

## **Cabinet**

**19 November 2014**

### **North East Industrial Estate, Peterlee – Project Update**



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#### **Report of Corporate Management Team**

**Ian Thompson, Corporate Director Regeneration and Economic  
Development**

**Cllr. Neil Foster, Cabinet Portfolio Holder for Economic  
Regeneration**

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#### **Purpose of the Report**

1. This report provides a summary of progress made towards facilitating the redevelopment of North East Industrial Estate, Peterlee.
2. The report seeks also the support of Cabinet to the redevelopment of North East Industrial Estate through the use of compulsory purchase ("CPO") powers in order to acquire interests in property within the redevelopment area.

#### **Background**

##### ***Strategic Context***

3. The North East Industrial Estate, the location of which is shown on the map at Appendix 2, was first developed in the 1950s and 1960s has been in general decline for the last 15 years or so. The area is now characterised by cleared sites and a number of remaining industrial units, generally in poor repair.
4. In January 2014, Cabinet considered and endorsed a Future Options and Acquisition Strategy for the area under Key Decision R&ED/13/13. This recommended a series of strategic interventions by the council to encourage housing regeneration. The cornerstones of the strategy involve securing planning consent, acquiring and demolishing property within a target area, supporting existing businesses in relocating within the local area and encouraging redevelopment.

##### ***Planning Context***

5. The site at North East Industrial Estate, which extends to 19.8 hectares of brownfield land, is identified in the local plan as having the potential to contribute 390 housing units and is shown bordered red on the plan at Appendix 3.

6. The Council's Regeneration Statement 2012-2022 and the endorsed Peterlee Regeneration Masterplan propose a range of objectives for East Durham, including a proposed new rail halt at Horden, an improved retail, business and residential offer in the town and increased employment, focussed on the North West and South West Industrial Estates.
7. Outline Planning Permission for 390 housing was approved at committee on 2 July 2014.

### ***Progress to Date***

8. To date, the following strategic objectives have been achieved;
  - The Council working with major landowners has developed a strategy for moving forward which includes as a first stage the assembly of land at Armstrong Road;
  - Budget has been secured to support property acquisitions, holding costs and demolitions within the target area for intervention (shown shaded blue on the plan at Appendix 3) together with support for relocating businesses.
  - Unit 6 Faraday Road, has been acquired with vacant possession from a willing vendor, demolished and the site cleared. Negotiations are progressing with other owners within the area where the Council is seeking to acquire property with 3 further properties secured and 2 more with purchase price negotiated, subject to contract.
  - Support is being offered to businesses within the defined area to assist property owners and occupiers to identify alternative premises in the local area;
  - Liaison is taking place with the remaining property owners (outside of the target area for acquisitions by the council) to securing a developer for the entire site at an early date.

### **Proposed Next Steps**

9. The decision to approve the planning application for the site is a significant step forward in creating confidence in the site's ability to be delivered as a major redevelopment scheme. Coupled with the recent demolition of the former Dewhirst Clothing complex on the site frontage by new owners and the progress made under the council's acquisition and demolition programme, significant signs have been given that the redevelopment process is firmly underway.
10. Whilst it remains the intention to acquire land and property by agreement, there are potential risks to the project from property owners who are unwilling to sell or unable to reach agreement as to the value of their interest to be acquired. It is a further key action to explore the level of risk in this instance

and to assemble a Statement of Case, seeking the formal resolution of the Council to use its compulsory purchase powers to achieve the proper planning of the area by acquiring any land and property required to deliver comprehensive redevelopment and removing restrictive covenants in order to provide clean title. Additionally, this will enable the Council to be able to confirm to potential developers that there is an “in principle” agreement to support them in a CPO if that is what is needed to deliver the whole site. Such support to a developer would be subject to the Council’s costs in a CPO (including any acquisitions) being underwritten by the developer.

### **Recommendations and reasons**

It is recommended that Cabinet:

- a) Approves the principle of the Council utilising its CPO powers, subject to the preparation of a detailed Statement of Case and the consideration of a request for a formal resolution once that case is made. An approval in principle to the use of CPO powers will evidence the Council’s resolve to progress the project fully.

### **Background papers**

Report to Cabinet 15 January 2014 North East Industrial Estate – Future Options and Acquisition Strategy (Key Decision R&ED/13/13).

### **Appendix 2 – Location Map**

### **Appendix 3 – Redevelopment Zone Plan**

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## **Appendix 1: Implications**

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### **Finance –**

A capital programme of £1.136m has been provided to commence a programme of property acquisitions and assist in land assembly.

It is anticipated that S106 contributions of £1.55m for affordable housing provision could be generated by assembling the land for future housing development.

### **Staffing –**

None

### **Risk –**

There remains a risk that owners of the larger sites may fail to reach collective agreement as envisaged. Further discussions are taking place in this regard to mitigate/remove risk.

### **Equality and Diversity / Public Sector Equality Duty –**

None

### **Accommodation –**

None

### **Crime and Disorder –**

None

### **Human Rights –**

None

### **Consultation –**

Significant consultation on the allocation of the site for housing has been undertaken through the development of the County Durham Local Plan and at a dedicated public consultation event on 31 March 2014. There has been further consultation on the implementation of the strategy for the site with local members.

### **Procurement –**

None.

### **Disability Issues –**

None

### **Legal Implications –**

As described in the report, the project requires the acquisition of land. Failure to do so by agreement will necessitate a requirement to justify the use of compulsory purchase powers. The formulation of the necessary Statement of Case is the subject of ongoing, internal legal advice.