

Washington Area Committee

4th March 2010

Developing an Economic Masterplan for Sunderland

REPORT OF THE HEAD OF STRATEGIC ECONOMIC DEVELOPMENT

1.0 Why has this report come to the Committee?

- 1.1 The purpose of this report is to share with the Washington Area Committee the content of the Economic Masterplan for Sunderland as it has been developed so far, in order that it might be used to inform the Committee's discussion of the Prosperous City theme within its Local Area Plan. Also to seek the views of the Area Committee on the economic direction for Sunderland that has been produced.
- 1.2 The development and delivery of a successful Economic Masterplan for Sunderland will make a significant contribution to the achievement of Strategic Priority 1: Prosperous City. The contribution of the Washington Area to the achievement of the overall vision is likely to be substantial.

2.0 Background

- 2.1 A report was presented to this Committee on the 10th September 2009 outlining progress made up until that point on the Economic Masterplan.
- 2.2 Since that meeting Cabinet has agreed the proposed Vision for the Economic Masterplan and a set of five aims, based on the ideas and analysis that was presented to this group in September. These are now being shared in the press and on the council's website, and residents views are being sought.
- 2.3 Focused delivery groups have now been established for each of the Aims. These groups are identifying the projects, programmes and activities that will contribute to the delivery of each aim, as well as looking at how activity can be resourced.
- 2.4 Progress is also being made towards a detailed City Centre Strategic Framework. The City Centre is the subject of Aim 3 of the Economic Masterplan, and the City Centre Strategic Framework will set out in detail the role of the City Centre in delivering the Economic Masterplan. This work has built on the outcome of a City Centre workshop, which took place in September and included representatives from retailers, businesses, community groups and public sector partners. It is anticipated that this Framework will be complete in draft in February.

3.0 The Vision and Aims

3.1 A preferred direction and set of 5 aims has now been developed for Sunderland's Economic Masterplan. 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 connected waterfront city centre'

Aim 4 '...a whole-life, inclusive city economy'

Aim 5 '...entrepreneurial in economic leadership'

3.3 The Vision and Aims were approved by the Council's Cabinet on the 2nd December 2009.

3.4 Each proposed Aim is described in turn below:

4.0 Aim 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, and its ability to support raising ambition across the city.

4.1 Potential role for the Washington Area: It is proposed that research and development activity for the electric vehicles sector focused around Nissan will be supported by Sunderland University in collaboration with other academic institutions across the region.

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 repute 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. This will require ‘symbols of change’, such as pioneering projects in the city centre (linking to Aim 3), innovative approaches to carbon reduction (linking to Aim 2) and community engagement through outreach activities, such as wider entrepreneurship education programmes (linking to Aim 4)

5.0 Aim 2 ‘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.

5.1 Potential role for the Washington Area: A role in each target sector, but especially as a key location of low carbon industries – with businesses, skills and research and development activity for the electric vehicles sector focused around Nissan.

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 infomatics, 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)

A focus on this sector builds directly on the city’s established strengths in manufacturing and strong growth in GVA in this sector in Sunderland. In employment and GVA terms, this sector is projected to increase at a greater rate in Sunderland than regionally, with important emerging opportunities in automotive manufacture associated with electric vehicles. The city has an established manufacturing supply-chain linked to Nissan, Rolls Royce etc that can be further developed to respond to new opportunities.

Energy for a low carbon economy

Establishing our role in renewable energy production to support the low carbon economy. Major global shifts are occurring in the energy sector, with a strong focus on low carbon energy sources, including off-shore wind power generation. While the traditional utilities sectors are projected to decline in employment significance, the city is well placed

to capture regional economic activity associated with low carbon energy including the North Sea off-shore wind energy programme. The combination of manufacturing skills, port capacity and the experience of developing the Nissan supply-chain, offers real opportunities for Sunderland in this sector. Links between new forms of energy, electric vehicle specialisms and Software City could create significant opportunities for added value activities associated with energy production and utilisation.

Software / Business Services

This sector is projected to grow ahead of the regional pace, albeit from a comparatively low base. It reflects the global drive towards more knowledge intensive activities and associated technology and encompasses the established 'Software City' initiative, which seeks to develop the city's recognised strengths in software production and applications

Health & well-being

Business activities associated with health and well-being are projected to grow strongly in the city, both in employment and GVA terms. This is already a strong sector in the city economy and its growth would respond to increasing market opportunities around healthy living but also the drive to tackle ill-health and economic inactivity. There is a clear link between growing this sector and the need to radically improve the city's labour market competitiveness. Sunderland has the potential to capture an increasing share of regional growth in this sector with direct relevance to wider city agendas.

Creative industries

This sector is not straightforward to define but generally comprises a range of activities associated with artistic pursuit and design technology and production. While it is not possible to be precise about growth prospects in Sunderland, the combination of assets including University facilities and specialisms, the Music City initiative and programmes linked to the National Glass Centre etc, offer a base from which this sector could become a stronger feature of the city economy. The development of this sector fits well with the drive for a more distinctive, waterfront city centre, where more visible creative activity and associated events programmes could support retention of younger population, improve the external perceptions of the city and thus enhance its broader business investment appeal.

- 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.

- 6.0 Aim 3 ‘A connected waterfront city centre’:** A concentration of low carbon industries in and around Washington would also attract support service activities (such as software technologies, legal and financial services etc) that could be accessed nearby in the city centre.
- 6.1 Potential role for the Washington Area:** Important location for software and service industry growth. Well placed for companies that do not suit a city centre location or that require grow on space.
- 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.
- 7.0 Aim 4 ‘A whole life inclusive city’:** provides the link to the Working Neighbourhoods Strategy, particularly its enterprise components, which link well with the ‘entrepreneurial’ vision, but also ensure 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 the health and lifestyle messages from the Green/Park City.
- 7.1 Potential role for the Washington Area:** As a hub of research and development activity around Nissan, Washington would be key to raising aspirations across the city and could become the centre of a hub and spoke model that would see linked industries located right across Sunderland.

- 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:** A 'whole life, inclusive city economy' is 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.

8.0 Aim 5 'Entrepreneurial in economic leadership': The economic vision and aims for Sunderland are ambitious and challenging, but achievable. Driving this ambitious city agenda will require clear, strong, entrepreneurial leadership around which resources and appropriate governance arrangements can be assembled.

9.0 Next Steps

- 9.1 The vision and aims are being shared with residents through the media and on the council's website. Further events are also being held with Business groups and community organisations across the city.
- 9.2 The Delivery Groups are progressing the development of the Delivery Plans for the Economic Masterplan. It is expected that these will be completed and approved by the Economic Masterplan Steering Group by April 2010.
- 9.3 The Delivery plans will be assessed for robustness against a set of scenarios, to allow the delivery groups to prepare contingency plans setting out how the Economic Masterplan would move forward should external factors (i.e. levels of private sector funding) not be as expected.
- 9.4 It is anticipated that a draft final Economic Masterplan will be ready in Spring 2010 for presentation to Cabinet in June.

10.0 Recommendation

- 10.1 Members are recommended to note the content of this report and utilise it in their discussions regarding the Prosperous City theme.

12.0 Background Papers

- 12.1 Report of the Deputy Chief Executive, 2nd December 2009, Cabinet Report: 'Developing an Economic Masterplan for Sunderland'.

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