

Sunderland City Council

Employment Land Update 2012

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CONTENTS

	Executive Summary	1
	Sites critical to Economic Regeneration.....	8
	Sites Recommended for Release.....	9
1	INTRODUCTION.....	ERROR! BOOKMARK NOT DEFINED.
2	POLICY CHANGES SINCE THE 2009 EMPLOYMENT LAND STUDY.....	ERROR! BOOKMARK NOT DEFINED.
	RSS Revocation	Error! Bookmark not defined.
	Local Policy Developments	Error! Bookmark not defined.
	Conclusions.....	Error! Bookmark not defined.
3	ECONOMIC CONTEXT	ERROR! BOOKMARK NOT DEFINED.
	Introduction.....	Error! Bookmark not defined.
	The Workplace Economy	Error! Bookmark not defined.
	Residents	Error! Bookmark not defined.
	Conclusions.....	Error! Bookmark not defined.
4	THE PROPERTY MARKET	ERROR! BOOKMARK NOT DEFINED.
	Property Market Commentary	Error! Bookmark not defined.
	Sunderland North	Error! Bookmark not defined.
	Sunderland South.....	Error! Bookmark not defined.
	Washington	Error! Bookmark not defined.
	Coalfield Areas	Error! Bookmark not defined.
	Mixed Use Sites	Error! Bookmark not defined.
	Supply and Take-Up.....	Error! Bookmark not defined.
	Sites Recommended for Release.....	Error! Bookmark not defined.
5	DEMAND UPDATE	ERROR! BOOKMARK NOT DEFINED.
	Baseline.....	Error! Bookmark not defined.
	Masterplan Scenario	Error! Bookmark not defined.
	Masterplan 'Plus' Scenario.....	Error! Bookmark not defined.
	Masterplan 'Plus-Plus' Scenario.....	Error! Bookmark not defined.
	Summary	Error! Bookmark not defined.
6	SUPPLY UPDATE.....	ERROR! BOOKMARK NOT DEFINED.
	Introduction.....	Error! Bookmark not defined.

	Industrial and Warehousing Land.....	Error! Bookmark not defined.
	Office Land.....	Error! Bookmark not defined.
	Summary.....	Error! Bookmark not defined.
7	SUPPLY DEMAND BALANCE.....	ERROR! BOOKMARK NOT DEFINED.
	Strategic Implications of the Economic Masterplan.....	Error! Bookmark not defined.
	Infrastructure Development.....	Error! Bookmark not defined.
	Coalfields.....	Error! Bookmark not defined.
	Industrial and Warehousing.....	Error! Bookmark not defined.
	Supply Demand Balance – Offices.....	Error! Bookmark not defined.
	Economic Forecasts.....	Error! Bookmark not defined.

EXECUTIVE SUMMARY

1. Since the publication of the 2009 Employment Land Review there have been a number of policy developments at national, regional and local level which have driven the need to review its findings.

Policy drivers

2. Following consultation, the Government is expected to publish the National Planning Policy Framework (NPPF) in April 2012. This will replace Planning Policy Statements (PPS) and is intended to provide a framework for a positive planning system to support economic growth and contribute to sustainable economic development. The NPPF consultation draft has 3 core strands:
 - Planning for prosperity: using the planning system to build a strong, responsive and competitive economy, ensuring sufficient land of the right type, in the right places, to allow growth and innovation; and by coordinating development and its requirements, including infrastructure provision;
 - Planning for people: promoting strong, vibrant and healthy communities; and
 - Planning for places: protecting and enhancing the natural, built and historic environment.
3. It confirms the need to develop Local Plans covering a 15 year period, allocate sites to promote development and the flexible use of land, and identify areas where it is necessary to restrict change of use of buildings. Planning policies are encouraged to avoid the long term protection of employment land or floorspace. Applications for alternative uses of designated land or buildings should be treated on their merits, having regard to market signals and the relative need for different land uses. Existing allocations as well as any new employment land allocations brought forward through Sunderland's core strategy will be viewed in this context. Maintenance of a solid evidence base to support the City's policy towards employment land policy and its efforts to attract inward investment is essential.
4. Planning Policy Statement (PPS)4, Planning for Sustainable Economic Growth still holds some weight until NPPF comes into force. It also stresses the need for a local evidence base to support allocations of land for economic development over the plan period. It urges authorities to ensure major Greenfield sites are not released unnecessarily, prioritise previously developed land for re-use where appropriate and identify a range of sites for a broad range of economic development. Town centres should be prioritised for accommodating new office developments.
5. At authority level, the Sunderland Economic Masterplan outlines the preferred direction for the City's economic development and growth over the next 15 years. It adopts 5 aims
 - Aim 1: A New Kind of University Town
 - Aim 2 'A National Hub of the Low Carbon Economy' Delivery Plan
 - Aim 3 'A Prosperous and Well-Connected City'
 - Aim 4 'An Inclusive City Economy – for All Ages'
 - Aim 5 'A One City Approach to Economic Leadership'

6. and provides a clear policy focus sectorally on software, offshore renewable and low carbon vehicle development activity, and spatially for employment land on the City Centre, the Port and Washington.
7. Existing allocations as well as any new employment land allocations brought forward through Sunderland's core strategy will be viewed in this policy context. Maintenance of a solid evidence base is essential to support the City's development of key sectors, its enabling policy towards employment land (both existing and potentially new allocations) and its efforts to attract inward investment.

Economic drivers

8. While the population of the City has fallen has over the last 20 years, there has been a small increase in the last 3 years – to around 283,500 residents. However, a number of factors indicate that Sunderland has experienced the effects of the economic downturn more than other parts of England.
9. Economic activity rates are lower - and declining at a faster rate – than regional and national rates. Self-employment levels are also lower in Sunderland and have declined in recent years compared with the North East and England generally, where they have been more stable. At 10.8%, unemployment rates across the City are higher than the 7.7% nationally.
10. Relative to the country as a whole, Sunderland has fewer residents with the highest levels of qualification but a greater proportion of residents in a trade apprenticeship, reflecting the area's industrial nature. Average earnings have increased since 2008 but remain still slightly below the regional average and well below national levels. Workplace earnings are similar to the region, but lower than in Newcastle and across England.
11. Over the last 3 years, employment in the City has fallen by 10% - nearly 13,000 jobs, more than balancing the 9,400 jobs created between 1998 and 2007. The recent rate of decline is much faster than the national average of -3%. While the fall in office and warehousing employment has been faster than witnessed nationally, the rate of loss of manufacturing jobs has been comparable. Moreover, while the greatest loss of manufacturing jobs was felt in Washington, current statistics do not include recent (or forecast) increases at Nissan.
12. The City of Sunderland accommodates just over 109,000 jobs, nearly half of which (43%) are in sectors which tend to occupy employment land. Manufacturing employment in the City is significantly higher than regional and national averages, accounting for 18% jobs (the Tyne& Wear and UK figures are 15% and 13% respectively). Some 20% of positions are in office sectors, while a further 4% are in warehousing and distribution sectors. In each case, the proportions are lower than national average levels.
13. Nearly a third of the City's office jobs are located in Sunderland South, mainly at out-of-town locations, with a quarter in both the City Centre and Washington. Over one in four jobs in warehousing are in Washington, with one in five in both Sunderland South and Sunderland North. With Nissan and other major occupiers, 60% of Sunderland's manufacturing jobs are in Washington, with only 10% in the Coalfield (Sunderland North and South both account for 12%).

14. The Economic Masterplan presents a clear vision to develop new, higher value areas of economic activity while building on Sunderland's existing strengths. Ensuring a range of suitable sites and premises are available to grow and attract businesses in key sectors is a vital element (always acknowledging a requirement for small scale provision to meet local requirements). It is important that such opportunities are available in the locations which offer the best prospect for the development of key sectors.

Requirements for Employment Land

15. Gross requirements for employment land in the future are estimated initially by forecasting employment by sector to 2027. Employment density assumptions (sq.m per employee) are then applied at sector level to calculate associated floorspace. Typical plot ratios are then applied to estimate the land requirement.
16. The March 2011 forecasts are a baseline of Sunderland's future position: they do not account for policy aspirations, economic initiatives or policy implementation. A series of scenarios have therefore been developed to project the potential effects of the Sunderland Economic Masterplan and other initiatives on key sectors in the economy and their employment requirements in the future.
17. These scenarios- Masterplan, Masterplan+ and Masterplan++ - assume growth in manufacturing sectors related to the Sunderland Economic Masterplan's emphasis on low carbon and renewables related manufacturing, as well as its emphasis on innovation. It's town centre focus would also realise an increase in office-related sectors. The employment growth implications of each scenario are shown below, relative to the baseline forecast to 2027:
- Masterplan:
 - 20% employment growth (relative to baseline) in the *Machinery & Equipment* and *Transport Equipment* sectors (a net increase of 1,800 jobs in these two sectors). The BERR Low Carbon Innovation Strategy suggests an additional 400,000 jobs in 'low carbon and environmental goods and services' in England . 2% growth in other industrial & warehousing employment to reflect supply chain effects
 - 15% increase in *Financial Services, Other Business Services* to reflect the concentration on software in the Masterplan
 - Masterplan +:
 - 40% employment growth in *Machinery & Equipment* and *Transport Equipment* sectors (a net increase of 3,600 jobs). 2% growth in other industrial & warehousing employment to reflect supply chain effects
 - 25% increase in *Financial Services, Other Business Services*
 - Masterplan ++:
 - 60% employment growth in Machinery & Equipment and Transport Equipment sectors (a net increase of 5,400 jobs). Sunderland City Council figures show a forecast increase in at least 1,000 jobs related to large-scale capital investment from the Round 1 Regional Growth Fund, secured in April 2011 directly at Nissan. The actual number could be significantly higher. In addition, a similar number of jobs will

be created in other employers in the City, relating to up-scaling of production through the supply chain. This ‘plus-plus’ scenario reflects these increases.

- 15% increase in Financial Services, Other Business Services to reflect the concentration on software in the Masterplan

18. The table below summarises estimated changes in employment, floorspace and land requirements to 2027.

Table 1: Employment, Floorspace & Employment Land change to 2027

Scenario	Jobs type	Employment			Floorspace (sq.m) change 2011-2027	Land (ha) change 2011-2027
		2009	2027	2009-2027		
Baseline	Industry/ Warehousing	29,644	24,619	-5,025	-295,169	-73.8
	Offices	25,592	26,802	1,210	19,534	4.9
Masterplan	Industry/ Warehousing	29,644	28,565	-1,079	-30,780	-7.7
	Offices	25,592	29,581	3,989	72,332	18.1
Masterplan+	Industry/ Warehousing	29,644	30,423	779	93,703	23.4
	Offices	25,592	31,376	5,784	106,440	26.6
Masterplan++	Industry/ Warehousing	29,644	32,281	2,637	218,187	54.5
	Offices	25,592	31,376	5,784	106,440	26.6

19. The Masterplan++ scenario has been identified as the ‘preferred’ scenario as it captures the Sunderland Economic Masterplan’s scale of aspiration and is broadly consistent with the scale of opportunities already identified through the Round 1 Regional Growth Fund and known developments in Sunderland’s manufacturing base. A gross requirement for 81.1ha is identified on this basis.
20. Consideration of property market factors and the nature of the existing employment land supply is also required to accurately establish future needs.

Property market

21. Despite the challenging economic climate Sunderland continues to enjoy a healthy demand for B2 (industrial) & B8 (warehousing/distribution) space with the greatest average take up across Tyne & Wear and Durham.
22. As take up has fallen, the supply of industrial & warehouse premises has inevitably increased relative to the levels seen in the early 2000’s. While this has affected demand for employment land, there have been notable exceptions. The former Dunlop site at Washington is now home to the new BAE Systems factory while alongside it Rolls Royce plans to develop an aerospace component factory which will replace its Pallion facility.
23. Elsewhere recent market activity has been linked to: the availability of space at Turbine Business Park; and a series of large scale requirements, from major manufacturing

businesses including Tier 1 suppliers to Nissan. Since 2010, there have been 5 specific requirements for location in Sunderland, all of which have been for sites large enough to accommodate at least 250,000 sq.ft of manufacturing or warehousing space. However, to date, none have been able to be accommodated. Once Turbine Park is occupied, the range of large scale sites which may potentially be available will be limited. In the absence of sites of an appropriate scale and location, Sunderland's developing role as a national focus for low carbon manufacturing may be restricted. The City's capacity to attract inward investment, an area which it has performed well in historically, may also be affected.

24. While Sunderland's stock of vacant B1 office space has also increased, very little of it is new or modern City Centre space. When compared with neighbouring areas, availability does not appear high and remains at manageable levels.
25. Npower's acquisition of Northern Rock's offices at Rainton Bridge has undoubtedly established it as a regionally important office location, although it remains to be seen whether the remaining vacant premises can attract tenants on a scale sufficient to encourage development of the remaining land.
26. Sunderland has nearly 8½ year's supply of office premises, close to the average for Tyne & Wear, but still well in excess of 2000 – 2007 levels (when it was just over 3 years). Easington currently has almost 55,000 sq.m of available B1 space - over 20 years supply based on current rates of take up - mostly within the former enterprise zones at Dawdon and Peterlee.
27. Sunderland has a relatively large number of older industrial estates where the buildings are in excess of 40 years old and in some cases 60 years old. Strategically important areas such as Pallion, North Hylton and Southwick in particular are now starting to witness demolitions and selective redevelopment. Specific policy protection may be required going forward. In the case of the Pallion Estate, a specific masterplan may be required to consider the twin effects of Rolls Royce's imminent departure and the anticipated completion of the new Wear Crossing in 2015.

Supply

28. Assessment of the area of land which may be suitable for employment development has also considered undeveloped allocations from the UDP, existing employment areas, redevelopment sites and land which may be lost to other uses.
29. There is 21.1 ha of undeveloped UDP allocations that could be used for offices. Of this, just 1 hectare is suggested as unsuitable. Effective UDP allocations therefore account for 20.1 ha. This excludes 6.4 ha at Turbine Park, as well as a potential further 12.4 hectares on City Centre Alt. No. 2 sites.
30. For industrial and warehousing uses, there are 115.8 ha of undeveloped allocations. Of this, we suggest 33.7 ha is ineffective (i.e. sites currently allocated, but which from market analysis and a constraints assessment may now be less suitable for development as employment areas). These include:

Table 2: Undeveloped Allocations - Suggestions for Release

Site	Location	Area (ha)
Extension to Market Place (accessibility of extension area, low levels of take up over last 20 yrs, land in existing area sufficient to absorb demand)	Coalfield	2.1
Hendon (release as part of future wider regeneration) – two undeveloped sites)	Sunderland South	6.0
South Ryhope (long standing allocation but isolated from key employment areas, no active marketing)	Sunderland South	19.4
Hetton Lyons	Coalfields	0.4
Part of Sedgelych	Coalfields	0.6
New Lambton (undeveloped areas)	Coalfields	3.6
Philadelphia Workshops -undeveloped areas.	Coalfields	1.6
Total		33.7

31. However, 24.5ha at Turbine Park and Wear West could be developed for industrial and warehousing development. There is therefore 106.5 ha of land suitable for industrial and warehousing development.
32. From the existing stock of land developed for industrial and warehousing use, there may be changes to mixed use from employment use on UDP Alt/ No. 2 sites to mixed-use development amounting to some 25 ha. Further, the property market analysis identifies a number of employment sites which would not be considered effective from a market perspective (or are unlikely to be in the future). Some 61.7 ha falls into this category.

Table 3: Employment land change to mixed use or not effective

Site	Location	Area, ha
UDP Alteration No. 2 allocations		
Former Groves Site	Sunderland South (City Centre)	18.0
Lisburn Triangle	Sunderland South (City Centre)	2.5
Sheepfolds	Sunderland North (City Centre)	4.5
Sub total		25.0
Hendon (long term regeneration)	Sunderland South	38.0
Millfield	Sunderland South	0.8
Springwell	Washington	2.6
Philadelphia Workshop	Coalfield	12.3 ¹
Pearson Estate (remaining areas)	Coalfield	4.0
Station Road	Coalfield	1.4
New Lambton	Coalfield	2.0
Sedgelych (part) ²	Coalfield	0.6
Sub total		61.7
	TOTAL	86.7

¹ If whole site released

² Only one section of Sedgelych has been included. Most areas are recommended to be retained, as the site contains some new developments which would not be practical to release and could well accommodate businesses relocating from Philadelphia Estate if this recommended release were to proceed

Balancing requirements & supply

33. While figures can indicate the net area of land need to accommodate employment in the future, there will also be a requirement for new development and, where this cannot be accommodated on existing sites, land to facilitate it.
34. This is the estimate of gross gain (which is what would need to be allocated by planners). It takes account of land which may not be part of the employment land supply in the future e.g. where there has been redevelopment for other uses. For example, in Sunderland it is estimated that approximately 25 hectares of industrial land will be redeveloped on city centre sites. If businesses in these areas are to be retained in Sunderland, suitable alternative sites need to be identified.
35. Recent advice on carrying out employment land studies (e.g. Yorkshire Forward (2010) Planning for Employment Land: Translating Jobs into Demand and 4NW (2010) Setting Employment Land Targets for North West England) suggests that the most robust way to allow for constraints, competition, choice and uncertainty of the supply is for authorities to ensure that at any one time there is sufficient readily available (unconstrained) land to meet the gross provision target for each employment use (including the land required to replace anticipated losses) for the next five years. Requirements under each scenario are shown below.

Table 4: Supply Demand Balance (ha), Industrial & Warehousing, 2011-2027

	2011-2027			5 year requirement	Total suitable supply
	Demand (net change)	Gross losses	Gross gains		
Baseline	-73.8	-86.7	12.9	4.0	106.5
Masterplan	-7.7	-86.7	79.0	24.7	
Masterplan+	23.4	-86.7	110.1	34.4	
Masterplan++	54.5	-86.7	141.2	44.1	

36. The site assessments identify 37.2 hectares of undeveloped UDP allocations as immediately available, plus 24.4 hectares of land at Turbine Park and Wear West (61.6 hectares in total). While this suggests a sufficient quantum of employment land to satisfy current demand, only 10 undeveloped UDP sites are larger than 1 hectare.
37. There are also a large number of smaller employment sites which appear to be available for development but which on further examination are constrained for a variety of reasons. Some are landlocked and not accessible without improved road access, some may be identified as long term expansion land for existing companies (some of which have formed part of the 'available' land supply for a considerable time), while others are unlikely to be developed due to their poor configuration and relationship to neighbouring uses. Further work is in hand with Sunderland City Council officers to clarify the area of employment land affected.
38. Given the objective of policy is to maximise job growth and not restrict opportunities for development, there is an argument for further releases of land in suitable locations, such as at

Washington. Given Sunderland’s manufacturing focus, the direction outlined in the Sunderland Economic Masterplan, and the restricted supply of attractive sites, there is a need to ensure land is available to accommodate inward investments or local expansions of scale.

39. Additional allocation should provide land of sufficient size and quality to attract development in the key sectors - low carbon development, related vehicle manufacture – which are the focus of the Sunderland Economic Masterplan.

Table 5: Supply Demand Balance (ha), Offices, 2011-2027

	2011-2027			5 year requirement	Total suitable supply
	Demand (net change)	Gross losses	Gross gains		
Baseline	4.9	-1	5.9	1.8	38.9
Masterplan	18.1	-1	19.1	6.0	
Masterplan+	26.6	-1	27.6	8.6	
Masterplan++	26.6	-1	27.6	8.6	

40. The 5 year requirement for office-related employment land ranges from 1.8 ha.in the baseline scenario to 8.6 hectares in Masterplan +(+) scenarios.
41. There is a concentration of office sites in Sunderland City Centre (on mixed use redevelopment sites), with Vaux, Sunnyside, Groves and potentially West of Silksworth Way the most likely locations for future development (with potential for around 87,000 sq.m. of development on 12.5 hectares of land). This would represent sufficient provision for office needs for several years and would ensure office development is focussed in the city centre.
42. Capacity at Doxford Park, Rainton Bridge and Turbine Business Park provides choice for office development.

Recommendations

43. Since publication of the 2009 Employment Land Review – and during development of the Employment Land Update – there have been a number of policy developments at national, regional and local level which have driven the need to review the findings of the 2009 Review.
44. This section considers how the issues identified through our analysis should be reflected in the City Council’s Local Development Framework (both the Core Strategy and Allocations Development Plan Document).
45. From our analysis and based on the existing and emerging low carbon initiatives in the City, it is considered that the adoption of the Masterplan Plus and Masterplan Plus Plus scenarios provides an appropriate basis for future employment land requirements in the City.

Sites critical to Economic Regeneration

46. From our analysis of the there are a number of key sites that due to their location, existing uses and potential to support new employment uses arising through the development of the low carbon economy, are critical to the long-term viability of the City’s economy. These comprise:-
Nissan

Turbine Park
Washington Estates
Vaux/ Farringdon Row
Doxford International
Pallion Shipyard
The Port
Hylton Riverside
Sunrise Business Park
Rainton Bridge

47. In addition, the Council should continue to pursue the development of a Strategic Site on land to the North of Nissan. This development of this site would fully accord with the principles of the Economic Masterplan and its proximity to Nissan – at the centre of the Low Carbon Economic Area – highlights the significant advantages that this site could bring to Sunderland’s economy and the wider sub-region,

Sites Recommended for Release

48. Following our individual analysis of each of the existing employment areas, we have made a recommendation as to whether the site should be retained or should be considered for release from its current allocation; either as a whole or in part. In the majority of cases, we consider that the sites generally fulfil the function for which they are intended and therefore should be retained; however a number of sites are identified as having potential for partial or complete release and these comprise:-

Hendon (SA1.3)
Toward Road (SA1.8)
Millfield (SA5.1)
Springwell (WA1.9)
Market Place, Houghton le Spring (HA1.4)
Hetton Lyons and Pearson Estates (HA1.7)
Station Road, New Penshaw (HA1.8)
Philadelphia Workshops (HA1.9)

49. Consideration should also be given to the release of the South Ryhope employment site. Due to its scale (20ha) employment uses may be able to be accommodated on part of the site, although these should not compete with City Centre office initiatives.

Recommendations for Core Strategy Policy

50. It is clear that the City’s employment land and premises portfolio encompasses a wide range of sites. The current UDP policy has a “one size fits all” approach whereby the same policy considerations are applied to development at Nissan as well as Philadelphia Workshops. This is clearly unsuitable and would not accord with the direction of travel suggested in emerging national planning policy. It is also an inexact tool when considering planning applications in these areas (as was demonstrated at the SIG Combibloc appeal).

51. It is therefore suggested that the approach in the Core Strategy should be targeted to individual sites based on three categories of employment area:

1st tier Employment Areas

52. The key sites identified above are the cornerstone of Sunderland's employment land portfolio. Where possible, the City Council will support their prioritisation and encourage their development through supporting site assembly, business investment support and other activities. Over the plan period, supporting financial initiatives such as Enterprise Area status, tax increment financing, and other funding sources will be focussed on these areas in support of Sunderland Economic Masterplan objectives.

53. They and other established employment sites will remain in employment use and will be afforded full policy protection from alternative development due to their strategic importance. Only small-scale uses genuinely ancillary to the successful functioning of the main employment use will be allowed.

Second Tier Sites

54. It is not possible to specify these sites at this stage; this will require further detailed work based on the individual site profiles contained in Appendix 5 of the 2009 Employment Land Assessment. In these areas the presumption will be to retain their employment character. Again small scale ancillary uses could be permitted where they assist in the function of the area, however the Council would be mindful of the need to adopt a more flexible approach in these areas (based on the provisions of the NPPF). Non-employment uses could be allowed in these areas but only where there is robust evidence to demonstrate:-

- That the site/ property has been genuinely marketed for employment use and this has not been secured (guidance on what marketing could comprise should be included in policy)
- That the proposed development will not affect the continuing efficient operation of the remainder of the employment area e.g. traffic generation/ car parking impacting on existing occupiers. It should not be the case that any new use would jeopardise remaining employment functions.

Third Tier sites

55. These would primarily comprise those older sites with limited market appeal and where the introduction of new, positive land uses would be of significant regeneration benefit to the local area. These will include those sites suggested for de-allocation, but consideration may be given to other areas. As the greater proportion of these sites lie within the Coalfield it is important that consideration is given to developing a strategy for the area so that residents still have access to employment opportunities either in the Coalfield or wider City e.g. through enhanced public transport and/ or the intensification of employment uses close to sites that are subject to redevelopment (there would seem to be potential for this in the Sedgely/ Dubmire area).

Existing areas

56. Sunderland has a relatively large number of older industrial estates where the buildings are in excess of 40 years old and require significant investment either in refurbishment or redevelopment (for their current use). However, the owners of those buildings may not be able to justify the level of expenditure required on the basis that it will not be adequately reflected in the overall value of the asset. While a number of estates and buildings may be attractive to

the property market for redevelopment to other uses, they provide an important economic function. It is important that strategically important estates are not compromised and in that regard the estates at Pallion, North Hylton and Southwick in particular may require specific policy protection going forward. It may also be appropriate to lend further support through appropriate site assembly and infrastructure improvement.

Plan, Monitor, Manage

57. In light of the above, it is critical that the City Council establishes a comprehensive monitoring process – through the Annual Monitoring Report - so that changes in the employment land and sites portfolio can be assessed and an appropriate planning response identified e.g. should second tier sites be lost to non-employment uses, it may be necessary to identify and allocate additional land to ensure that wider economic regeneration objectives can be realised.