need to improve the quality of existing premises, clear and decontaminate disused sites, and improve the attractiveness and

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<sup>1</sup> ONS Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2008. Excludes retail floorspace.

<sup>2</sup> ONS Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2008. Excludes retail floorspace.

layouts of key industrial estates and business parks (e.g. Aycliffe, Peterlee).

- a better quality portfolio will support higher-value business activities and jobs.

Figure 9 outlines the 2 over-arching themes of the plan which relate to 8 objectives and 9 milestones which will be used to manage progress over the life of the plan.

**Figure 9: Themes, objectives, milestones and delivery**

	Objectives	Milestones (date)	Outcomes
<b>An effective DCC property portfolio</b>	<ul style="list-style-type: none"> <li>• Adopt a 5-year capital plan for the improvement of existing DCC properties and development of new DCC premises</li> <li>• Establish a portfolio of DCC sites for new private sector / voluntary and community sector development</li> <li>• Establish enterprise parks in strategic locations across the County to support enterprise growth</li> <li>• Establish protocols for effective property portfolio management.</li> </ul>	<ul style="list-style-type: none"> <li>• Publication of Employment Land Review (October 2011)</li> <li>• Improved understanding of the space needs of homeworkers (March 2012)</li> <li>• Marketing plan for DCC commercial property (September 2012)</li> <li>• Completion of Consett Business Centre (December 2012)</li> <li>• Next generation broadband for all DCC business space (March 2014)</li> <li>• All residential properties have a managed workspace facility within 10 miles (March 2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Improve revenue from the DCC property portfolio by 5% (£125k) from the anticipated baseline of £2.49m (incl NETPark) in 2010/11</li> <li>• Support an upsurge in the number of jobs supported by the property portfolio from 1,600 (est) in 2011 to circa. 1,900 by 2016</li> <li>• Complete 5,000 m2 of new DCC floor space</li> <li>• Refurbish 29,000 m2 of DCC premises by September 2014.</li> </ul>
<b>Enable development by private and voluntary &amp; community sectors</b>	<ul style="list-style-type: none"> <li>• Ignite private sector interest in delivering business space that compliments the DCC portfolio (e.g. grow-on space and new space in areas of demand)</li> <li>• Maximise external match funding opportunities.</li> <li>• Development of new alliances, joint ventures and partnerships to assist in the delivery of modern properties</li> <li>• Cross-directorate support for the need to reduce bureaucracy, anticipate and respond to changing business needs, and remove barriers to development on run down industrial estates</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of a business-focused approach to policy, partnerships and delivery across the Regeneration and Economic Development service (March 2012)</li> <li>• Development of new property by the private sector (March 2016)</li> <li>• At least one joint venture agreement with a private / voluntary &amp; community sector investor / developer (March 2016)</li> </ul>	<ul style="list-style-type: none"> <li>• Support the completion of new private sector floor space</li> <li>• Attract investment in business space by September 2016</li> </ul>

In delivering the above, the main sources of investment include:

- Up to £9.2m of DCC Capital Funding by 2016:
  - £3.2m approved FY 2011/12
  - £1.5m to be confirmed late 2011 for FY 2012/13
  - £1.5m to be confirmed for FY 2013/14

- £3.0m currently in DCC capital bidding process for FY 2014/15 & 2015/16

- Private / VC sector leverage (potential) in capital development
- £3.75m European Regional Development Fund towards capital development (DCC projects)

Key delivery partners include:

- European Regional Development Fund (investment)
- Private and voluntary & community sector (investment and development)
- Enterprise agencies (enterprise support)
- Homes and Communities Agency (management of former RDA assets)
- Private sector developers

## **8.0 Investment in the current DCC Business Space Portfolio**

A portfolio that is attractive, fit for purpose and well maintained will realise its current and maximise future potential in business and economic growth, job creation and financial return. In analysing DCC's business accommodation portfolio, the following summarises the current position in terms of 'fit for purpose':

- **Industrial Premises**  
31,106m<sup>2</sup> of floor space, 202 units, located throughout the county. Located on some 19 DCC owned and operated industrial estates, units range in age from construction in the late 1970's/early 1980's to early/mid 1990's and more recently in 2008/9. Mainly of a mixed construction (brick and prefabricated material), the units have generally been neglected in terms of routine/estate maintenance which has resulted in a number of physical problems. Generally, the units are serviceable as per their intended occupancy, however due to a lack of attention, currently, do not realise their full financial and economic potential.
- **Managed Workspace / Office Accommodation / Retail Units (including others let out to 3<sup>rd</sup> party agencies)**  
15,306m<sup>2</sup> of floor space, 240 units, located throughout the county. Managed workspace facilities range in age from construction in the early 1980's to 2009. Generally of excellent condition, facilities and units are well maintained. Continuous review and improvement ensures that these units serve the local SME markets well and add value to local business communities.
- **Science & High Growth Accommodation**  
NETPark is County Durham's Science Park dedicated to niche knowledge-based, high-growth, science based businesses and industries. Wholly owned and operated by the county council, NETPark, with over 6,450m<sup>2</sup> of

specialist business accommodation is the subject of a specifically focused development framework in which:

*“The vision for NETPark is an exciting concept designed to inspire growth of science-based knowledge-driven companies in the region and to contribute to the development of the sector in the national economy.”<sup>3</sup>*

In March 2011, the Business Space Investment Plan outlined priority areas for capital investment in the Industrial Premises Portfolio. In accordance with the RED Service Asset Management Plan (SAMP) approach, property condition surveys were commissioned and reviewed. Capital works considered a requirement were categorised as follows:

**Figure 10 SAMP (Service Asset Management Plan) capital work priority grades**

Priority Grade	Description
Priority 1	Urgent work that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.
Priority 2	Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation.
Priority 3	Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a less serious breach of legislation.
Priority 4	Long term work required outside the five year planning period that will prevent deterioration of the fabric or services.

The Investment plan concludes that in order to address various physical building fabric and estate priorities across the Industrial Premises Portfolio, £2.3m of capital investment is required and represents a calculated investment required to continue the useful life of key areas of the industrial portfolio.

Areas for investment through the Industrial Properties Refurbishment Programme include:

- Backlog maintenance (from former district operational days) as identified in conditional surveys.
- Improvements in units to bring them up to modern day standards and more attractive to the market including signage.
- Compliance with legislation in terms of utilities, disability discrimination and access, energy performance and asbestos.
- Improvements to industrial estates to increase their appeal and marketability.

**Figure 11: Industrial properties Refurbishment Programme 2011 - 2014**

<sup>3</sup> NETPark Development framework and Masterplan.

Estate	Actual Income (p.a.) £	Potential Income (p.a.) £	Diff (£)	Curent Occ. %	Projected Capital Spend		
					2011/12 £	2012/13 £	2013/14 £

**CAPITAL REQUESTED** **750,000 650,000 650,000**

<b>CAPITAL STATUS: APPROVED (2011/12)</b>							
Stella Gill Industrial Estate	140,000	205,000	65,000	70%	260,000		
Coulson Street Industrial Estate	15,000	19,000	4,000	84%	25,000		
Chiltern Industrial Estate	150,000	180,000	30,000	91%	330,000		
Sacrison Industrial Estate	58,000	65,000	7,000	93%	50,000		
Furnace Industrial Estate	28,000	35,000	7,000	76%	85,000		
<b>TOTAL</b>	<b>420,000</b>	<b>552,000</b>	<b>132,000</b>		<b>750,000</b>		

<b>CAPITAL STATUS: AWAITING APPROVAL FROM MOWG</b>							
Chiltern Industrial Estate Phase 2					190,000		
Tudhoe Industrial Estate	28,000	34,000	6,000	83%	280,000		
Dean & Chapter Industrial Estate	46,000	54,000	8,000	85%	80,000		
Harvey Court Industrial Estate	21,000	39,000	18,000	80%	60,000		
All Saints Industrial Estate	29,000	48,000	19,000	60%	40,000		
<b>TOTAL</b>	<b>124,000</b>	<b>175,000</b>	<b>51,000</b>		<b>650,000</b>		

<b>CAPITAL STATUS: AWAITING APPROVAL FROM MOWG</b>							
Chiltern Ind. Estate Phase 3						130,000	
Stainton Grove Ind. Estate	83,000	115,000	19,000	72%		250,000	
South Church Industrial Estate	6,000	30,000	51,000	20%		40,000	
Tanfield Lea South Industrial Estate	22,000	29,000	-	75%		20,000	
Fishburn Industrial Estate 1-4	43,000	43,000	-	100%		35,000	
Fishburn / Sacrison Major works*				35%		175,000	
<b>TOTAL</b>	<b>154,000</b>	<b>217,000</b>	<b>70,000</b>			<b>650,000</b>	

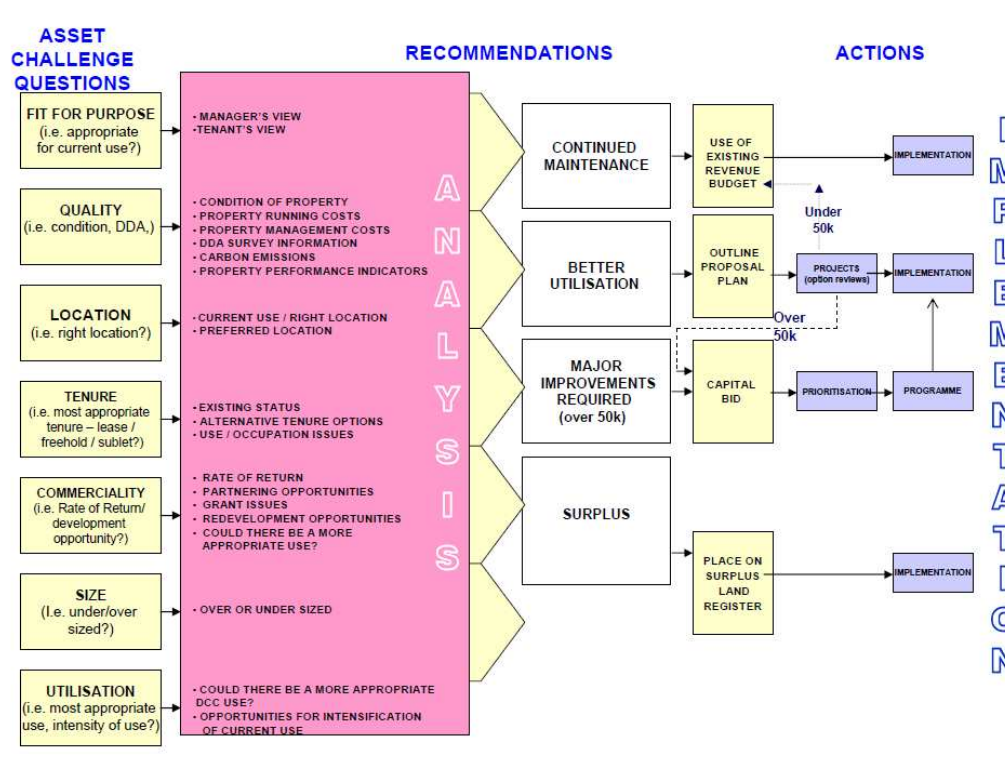
\*Sacrison Workshops & Retail Units / Fishburn Pitt Head Bath's units 5&6

Potential income based on 100% occupancy

Figure 11 indicates the level of funding initially considered for each industrial estate under the refurbishment programme. In June 2011 one year (2011/12) of DCC capital funding of £750k was approved in order to address key priority works highlighted above and improve the overall vitality and commerciality of the industrial premises portfolio.

In prioritising capital resources, works due to start in late Autumn 2011, investment decisions will be subject to DCC Corporate Asset Challenge Questions, as figure 12 shows.

**Figure 12: DCC Corporate Asset Challenge Questions**



By adopting the protocols defined in figure 12, greater benefit will be realised where investment in the industrial portfolio is focused where financial return and economic value are optimised.

To support the wider economic agenda, links are to be explored in delivering the capital works, through a Targeted Recruitment and Training (TRT) approach. This will support opportunities for those individuals e.g. NEET's (Not in Employment, Education or Training), ex-offenders, long-term unemployed etc., through partnership organisations, covering a range of appropriate skill sectors.

In driving added value and benefit from the Business Space portfolio, it is important that there is full consideration given to other complimentary opportunities as they are presented. Initiatives that are being considered over the next five years include:

- *Durham County Council Solar PV project*  
Business space units and managed workspace facilities are currently being considered for potential inclusion in the County Council's £6million



SPA solar PV project. Initial survey results are encouraging and may result, subject to the equipment being installed at facilities, in up to 20% annual savings in electricity consumption costs and the generation of additional revenue into the authority via the governments Feed-In Tariff initiative.

- *Electric Vehicle Charging Points*  
The drive towards greener travel and wider take up of electric vehicles has led to consideration for the installation of electric vehicle charging points at managed workspace facilities. This presents an opportunity to raise the profile of the business centres whilst making an effective contribution to the green agenda.
- *Durham Dales Centre Remodelling*  
During the latter half of 2011/12, the Durham Dales Centre will benefit from investment that will deliver a full refurbishment of the centre's core facilities which will improve the visitor and business experience. In response to the home working agenda, a new wi-fi 'business hub' café will be introduced to assist home based SME's to access professional facilities and support at the Dales Centre. In addition to this, a full review of the current restaurant offering is to be undertaken to deliver additional value from the facilities.
- *Value adding services*  
As an extension to the development of the wi-fi 'business hub' café, scheduled for completion at the Durham Dales Centre in March 2012, this approach is to be explored as an option for adding value to other DCC managed workspace facilities. Initial research of similar facilities operating in County Durham suggests that financial returns can be made, providing a sustainable secondary source of revenue income for the portfolio.

## 9.0 Effective Portfolio Management

In addition to capital investment, an improved approach to managing the DCC Business Space portfolio will support the realisation of wider economic and financial benefits and support future growth potential.

### 9.1 Estate & Facilities Management Plans

Each of the 21 industrial estates and business parks owned and managed by DCC Business Durham will be managed in accordance with an Estate & Facilities Management Plan, tailored to the specific requirements of each estate and the SME accommodation located within it. Figure 13 outlines the general elements of each plan.

**Figure 13: Business Durham Estates & Facilities Management Planning**

Business Durham Estates & Facilities Management Plan	
Location, Transport & Infrastructure	Details of the estate, buildings and location in relation to local amenities, town centres, housing settlements and major commuter routes. Details on infrastructure and services to the area including broadband and utilities. Estate map on file.
Environment	A snapshot of the external environment. Is it built up, rural or semi-rural? Major features of the external environment that contribute to the effectiveness or potentially hinder the success of the estate if not managed or monitored effectively.
Site Ownership & Conditions	Where site ownership is fragmented, details on leasehold and freehold status. Where there are appropriate development plots, site information which will assist in making potential future development decisions. Where DCC lease in or lease out sites and plots – financial and insurance implications associated with this.
Grounds Maintenance	DCC are responsibilities in terms of grounds maintenance, car parking, rights of way, signage, street lighting etc. Details and costs of landscape maintenance contracts, service level agreements and monitoring/review of work frequencies.
Building Management	Details of each building and unit on the estate/business park. Size, age, condition, history and details of capital investment etc. Planned maintenance requirements, routine inspection and survey regimes. For managed workspace operational management arrangements.
Lease & Tenant Arrangements	Types of leases in place on the estate for each building including property / unit demise. Tenants and businesses in occupation. Outline details of each business including business sector, number of employees, annual turnover etc. Reviewed and updated annually (minimum) or as tenant changes occur. Copy of leases on file. Formal tenant induction procedures and timely rent and lease reviews.
Development	Details of any master or investment plans, local development or SHLAA plans which may have an impact on the estate. Details of any development appraisals of estate plots/sites. Relevant information in supporting the place shaping agenda and 'Whole Town' approach.
Estate Liaison & Business Support	Details of any tenant or estate liaison activity including that carried out by other DCC departments and local police i.e. crime prevention. Details of support activity offered to businesses on the estate via Business Durham and partner agencies. Annual jobs & skills survey of all businesses occupying DCC accommodation.
Marketing	Details of marketing activity undertaken to promote the estate and/or businesses operating from it. Details of all enquiries relating to the demand for space on the estate.
Financial Metrics	Current rental figures across the estate. Rental figures of units/facilities on the estate owned and operated by other market providers. Service charge details covering estate operating costs reviewed annually and re-claimed from businesses occupying units.
KPI & Targets	Current KPI's and SMART estate targets for growth in occupancy, revenue income and capital development (i.e. creation of additional floor space and building refurbishments).
Risk Management	Comprehensive risk register detailing all financial and non-financial risks.

In establishing formal Estate & Facilities Management plans this will aid:

- Effective decision making in capital investment and development based on accurate market demand and supply information.
- The county council's position as a landlord ensuring that lease and tenant arrangements are legally compliant and reflect modern day practices.
- The establishment of standardised working practices across internal DCC directorates and services including Regeneration and Economic Development including Business Durham, Assets, Corporate Resources and Neighbourhood Services.
- Efficient target marketing of industrial estates and business parks, industrial units and managed workspace facilities.
- Delivery of targeted and measurable business support from Business Durham. Businesses located on DCC estates or operating from business space facilities will be supported in realising their growth potential, creating wider economic benefit.
- Performance management including financial and risk management as key elements. The introduction of proactive management and review arrangements enabling the introduction of SMART revenue, growth and development targets and the capturing of key economic outputs.
- The 'Whole Town' approach in ensuring DCC estates add value to the economic wellbeing of the wider community.

## **9.2 Marketing and Promotion**

Whilst marketing of the managed workspace accommodation is continuous, marketing of the entire business space portfolio will be addressed in 2011/12 together with the launch of Durham County Council's Business Durham service. As part of this, a re-branding of industrial estates and property signage will be undertaken to reflect the identity of the new service. This will also present an opportunity to update the signage and ensure it is meeting current needs.

### 9.3 DCC Current Portfolio KPI's & Targets

Figure 14 outlines targets relating to the management of DCC's current portfolio.

**Figure 14: Targets**

Target Details	At Sept 2011 (Baseline)	By April 2012	By April 2013	By April 2014	By April 2015	By April 2016
Overall Portfolio Occupancy (%)	75%	75%	76%	77%	78%	80%
Re-branding of DCC owned industrial estates in recognition of the new 'Business Durham' service (%)	0%	0%	100%	N/A	-	-
SME Industrial Properties / Estates Refurbished (m2) ***	0%	4,500m2	17,500m2	26,500m2*	-	-
Percentage increase on 2011 baseline revenue Income (£2.49m) from DCC Portfolio	0%	0%	2%	3%	4%	5%
Percentage of businesses surveyed as part of an Annual Jobs & Skills Survey (%)	0%	0%	100%	100%	100%	100%

\*Subject to confirmation of 2013/14 Capital Programme allocations to enable completion of Industrial Properties Refurbishment Programme. In prioritising investment priorities attention will be focused on those industrial estates where need is greater and potential return on investment in terms of revenue, jobs and business growth greatest. Based on average of £77m2 of investment over a £2,050m capital allocation 2011 - 2014.

## 10.0 Future development & Collaborative Working

The development of SME accommodation over the past decade, undertaken by the former County Durham District Councils and representing circa. £25million of capital investment, has mainly been focused on managed workspace office accommodation (excluding NETPark) in locations, which because of a lack of commercial viability, the private sector was not able to deliver (Consett, Stanley, Chester Le Street, Crook, Shildon, Peterlee, Bishop Auckland, Stanhope). This pattern of development is balanced with additions to the DCC industrial portfolio (estimated investment of £4-6million over the past decade) with a small number of units developed in Shildon, West Auckland and Barnard Castle.

As figure 2 shows, the DCC SME property portfolio amounts to over 52,000m2, which equates to just over 1% of the County's total business premises stock. However, DCC play a major role in providing premises and support for new, micro and small businesses, particularly in tackling localised market failures in the provision of SME business space.

By concentrating development on managed workspace this created market demand for larger grow-on independent space, to which small businesses, as they experienced growth and development, would graduate. The private sector were able to capitalise on this market and given the larger scale of development required and lower operational overheads, able to justify commercial investment in local market locations, addressing larger space and floor-plate supply issues.

### **10.1 Future Investment in New DCC Workspace Facilities**

Durham County Council, through its Capital Programme, will over the next five years invest in two new enterprise accommodation developments.

Consett Business Park is Durham County Council's largest managed workspace facility, boasting 5,716m<sup>2</sup> of office accommodation developed over a period of 20 years. Currently serving SME's operating in the Engineering, Business Services, Financial, Legal, Marketing, IT, Training and Telecommunication sectors; the site enjoys high occupancy figures well into the 85 - 95% range. "Consett Business Park Final Phase", due to be completed in late 2012, will deliver an additional 1,890 m<sup>2</sup> of new modern office floor-space. With strong demand for office accommodation focused upon the new-start and micro business market, it is envisaged that the new facility will reach full occupancy by 2015.

In the past decade circa £20million of public sector capital has been invested in NETPark, creating 6,455m<sup>2</sup> of business accommodation aimed at supporting growth in the science, innovation and technology sectors.

An additional 3,000m<sup>2</sup> of new workspace is proposed at NETPark as part of a continued expansion programme. Due for completion in early 2015, the newly proposed development will be a complex of "pods", providing small stand alone units for companies graduating from the current incubator provision, plus a larger pod which can be subdivided for multi-tenant use, satisfying demand for larger move-on accommodation for businesses currently located on the science park.

### **10.2 Collaborative Working and Inward Investment in Business Space**

Reduced public sector funding has had an impact on the availability of capital resources for the development of new and refurbishment of existing business accommodation. Coupled with a risk averse and financially challenging commercial environment, it is now more important than ever that Durham County Council not only encourage but seek, where appropriate, to support private sector interest in the development of business space. Aligned to the 'Whole Town' approach, increased levels of collaborative working will encourage private sector developers to engage more regularly and confidently with the authority. A workshop was held in June 2011 to encourage greater collaborative working with the private sector. Figure 15 gives a flavour of the thoughts and opinions expressed by the various participants:

**Figure 15: Business Services Developer Workshop, June 2011**

Discussion Topic:	What is needed to re-stimulate the market in the creation of business space? What role should Durham County Council adopt in facilitating this?
Responses:	<p>Understand risk and adopt risk sharing strategies with private sector developers. Help identify financial rewards to enable profits to be pumped into new projects.</p> <p>Form strong partner relationships with developers. Take a longer term view as delivery can take years.</p> <p>Local Planning Authorities can assist developers by making appropriate land available. There is a need to be mindful of land values as this is often a barrier to development.</p> <p>Mixed use schemes are a possibility.</p> <p>In terms of regenerating industrial estates, fragmented ownership causes issues and often there are few incentives for land / building owners to improve their environment. Local authority should take a wider view across estates and where possible incentivise.</p> <p>Commercial risk is particularly prevalent in current financially difficult times. The local authority should assist in 'de-risking' development opportunities where possible.</p> <p>The lack of appropriate infrastructure is a barrier to development. The county council should look to invest in areas where infrastructure is weak and this will aid speculative development.</p> <p>The county council should deliver what they say they will deliver and keep to their word.</p> <p>Red tape and bureaucratic processes present barriers to development, simplify these where appropriate.</p> <p>Private developers require high levels of confidentiality in a very competitive market. Local authorities need to recognise this and often local government procurement processes pose a potential threat to developers who need to maintain competitive edge.</p> <p>A lack of finance is a major barrier and what were once the most appealing and commercially viable locations i.e. the A1 and A19 corridors now require greater levels of financial incentive and subsidy, particularly in the rural west. It is also important that the local markets service towns and settlements are not ignored. Sometimes gap funding is a price worth paying.</p> <p>If the market is to be reignited then keeping communications open between developers and the county council is crucial. More events, open forums and workshops (like today) will help in promoting an 'open door' policy.</p>
Discussion Topic:	Best practice models – Business Improvement Districts (BID)
Responses:	<p>Its all about facilitating a club of likeminded businesses to deliver the improvements and impact required.</p> <p>Capitalise in major interventions and projects i.e. Hitachi at Newton Aycliffe when considering the proposing of a BID.</p> <p>Durham County Council are already looking at Durham City, also consider major estates such as Newton Aycliffe and Peterlee. Aycliffe is trying to compete with Team Valley in Gateshead.</p>

From the above it is evident that there are some very clear messages:

- Heightened levels of risk and lack of financial resources, due to the current economic climate, make it difficult for speculative developments to get off the ground. To develop at the current time, gap funding would accelerate available opportunities.
- Durham County Council needs to continue to work with developers in 'de-risking' development if the market is to be stimulated.

- Durham County Council needs to look at streamlined and efficient processes to support developers.
- Open communications and effective engagement is needed to forge relationships and support development opportunities.
- DCC should look at capitalising on major projects and developments i.e. Hitachi in Newton Aycliffe, when considering various models including Business Improvement Districts (BID's), to improve industrial areas.

In considering the above, there are a number of key areas in which Public Private Partnership's (PPP's) may prove effective. This includes the development of strategically located 'enterprise parks' which will support businesses to serve local markets and economies in alignment with the 'Whole Town' approach.

The county relies heavily upon its major industrial sites for employment and the County Durham Employment Land Review (draft 2011) highlights the significance of this. Amongst the major industrial employment locations around the county, some are developed and occupied, some are vacant, and some require varying levels of regeneration. Many of these sites are legacies from previous extraction and industrial activities and the majority have constraints (e.g. contamination, disused or badly maintained buildings, poor signage, inadequate infrastructure) which prevent development and discourage developers and potential occupants. Tackling these issues on key sites is a vital aspect of this plan; regeneration priorities will be identified in development plans that will be established for key industrial estates and business parks.

Specific consideration needs to be given to the viability of public sector investment in these locations and the benefits that will be realised. There will be limited opportunities for the authority to provide gap funding over the period of this plan. However, there are opportunities to enter into joint ventures and other contractual agreements with private and voluntary sector developers to support the development of new properties and regenerate strategic and key business and employment locations.

### **10.3 Making a start**

DCC needs to ensure suitable sites and premises are available for inward investors. Research<sup>4</sup> suggests that previous inward investors have been attracted to the County as a result of the:

- Availability of premises
- Cost of premises
- Access to strategic road networks
- Access to housing
- Quality of life indicators
- Education and workforce metrics

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<sup>4</sup> DTZ (2011) County Durham Employment Land Review

A number of vacant sites are particularly suited to major new inward investments and their associated supply chains, including:

- South of Seaham site, Seaham
- Durham Green / Tursdale, near Durham City
- Hawthorn, near Seaham
- Heighington Lane West, Newton Aycliffe

These sites are in different conditions; some being fully serviced and needing supporting infrastructure to be developed at the appropriate time. Other existing industrial estates and business parks (e.g. Peterlee, Drum) also offer a range of sites and premises that will be ideal for inward investors and could generate demand from other businesses. For example, the Intercity Express Programme (Hitachi Rail Project) will lead to the development of a single large site at Heighington Lane West and may lead to the demand for smaller sites and the regeneration of older parts of Aycliffe Industrial Estate. DCC will work closely with inward investors to ensure appropriate levels of support are provided to attract and retain inward investments.

In making a start, Durham County Council through tBusiness Durham have earmarked £0.2m in supporting, through a gap funding arrangement, the creation new SME office accommodation in East Durham in partnership with East Durham Business Service. Currently the Novus Business Centre which is owned by the county council and operated by East Durham Business Service is over 90% let. The proposed new facility, a conversion of a large floor plate at Spectrum Business Park close to the A19, will provide an additional 1,500m<sup>2</sup> of SME office accommodation and will address the lack of supply in East Durham.

In progressing this in the future, consideration will be given to identifying opportunities where partnership working will:

- Support the growth of SME's through the provision of quality business accommodation throughout County Durham, complimenting and aligned to the 'Place Shaping' agenda.
- Assist in the creation of additional business accommodation.
- Stimulate private sector development of business accommodation throughout the county.
- Establish Durham County Council as a credible partner in the development of business accommodation.
- Reinforce County Durham as a top location for business, strengthen the county's economy and make a positive and measurable contribution in making County Durham Altogether Wealthier.

## **10.4 Investment and Development KPI's & Targets**



Figure 16 shows the targets relating to the future development of SME (Small to Medium sized Enterprises) accommodation in the county.

**Figure 16: Targets**

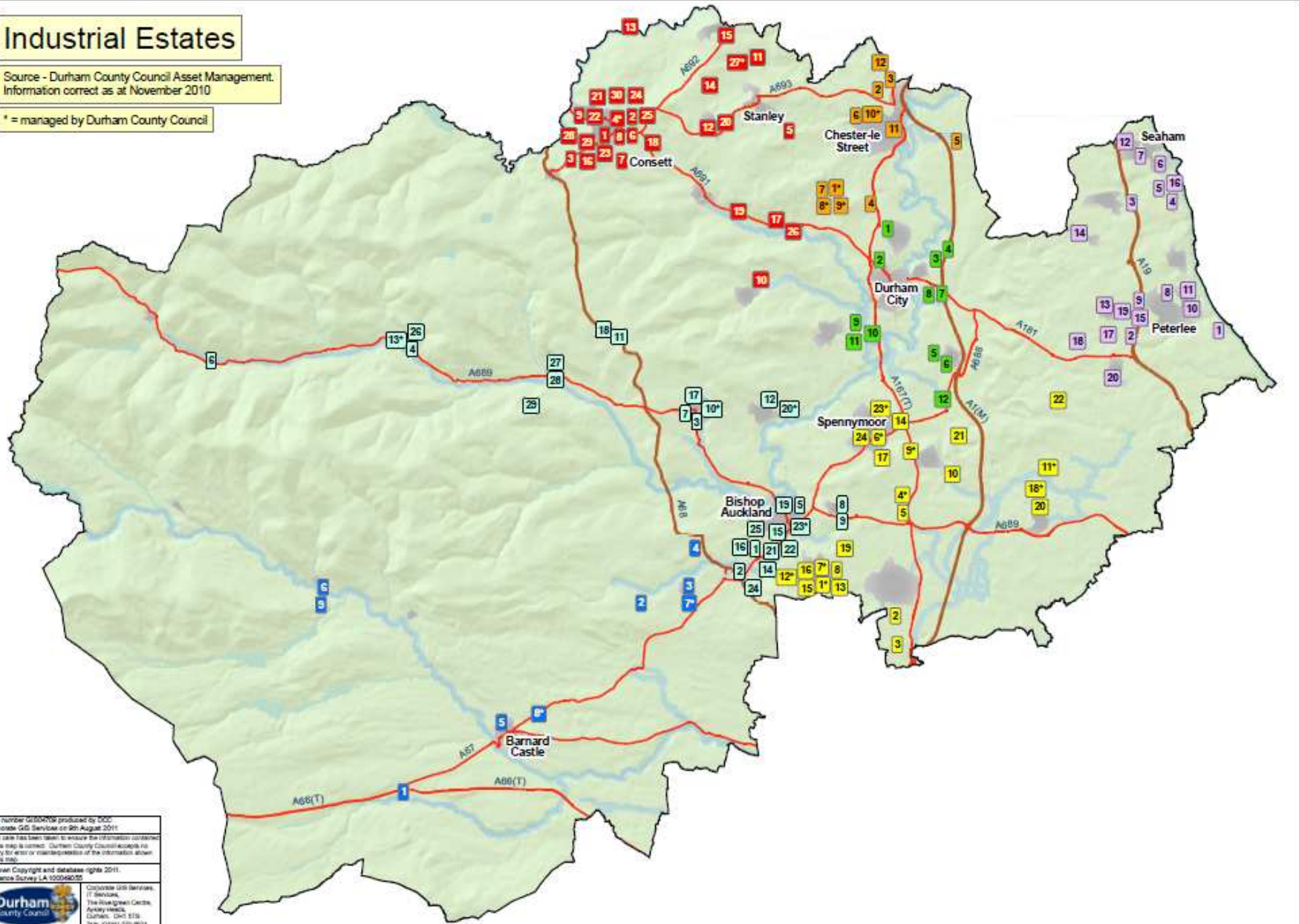
Target Details	Apr 2011 to Mar 2012	Apr 2012 to Mar 2013	Apr 2013 to Mar 2014	Apr 2014 to Mar 2015	Apr 2015 to Mar 2016
DCC capital invested in new workspace / infrastructure development (£)	£1.3m	£1.8m	£1.2m	£1.0m*	£2.0m*
Match funding secured against DCC capital funding (£)	£0.8m	£1.7m	£1.2m	TBC	TBC
New workspace developed in County Durham by DCC (m2)	0	1,890m2	3,000m2	TBC	TBC

\*To be confirmed through DCC capital bidding process.

# Industrial Estates

Source - Durham County Council Asset Management.  
Information correct as at November 2010

\* = managed by Durham County Council



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Ordnance Survey, LA 100046035

**Durham**  
County Council

Corporate GIS Services,  
The Riverside Centre,  
Avery Walk,  
Durham, DH1 1TA.  
Tel: 0191 220 8071

Derwentside Industrial Estates	
1	Berry Edge
2	Bradley Workshops
3	Castleside Industrial Estate
4*	Consett Business Park incl Derwentside Business Centre
5	Craghead Industrial Estate
6	Crookhall Industrial Estate
7	Delves Lane Industrial Estate
8	Delves Lane North Industrial Estate
9	Derwentdale Industrial Estate
10	Esh Winning Industrial Estate
11	Ever Ready Industrial Estate
12	Greencroft Industrial Estates
13	Hamsterley Industrial Estate
14	Harelaw Industrial Estate
15	Hobson Industrial Estate
16	Hownsgill Industrial Estate
17	Langley Park North Industrial Estate
18	Leadgate Industrial Estate
19	Malton Industrial Estate
20	Morrison Busty North / South Industrial Estates
21	Number One Industrial Estate
22	Park Road North / South Industrial Estates
23	Ponds Court Industrial Estate
24	Pont Lane Industrial Estate
25	Prospect Business Park
26	Riverside Industrial Estate
	Tanfield Lea North / Tanfield Lea South Industrial Estates incl Tanfield Lea Business Centre, Comeleon Building and Enterprise Place
27*	
28	The Grove Industrial Estate
29	The Grove Industrial Estate
30	Watling Street Industrial Estate

Teesdale Industrial Estates	
1	Bowes Industrial Estate
2	Cockfield Industrial Estate
3	Everwood Industrial Estate
4	Fountains Head Business Park
5	Harmire Industrial Estate
6	Kirkcarrion Estate / Middleton Industrial Estate
7*	Randolph Industrial Estate
8*	Stalton Grove Industrial Estate
9	Station Industrial Estate

Durham Industrial Estates	
1	Abbey Road Industrial Estate
2	Aykley Heads Business Park
3	Belmont Business Park
4	Belmont Industrial Estate
5	Bowburn North Industrial Estate
6	Bowburn South Industrial Estate
7	Dragonville Industrial Estate
8	Dragonville Park
9	Langley Moor Industrial Estate
10	Littleburn Industrial Estate
11	Meadowfield Industrial Estate
12	Tursdale Industrial Estate

Wear Valley Industrial Estates	
1	Abraham Enterprise Park
2	Aptec Enterprise Park
3	Beechburn Industrial Estate
4	Bondisle Way Industrial Estate
5	Brack's Farm
6	Burnfoot Rural Workshops
7	Castle Close Industrial Estate Crook
8	Coundon Industrial Estate
9	Coundon Industrial Estate Extension
10*	Crook Business Centre
11	Dan's Castle
12	Dunelm Industrial Estate
13*	Durham Dales Centre - Castle Gardens
14	Fieldon Bridge, Tindale Crescent
15	Fylands
16	Greenfields Industrial Estate
17	High Hope Street Industrial Estate
18	Inkerman
19	Laurel Way
20*	Low Willington Industrial Estate incl Harvey Court, St Stephen's Court and Brockwell Court
21	Romanway Extension
22	Romanway Industrial Estate
23*	South Church Enterprise Park
24	St Helens Industrial Estate
25	Tindale Crescent
26	Wearside Business Centre
27	Wolsingham Extension
28	Wolsingham Industrial Estate
29	Wolsingham Steel

Chester-le-Street Industrial Estates	
1*	Co-operative Workshops
2	Drum Industrial Estate
3	Durham Road Trading Estate
4	Kimbleworth Industrial Estate
5	Lumley Sixth Pit, Fencehouses
6	Pelton Fell North Industrial Estate
7	Sacrison Colliery, Acorn Close Lane
8*	Sacrison Industrial Estate
9*	Shop Premises at Plawsworth Road
10*	Stella Gill Industrial Estate
11	The Turnpark, Station Road
12	Westline Industrial Estate

Sedgefield Industrial Estate	
1*	All Saints
2	Aycliffe Industrial Estate
3	Aycliffe Industrial Park
4*	Chilton Industrial Estate
5	Chilton Prestige Estate
6*	Coulson Street Industrial Estate
7*	Dabble Duck Industrial Estate incl Shildon Business Centre
8	Dale Road Industrial Estate
9*	Dean and Chapter Industrial Estate
10	Ferryhill Station Industrial Estate
11*	Fishburn Industrial Estate
12*	Furnace Pit Industrial Estate
13	George Reynold's Industrial Estate
14	Green Lane Industrial Estate
15	Hackworth Park Industrial Estate
16	Lambton Industrial Estate
17	Merrington Lane Industrial Estate
18*	Netpark
19	Old Eldon Industrial Estate
20	Salters Lane Industrial Estate
21	Thrislington Industrial Estate
22	Trimdon Grange Industrial Estate
23*	Tudhoe Industrial Estate
24	Wesleyan Road

Easington Industrial Estates	
1	Blackhall Industrial Estate
2	Bracken Hill Business Park
3	Cold Hesledon Industrial Estate
4	Dawdon Industrial Estate
5	Fox Cover Industrial Estate
6	George Street Industrial Estate
7	Kingfisher Industrial Estate
8	North East Industrial Estate
9	North West Industrial Estate
10	Phoenix Industrial Estate
11	Sea View Industrial Estate
12	Seaham Grange Industrial Estate
13	Shotton Colliery Industrial Estate
14	South Hetton Industrial Estate
15	South West Industrial Estate
16	Spectrum Business Park
17	Thornley Station Industrial Estate
18	Wheatley Hill Industrial Estate
19	White House Industrial Park
20	Wingate Grange Industrial Estate

## Appendix B: Economic Profile

This plan focuses on how we can use the portfolio of business premises to support local enterprise. Several trends<sup>5</sup> relating to the business base underpin the need for us to support enterprise activity, including:

- the majority of businesses are micro (1-9 employees) or small (10–49 employees); the average business size is 11.5 employees
- new businesses were responsible for the main growth in employment between 2005 and 2010; the average size of new businesses is 9.1 employees which is relatively high<sup>6</sup>
- at 459 businesses per 10,000 working age population, County Durham's business density is well below the national average (680) and other rural areas such as Northumberland (573), Devon (778) and Shropshire (820)
- although start-up rates are lower than national averages a positive trend is that business survival and failure rates are comparable with other areas

The county's most productive sectors are public sector and manufacturing. The county also has comparative strengths in key industry and niche sectors as identified in figure 17.

**Figure 17: Key industries and niche sectors in County Durham**

Key Industries	Niche sectors
<ul style="list-style-type: none"> <li>• Digital and creative</li> <li>• Tourism</li> <li>• Financial</li> <li>• Business &amp; professional services</li> <li>• Manufacture of food &amp; drink</li> </ul>	<ul style="list-style-type: none"> <li>• New &amp; renewable energy</li> <li>• Electric vehicles</li> <li>• Health &amp; life sciences</li> <li>• New materials (e.g. plastic electronics)</li> <li>• Telecoms</li> </ul>

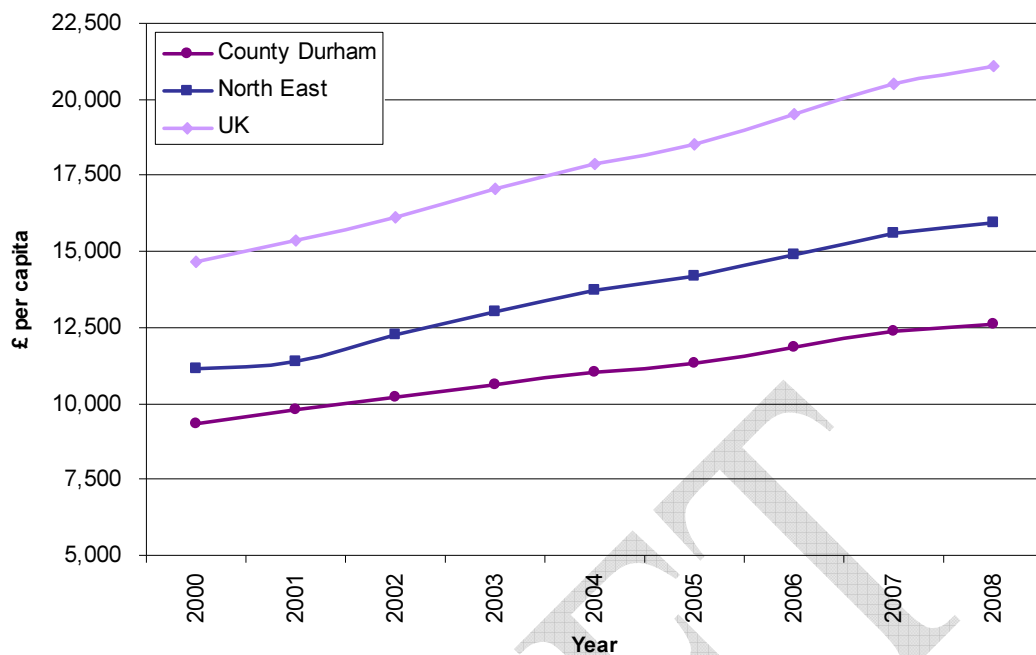
The county is particularly under-represented in terms of knowledge-based businesses which have declined in recent years, despite growth regionally and nationally. This is indicative of the growing productivity gap<sup>7</sup> between County Durham, the North East region and England (see figure 18). Knowledge-based jobs in the private sector are concentrated in the high-value manufacturing and business services sectors.

<sup>5</sup> Durham University (2010) Business Base and Entrepreneurship Profile for County Durham

<sup>6</sup> Figure is distorted by a small number of new large establishments and the fact that the source data excludes sole traders

<sup>7</sup> Where productivity per capita is increasing at a faster rate across the North East and England than in County Durham

**Figure 18: Comparison of County Durham's productivity (per capita)**



**Figure 19: Total starts by sector (2008-09)<sup>8</sup>**

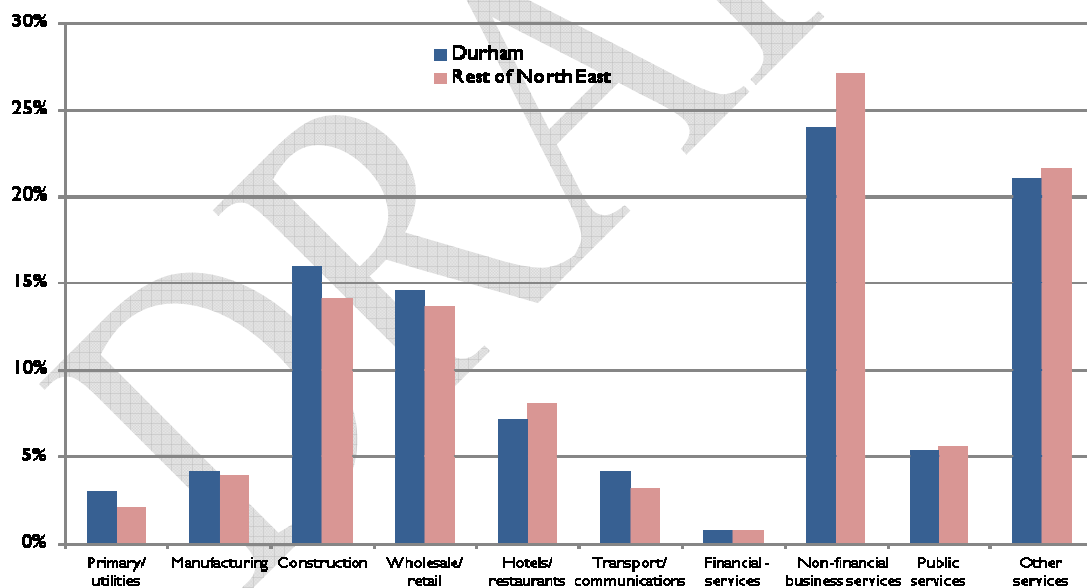


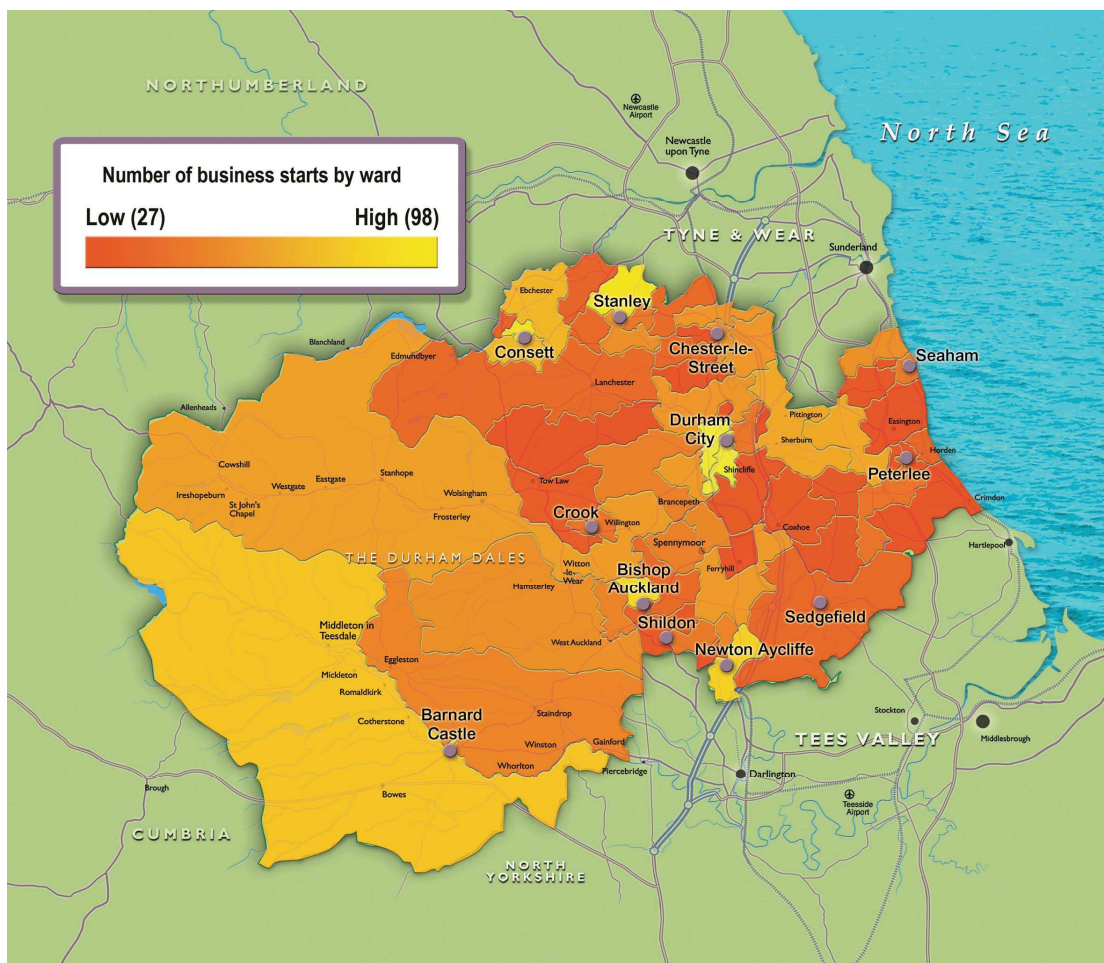
Figure 19 shows the number of business start-ups by broad industrial sectors, suggesting that the county has higher than average demand for industrial and wholesale / retail start-up space. In contrast, the numbers of start-ups in business services is lower than average, suggesting that there is below average activity in sectors that require office accommodation.

As figure 20 shows, in 2010 Bishop Auckland, Consett, Durham City, Newton Aycliffe and Stanley were hot spots for new businesses as well as far south-western parts of the County. This reflects the fact that the majority of commercial

<sup>8</sup> BankSearch Start-up database

business space is concentrated in and around the county's main towns and that there may be a number of constraints in Chester-le-Street, Peterlee and Seaham in terms of new business creation. Chester-le-Street has a lack of local employment opportunities in general, but has strong links with southern Tyne and Wear and northern parts of County Durham which provide a range of business and employment opportunities. In eastern parts of the county, concentrations of worklessness, low skills, education and levels income are likely to underpin the lack of start-up activity. In contrast, in the west of the county, the proportion of businesses is relatively high and above the regional average<sup>9</sup>.

**Figure 20: Number of business starts by ward 2010<sup>10</sup>**



Through a business survey<sup>11</sup> undertaken in 2010, businesses have informed us of their key needs and we are supporting businesses as outlined in figure 21.

<sup>9</sup> Nathaniel Lichfield and Partners (2011) County Durham Employment Land Review

<sup>10</sup> BankSearch Start-up database

<sup>11</sup> Adroit (2010) County Durham Key Sector Research, Business Survey

**Figure 21: Comparison of business needs to DCC support**

Business needs	DCC support
<ul style="list-style-type: none"> <li>• Support to recover from the recession</li> <li>• General business advice (e.g. reducing operating costs)</li> <li>• Investment finance and financial advice</li> <li>• Support for commercialising products</li> <li>• Support for accessing low carbon economic opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of business space including administrative support services, direct access to advice and enterprise agency support, and signposting to other non-DCC services</li> <li>• County Durham Development Company services</li> <li>• NETPark, NETPark Net</li> <li>• Business Space Plan</li> <li>• Innovation Framework</li> </ul>
<ul style="list-style-type: none"> <li>• Access to a skilled and talented workforce with 'the right attitude to work'</li> </ul>	<ul style="list-style-type: none"> <li>• Whole town approach to regeneration (see Regeneration Strategy)</li> </ul>
<ul style="list-style-type: none"> <li>• Modern transport and communications infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Local Transport Plan 3 and related investments (e.g. Transit 15)</li> <li>• Digital Durham, Digital Dale projects</li> </ul>

There is a need to promote enterprise and job creation across the county and the county council has a duty to promote equality of access. Our survey concludes that the majority (78%) of employees travel up to 10 miles to business or work hence a spatial approach to delivery is important. In addition to providing space and sites for development across the county, there is an aim to promote home working<sup>12</sup> as a viable way of running and conducting business activity. The Tribal 2010 Home Working Survey<sup>13</sup> particularly highlights the importance of:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• Facilities</li> <li>• business support</li> <li>• networking</li> <li>• policy and strategy</li> </ul> | <ul style="list-style-type: none"> <li>• housing</li> <li>• planning and legislation</li> <li>• ICT support and broadband</li> <li>• data collection and sharing</li> </ul> |
|---|---|

An aim of this plan is to support the availability of business support, meeting space, and flexible workspace which in turn will support home based businesses. It will complement other interventions such as the establishment of countywide next generation broadband, and the development of strategies and policies which support home working. Furthermore, building upon existing evidence, home workers will continue to be surveyed in order to tailor support and promote home working and, where appropriate, enable home-based businesses to graduate into SME and commercial accommodation.

<sup>12</sup> Including home based employees, homeshoring agents, and home business owners

<sup>13</sup> Tribal (2010) The Impact and Potential of Home Working in County Durham

## Appendix C: Market Analysis

County Durham has a number of advantages as a business location, including:

- A central location between Tyne and Wear and Tees Valley
- Low levels of congestion
- High quality environment, quality of life and cultural attractions
- Good strategic connectivity (e.g. A1, A19, East Coast Main Line)
- Access to a large labour market
- Good access to the people with the right skills and work ethic
- A low cost business location with quality business accommodation

Given its national connectivity, sites and premises adjacent to the A1M are particularly attractive to businesses and inward investors. Aycliffe Business Park, Belmont Industrial Estate, and Drum Industrial Estate all benefit from excellent road connectivity, as do others in proximity to this corridor.

There are a number of private sector managed workspace facilities in and around Durham City and the A1(M) corridor. Outside Durham City, key locations with private office workspace include Newton Aycliffe, Chester-le-Street, and Spennymoor. The majority of this is relatively new and built to modern standards. There is also a wide variety of private sector industrial workspace spread across the county which is typically older stock. It is anticipated that these areas will remain the most attractive locations in the county for the foreseeable future, particularly in line with high profile developments such as the Hitachi Rail Project, Durham Gate, and the proposed Durham Green business park.

The recession was largely fuelled by inflated property prices and risky investments by the financial sector; property and financial markets are yet to recover. Land and property values are volatile, construction costs are rising, and finance is difficult to secure, which means that many developers are adopting a “wait and see” mentality. As a result, potential developments in many parts of County Durham – particularly those not in direct proximity to Durham City or the A1(M) - are unprofitable and therefore unattractive to developers. This is reflected in the DCC current portfolio of business space which largely includes properties outside of Durham City and the A1(M) corridor.

The A19 is the other main road link through the county to Tees Valley, Sunderland, Newcastle and the wider North East. Seaham and Peterlee have seen significant development in recent years, largely due to their Enterprise Zone status. However, given that some of the larger commercial office properties have largely remained vacant, this suggests the properties may not be fit-for-purpose in the current economic climate.

Other key road links running through the county, including the A167 and A66, provide local access to the towns and communities. These routes are also important in supporting local industrial and smaller office developments. Moving forward, the development of workspace will be subject to scrutiny under the place shaping agenda, supporting the wider economic development regeneration agenda, recognising growth of key business sectors and the ‘Whole Town’ approach.

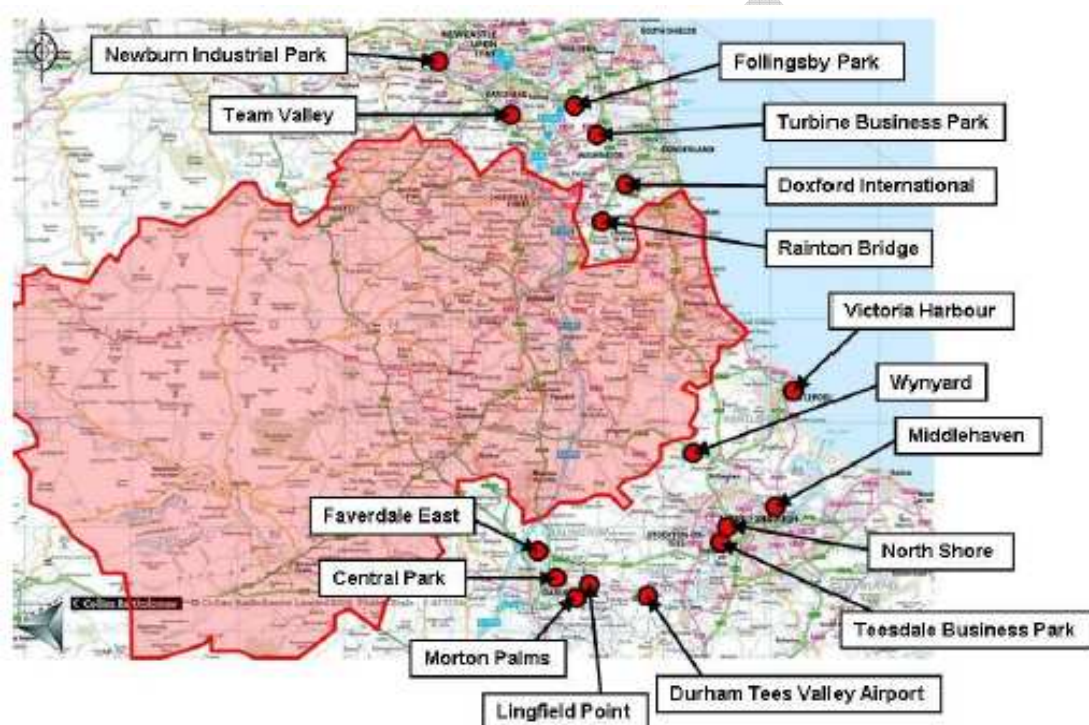


**Figure 22: Summary of business space by sub-region<sup>14</sup>**

Sub-region	Number of business premises	Business Floorspace (m2)
County Durham	6,758	4.6 million
Tyne and Wear	14,927	10.7million
Tees Valley	8,488	7.4 million
Northumberland	4,918	2.5 million

As figure 22 shows, within the North East, Tyne and Wear and Tees Valley account for the largest proportions of both business premises and floorspace. County Durham has 4.6 million m2 of business floorspace, accounting for 18% of the regional total.

**Figure 23: Key competitor business locations**



As figure 23 shows, the main locations that are in competition to those in County Durham; the main types of business use are summarised in figure 24<sup>15</sup>.

**Figure 24: Main uses on key competitor business locations**

Name	Local authority	Main uses
Follingsby Park	Gateshead	Industrial / distribution
Team Valley	Gateshead	Industrial / distribution, office, retail
Newcastle	Newcastle	Office
Newburn Riverside	Newcastle	Office, industrial / distribution
Washington	Sunderland	Industrial / distribution, office, retail
Rainton Bridge South	Sunderland	Industrial, office
Doxford International	Sunderland	Office

<sup>14</sup> ONS Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2008. Figures exclude retail floorspace.

<sup>15</sup> DTZ (2008) County Durham Employment Sites and Premises Study

Victoria Harbour	Hartlepool	Office, retail, leisure, residential
Middlehaven	Middlesbrough	Office, leisure, residential, education
Teesdale	Stockton	Office
Durham Tees Valley Airport	Stockton	Industrial / distribution, office
Wynyard Park	Stockton	Industrial / distribution, office
North Shore	Stockton	Office, retail, leisure, residential
Faverdale	Darlington	Industrial / distribution
Morton Palms	Darlington	Office
Central Park	Darlington	Office, leisure, residential, education
Lingfield Point	Darlington	Industrial / distribution, office

Figure 25 shows the rateable values for different types of commercial property in County Durham, competitor locations, and the top 5 local authority areas in England<sup>16</sup> as at 2008 (pre-Local Government Reorganisation). This data needs to be considered with caution, as there will be fluctuations within local authority areas. The analysis provides an illustration as to how the county performs in relation to other places.

**Figure 25: Comparison of rateable values in County Durham<sup>17</sup>**

Rank	Region	Local Authority	All Bulk Classes*	Retail	Office	Factories	Warehouses
			£ per m2	£ per m2	£ per m2	£ per m2	£ per m2
1	London	Westminster	288	366	265	77	97
2	London	Kensington and Chelsea	265	395	180	80	67
3	London	City of London	258	431	250	n/a	56
4	London	Camden	200	225	219	74	62
5	London	Tower Hamlets	151	153	195	55	52
85	North East	Newcastle	75	145	94	23	29
<b>154</b>	<b>North East</b>	<b>Durham City</b>	<b>57</b>	<b>133</b>	<b>73</b>	<b>20</b>	<b>24</b>
167	North East	Gateshead	54	183	65	21	30
168	North East	Middlesbrough	54	118	56	22	26
206	North East	Stockton-on-Tees	46	106	76	25	29
256	North East	Sunderland	42	102	74	23	27
257	North East	Darlington	42	102	61	19	25
<b>282</b>	<b>North East</b>	<b>Chester-le-Street</b>	<b>39</b>	<b>86</b>	<b>65</b>	<b>21</b>	<b>25</b>
<b>313</b>	<b>North East</b>	<b>Easington</b>	<b>36</b>	<b>79</b>	<b>68</b>	<b>25</b>	<b>26</b>
341	North East	Hartlepool	33	99	51	15	20
<b>342</b>	<b>North East</b>	<b>Wear Valley</b>	<b>33</b>	<b>73</b>	<b>42</b>	<b>17</b>	<b>21</b>
<b>369</b>	<b>North East</b>	<b>Sedgefield</b>	<b>26</b>	<b>68</b>	<b>47</b>	<b>21</b>	<b>21</b>
<b>371</b>	<b>North East</b>	<b>Derwentside</b>	<b>25</b>	<b>57</b>	<b>40</b>	<b>18</b>	<b>17</b>
<b>376</b>	<b>North East</b>	<b>Teesdale</b>	<b>21</b>	<b>62</b>	<b>43</b>	<b>12</b>	<b>17</b>

\* Ranked column, referred to as the average

The Durham City area has the second highest average<sup>18</sup> property rateable values in the region, but does not perform particularly well from a national perspective. The majority of the former local authority areas are amongst the lowest in the country, with Teesdale having the lowest average rateable values of any area; this vast difference is highlighted by the property values in London.

<sup>16</sup> Dataset is for local authorities in England and Wales

<sup>17</sup> ONS Commercial and Industrial Floorspace and Rateable Value Statistics (2005 Revaluation), 2008

<sup>18</sup> Based on the 'all bulk classes' data

The main managed workspace facilities, bordering County Durham, are in the following locations:

- Birtley Business Centre, Gateshead
- Pinetree Centre, Gateshead
- Houghton Enterprise Centre, Sunderland
- Enterprise House, Darlington
- High Northgate, Darlington
- Evans Business Centre, Darlington
- The Executive Centre, Newcastle
- Rotterdam House, Newcastle
- Akenside Studios, Newcastle
- St Thomas Street Business Centre, Newcastle
- Stonehills Complex, Gateshead
- Design Works, Gateshead
- Axis Building, Gateshead
- Team Valley Business Centre, Gateshead
- Owners Business Centre, Newcastle
- Blaydon Business Centre, Newcastle
- Quadrus Centre, Boldon
- Lynnwood Business Development Centre, Newcastle
- John Buddle Work Village, Newcastle
- St Matthews House, Hexham
- Greenesfield Business Centre, Gateshead
- Gear House, Gateshead
- DBH Gateshead, Gateshead
- St Thomas Street Office Centre, Sunderland
- The Place Mowbray Centre, Sunderland
- Stanfield Business Centre, Sunderland
- Doxford International, Sunderland
- Pennywell Business Centre, Sunderland
- Business and Innovation Centre, Sunderland
- Central Core Business and Innovation Centre, Sunderland
- Innovator House, Sunderland
- Anderson House Business & Innovation Centre, Sunderland
- Southwick Enterprise Workshops, Sunderland
- St Peters Gate, Sunderland
- North Sands Business Centre, Sunderland
- Multi Media Exchange, Middlesbrough
- Vanguard Suite, Middlesbrough
- Stockton Business Centre, Stockton
- Durham & Tees Valley Business Centre, Stockton
- Cadcam Centre, Middlesbrough
- Belasis Business Centre, Stockton
- @ the business centre, Hartlepool
- Hartlepool Workshops, Hartlepool
- The Innovation Centre, Hartlepool
- Southlands Centre, Middlesbrough
- Queensway Business Centre, Middlesbrough
- South Tees Business Centre, Middlesbrough
- Evans Business Centre, Middlesbrough

The demand for business space is difficult to establish under any market conditions, but particularly so in the economically challenging period following the global recession which resulted in the collapse of international property and investment markets. The main market this plan seeks to address is that of micro and small businesses, where take-up analysis<sup>19</sup> suggests there is consistent demand for small premises, particularly small office space (up to 1,000 sq ft).

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<sup>19</sup> DTZ (2008) County Durham Employment Sites and Premises Study

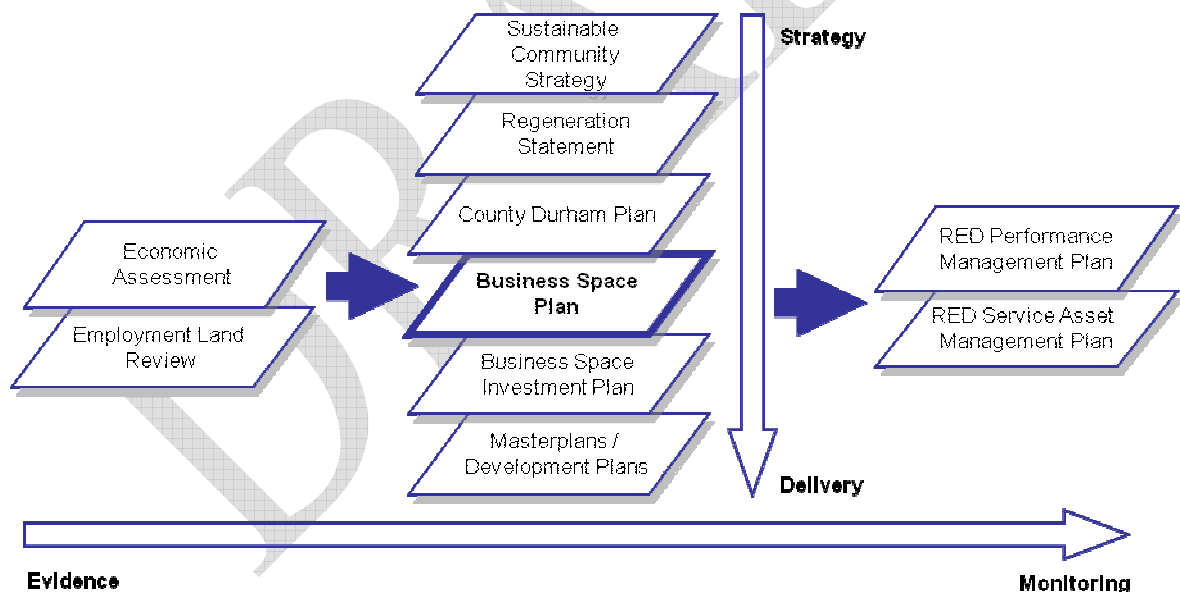
## Appendix D: Strategic Context

The objectives set by this plan fit closely with those of the Coalition Government<sup>20</sup> who see businesses as drivers of economic growth and innovation. Government intends to introduce a series of measures designed to boost enterprise, diversification, and “green growth” that is balanced across all regions; which will complement measures introduced by DCC. This plan specifically addresses one of the nine priorities of the Department for Business, Innovation and Skills:

*“Help small and medium-sized businesses start and thrive through better business support, improved access to finance and stronger competition, with fewer market barriers to entry, creating a more entrepreneurial culture.”*

As figure 26 shows, this Business Space Plan is one of a number of key strategies for County Durham. The Altogether Wealthier strand of DCC’s Sustainable Community Strategy (SCS) is “focused on creating a vibrant economy and putting regeneration and economic development at the heart of the SCS”. The county’s business space plays a key role in supporting underlying objective of creating “a strong, sustainable economy providing high quality well paid jobs combined with long-term stability”.

**Figure 26: Positioning of Business Space Plan**



The Regeneration Statement sets the context for regeneration and economic development across the county over the next decade. Its main aim is to create a “whole town” approach to create vibrant places that support job creation, investment and generate income. Developments and improvements will be specifically targeted in locations where there will be significant investment in new housing, new schools and town centre improvements. The Regeneration Statement includes four specific ‘business’ objectives which the BSP will help to deliver:

<sup>20</sup> <https://bis.gov.uk/about/priorities>

- nurture business development and growth
- support and enterprise surge
- attract and retain employment
- promote the County as an attractive investment location

This Business Space Plan is a key mechanism for delivering the whole town approach and supporting diverse local economies, which include a range of different sized employers operating in different industries and local enterprises. The County Durham Plan translates national and local economic objectives into a coherent spatial plan including mechanisms (e.g. site allocations) for supporting a range of development and regeneration activities, including business uses. The County's Economic Assessment and Employment Land Review are two key evidence-bases which inform both the Business Space Plan and the County Durham Plan.

This plan is complemented with a Business Space Investment Plan which provides a more detailed understanding of how investment will be used to achieve objectives. It also fits closely with the Service Asset Management Plan for the Regeneration and Economic Development service. More detailed masterplans and delivery plans will be used to manage individual projects, developments and improvement schemes.

This plan integrates with the Performance Management Framework for DCC's Regeneration and Economic Development service, and will specifically contribute towards the following targets for the County:

- Raising gross value added
- Improving the number of business registrations
- Improving the employment rate