

AUDIT AND GOVERNANCE COMMITTEE

28 May 2010

ECONOMIC MASTERPLAN UPDATE

Report of the Head of Strategic Economic Development

1. Purpose

- 1.1 The purpose of this report is to inform the Audit and Governance Review Committee of progress made to date in developing Sunderland's Economic Masterplan and on the final steps we now need to take to complete the project.

2. Background

- 2.1 The project to develop an Economic Masterplan for Sunderland was established, and has been managed, using PRINCE 2 methodology.
- 2.2 A consortium of consultants led by GENECON was commissioned by the Steering Group and began work on Sunderland's Economic Masterplan in May 2009 and Cabinet agreed a proposed vision and set of 5 Aims in December 2009. The Economic Masterplan is now nearing completion.
- 2.3 The project has been overseen by a Steering Group, comprising senior representatives from the Council, Sunderland Arc, Sunderland University, ONE, HCA and other public and private sector organisations.
- 2.4 Since beginning work the GENECON team has produced the following documents specified in the brief, that have been signed off by the Economic Masterplan Steering Group.
- a) Sunderland Economic Masterplan, Setting a Direction: Position Statement
 - b) Sunderland Economic Masterplan, Vision and Aims
 - c) Sunderland Economic Masterplan, City Centre Framework
- 2.5 Working Groups were established to develop Delivery Plans for four of the aims of the Economic Masterplan. A Chair has led each of these groups and the Chairs of all four groups have met and discussed the Delivery Plans and how they work together. This work has taken longer than initially expected but the Steering Group has now agreed the Delivery Plans with final amendments delegated to an editorial panel. The Chairs have been supported by GENECON who have also supported these Working Groups to establish a set of Performance Indicators.

3. Content of the Economic Masterplan

3.1 The proposed vision is for Sunderland to become:

‘An entrepreneurial University City at the heart of a low carbon regional economy’

3.2 The vision is supported by 5 Aims.

Aim 1 ‘...a new kind of University City’

Aim 2 ‘...a national hub of the low carbon economy’

Aim 3 ‘...a prosperous, connected waterfront city centre’

Aim 4 ‘...a whole-life, inclusive city economy’

Aim 5 ‘...entrepreneurial in economic leadership’

3.3 Each Aim is described in turn below.

3.4 Aim 1:

3.4.1 ‘A new kind of University City’: This is about Sunderland University’s ability to facilitate enterprise and innovation in the city, as a ‘hands on’ enabler and key driver.

3.4.2 This Aim has four key components:

- a. Utilisation of assets for wealth and job creation: The University leading, in collaboration with other city institutions, in delivering strategies and programmes for enterprise, innovation and business development.
- b. Promoting Brand and Repute: Building and promoting Sunderland’s brand and reputation on the activities and achievements of its higher and further education sectors and presenting a distinctive physical offer to change the perceptions and expectations investors and key decision makers have of Sunderland.
- c. Building entrepreneurial institutions: Establishing entrepreneurial institutions and partnerships to capture and reproduce creativity and innovation.
- d. Fostering Cultural Change: The ambition behind ‘a new kind of University City’ is to secure a sustained transformation that extends to the city as a whole, raising the aspirations of residents of Sunderland and the region.

3.5 Aim 2:

3.5.1 'A national hub of the low carbon economy' emphasises the city's national exemplar potential in this agenda and the need to promote showcase projects, including electric vehicles, but also in other low carbon technologies and lifestyles.

3.5.2 This Aim has four key components:

- a. Pioneering a low carbon economy: Encouraging early development of the Electric Vehicle sector (and market) will allow Sunderland to gain pioneering advantage. Many new industries will evolve in the early stages of electric car technology and production. Electric batteries, telematics and informatics, charging point technology, 'Smart Grid' integration, and 'payment options' all give rise to business investment opportunities in the city. This should also include new approaches to the regeneration, growth and connectivity of local communities through 'pioneering, low carbon city villages'.
- b. Sector development plans for a low carbon economy, including skills, supply chains and inward investment. There will be a focus on the following Sectors:
 - **Advanced engineering (Electric Vehicles)**
 - **Energy for a low carbon economy**
 - **Software / Business Services**
 - **Health & well-being**
 - **Creative industries**
- c. A 'Low Carbon Technopole': establishing appropriate sites and premises for the Low Carbon Economic Area and creating a low carbon business infrastructure.
- d. Embedding low carbon economy principles: ensuring we live up to the concept of a low carbon economy by showcasing low carbon buildings, providing sustainable transport and educating people in low carbon approaches.

3.6 Aim 3:

3.6.1 'A prosperous, connected, waterfront city centre' This reflects the importance of the city centre as a whole but also seeks to emphasise the importance of the city's waterfront position as a driver for economic development and place-making.

3.6.2 This Aim has three key components:

- a. A complementary city centre: focuses on strengthening the city centre's offer and its assets to develop its principal role as an employment centre and its ability to draw in people to use retail and leisure facilities.

In this way Sunderland City Centre will be equipped to boost regional economic performance and national competitiveness.

- b. A distinctive waterfront city centre: seeks to capitalise on the city centre's waterfront proximity - river and sea, as a distinguishing feature of the city and an asset that will encourage further economic activity, as one of a series of distinctive city centre districts, gateways and destinations in the region. The emphasis is also on developing the city centre as a 'showcase' for the new city economy through exemplar projects for 'University City' and the 'Low Carbon Economic Area'.
- c. A connected city centre: The reference to a 'connected' city applies at several levels, including connections to other cities to improve Sunderland's credentials as a business location and internal connections to improve the efficiency and quality of people's experiences travelling within the city centre. Importantly this also includes digital connectivity, with potential for enhanced broadband services.

3.7 Aim 4:

3.7.1 'A whole life inclusive city economy' ensures that the strategy provides a framework for delivering economic interventions that directly contribute to improving access to opportunity and reducing worklessness. The 'inclusive' reference seeks to convey a message about linkage and accessibility from communities to new economic foci as well as using the economic agenda to address social exclusion. 'Whole life' refers to all ages but also seeks to pick up health and lifestyle messages.

3.7.2 This Aim has four key components:

- a. Engaging neighbourhoods in the new economy: The strong emphasis on skills development and enterprise under this Aim, and also through the 'University City' brand, supports the delivery of sustained improvement in disadvantaged communities across Sunderland.
- b. Prospecting and developing city enterprise: For the 'entrepreneurial University City', a city-wide Enterprise Strategy is a prerequisite. This should be a multi-layered strategy addressing enterprise and entrepreneurship deficits at all levels.
- c. A strategic approach to raising skills: An inclusive city economy for Sunderland requires a focused approach to workforce skills – one that reflects the diversity in both the capabilities of city residents and the needs of the new economy.
- d. Retaining young people in the city: Sunderland continues to lose its younger residents so a 'whole life, inclusive city economy' will be dependent on retaining young people in Sunderland. While the strategy

will create opportunities for all age groups, and the 'whole-life' principle reflects this aim, the economic strategy prioritises a strategic approach to retaining and attracting young people to live and work in Sunderland.

3.8 Aim 5:

3.8.1 'Entrepreneurial in economic leadership': The economic vision and aims for Sunderland are ambitious and challenging, but achievable. Driving this ambitious city agenda requires clear, strong, entrepreneurial leadership. It also requires resources and appropriate governance arrangements to be assembled around that leadership.

3.8.2 Proposals for the governance arrangements that should oversee the delivery of the Economic Masterplan have been developed and approved in principle by the Economic Masterplan Steering Group. These are as follows.

4. Governance and co-ordination of delivery

4.1 'Delivery' in the context of the Economic Masterplan vision and aims is not a matter of chasing money. The scale of change envisaged clearly has cost and investment implications for public and private sectors but realising the opportunities promoted in the plan requires bold, entrepreneurial leadership coupled with a delivery approach based on 'long term strategic change' rather than 'short term project management'. The vision therefore requires an enhanced form of 'economic development governance' – one that:

- places the economic vision at the heart of city level policy making;
- is driven by strong political direction;
- embraces the widest set of stakeholders from all sectors across the city and beyond;
- gives an increased level of confidence to the private sector and reduces, or at least is perceived to reduce, investment risks;
- focuses on strategic planning rather than opportunism.

4.2 To take forward the new economic vision, existing economic development delivery and governance mechanisms are being reviewed. This will focus on three principal objectives, each of which will require effective leadership and direction from within the city:

- a) to achieve status for the SEMP;
- b) to promote and market SEMP;
- c) to co-ordinate SEMP delivery activity.

4.3 A delivery structure is being designed that will ensure these three objectives are delivered.

- 4.4 An 'Economic Leadership Board' will be formed that effectively 'owns' the Sunderland Economic Masterplan and acts as the commissioning body for delivery activity across the aims. The Economic Leadership Board will be given the authority to hold to account the delivery mechanisms established to take forward the aim-focused SEMP 'Delivery Plans'.
- 4.5 It is proposed that a set of Aim Delivery Teams is established structured around the SEMP Aims, bringing together the key agencies with a role in delivery. Thus, a series of linked teams should be established:
- The 'University City' Team (Aim 1)
 - The 'Low Carbon Economy' Team (Aim 2)
 - The 'City Centre' Team (Aim 3)
 - The 'Whole-life, Inclusive Economy' Team (Aim 4)
- 4.6 These teams, drawing expertise and influence from across the relevant delivery agencies, would co-ordinate the Delivery Plans for each of the SEMP Aims and report into the Economic Leadership Board on delivery progress against agreed delivery milestones and economic outcomes.
- 4.7 Given the range of agencies operating in domains associated with the SEMP Aims, it may be appropriate, in the first instance, to identify a 'host' agency for each SEMP Aim Delivery Team. For example, it may be appropriate for Sunderland University to act as host agency for the 'University City' Team.
- 4.8 Relationship to Council Cabinet:** It was Council Cabinet that authorised the Steering Group to develop the Economic Masterplan and it will be Cabinet that provides the democratic authority and ultimate accountability for the Economic Masterplan being delivered.
- 4.9 Relationship to the Sunderland Partnership:** In order to ensure the integration of the SEMP with wider partnership activity in the city, it is vital that the SEMP is integrated into the Sunderland Partnership (LSP) strategies plans and structures. It is proposed that the Economic Leadership Board sits within the Sunderland Partnership (LSP) and reports to the Sunderland Partnership Board covering the whole Economic Prosperity remit.

5. Sunderland's Local Economic Assessment

- 5.1 Under the requirements of the Local Democracy, Economic Prosperity, and Construction Act 2009 each metropolitan council will have a duty to prepare an assessment of the economic conditions of their area.
- 5.2 Whilst Sunderland's Economic Masterplan will help us achieve the requirement for an Economic Assessment, the development of Sunderland's Economic Masterplan preceded the issuing of the

Secretary of State's guidance on Economic Assessments so the tender brief was not designed to comply with LEA requirements.

- 5.3 Furthermore the Economic Assessment needs to interact with local evidence assembled around issues such as health, crime and child poverty social exclusion, housing and education and environmental goods and services. Although the focus of local economic assessments should be on local economic conditions, they should also highlight where social or environmental conditions have an economic impact and vice versa.
- 5.4 Consequently, whilst a significant volume of work has been completed, some data will need to be updated and it is likely there will be some gaps that need to be filled to ensure we meet the guidance for our first Economic Assessment. This will either be integrated or issued as a companion document.

6. Next Steps

- 6.1 It is intended to put the Economic Masterplan before Cabinet in July 2010. Members of the newly formed Economic Leadership Board will be asked to sign up to the Economic Masterplan, and to make a commitment to deliver it.
- 6.2 The Economic Masterplan will be incorporated into the revised Sunderland Strategy and the Sunderland Partnership Board will be asked to accept the Economic Masterplan as a component of the revised Sunderland Strategy.
- 6.3 A Single Economic investment plan is being pulled together to become the primary monitoring mechanism for the Economic Masterplan. This will bring together all projects and programmes and their performance, finances and risk.

