

CABINET – 21st July 2010

FINAL APPROVAL OF SUNDERLAND'S ECONOMIC MASTERPLAN

Report of the Deputy Chief Executive

1.0 Purpose of the Report

- 1.1 The purpose of this report is to ask Cabinet:
- to approve Sunderland's Economic Masterplan
 - to agree that the Economic Masterplan be recommended to full Council for adoption as the Prosperous City Chapter of the Sunderland Strategy (Community Strategy).
 - to approve the governance arrangements that need to be put in place to deliver the Economic Masterplan

2.0 Description of Decision (Recommendations)

- 2.1 Cabinet is asked to recommend Sunderland's Economic Masterplan to full Council for approval and to agree to the establishment of an Economic Leadership Board to be responsible for overseeing its delivery and set of Aim Delivery Groups to manage the day to day activity required.

3.0 Background

- 3.1 Cabinet agreed on 7th April 2009 to appoint a consortium of consultants, led by GENECON LLP and work began on Sunderland's Economic Masterplan in May 2009. Cabinet agreed a proposed vision and set of 5 Aims in December 2009. The Economic Masterplan is now complete.
- 3.2 A Steering Group, comprising senior representatives from the Council, Sunderland Arc, Sunderland University, ONE, HCA and other public and private sector organisations, has overseen the project.
- 3.3 The Economic Masterplan Core Document comprises:
- An economic and spatial analysis of challenges and opportunities;
 - The analysis of the policy context;
 - The proposed economic Vision and strategic Aims;
 - A delivery plan for each of the Aims 1-4;
 - A proposal for governance and leadership under Aim 5;
 - A description of how the component strategies will work and how performance will be managed;
 - A description of how Sunderland will improve as a result.

The Core Document is attached at Appendix 1.

- 3.4 The governance proposals have been shared with and endorsed by the Sunderland Partnership.
- 3.5 The full Sunderland Economic Masterplan has been developed from a suite of documents, each of which has been lodged on the Members' Library and are available as Background documents to this report:
- A Baseline position statement of the Sunderland economy, its prospects and potential
 - A Vision expressing the preferred direction for the economy and five strategic Aims describing how that vision will be achieved
 - A Delivery Plan for each Aim
 - A performance framework showing how success will be measured
 - A spatial framework linking the economic changes to the city's geography
 - A sustainability appraisal
- 3.6 Subject to Cabinet approval the Economic Masterplan will be put to full Council on 29th September for formal adoption as part of the Community Strategy (the Sunderland Strategy). It is intended to launch the plan to a wide audience in autumn 2010.

4.0 Content of the Economic Masterplan

- 4.1 The Masterplan proposes that in order to become **fundamentally more prosperous**, Sunderland must focus on a small set of important sectors and on the city centre in order to transform its economy into one that is **driven by low carbon economic activity**. To achieve this, it must utilise its key assets even more effectively than in the past:
- (A) **Nissan** to exploit electric vehicle technology and become a world leader in their production;
 - (B) The **University** to redefine the city as a place where knowledge is integral to life;
 - (C) A small number of **important development sites** to create 1) **a new central business district** in the city centre 2) an **expansion of the retail offer** and 3) an **electric vehicle technopole hub**.
 - (D) The **Port** to enable the servicing of new offshore energy generation facilities;
- 4.2 The vision, aims, projects, programmes and high-level outcomes of the Economic Masterplan are summarised on the following page.

Vision

‘An Entrepreneurial University City at the heart of a Low Carbon Regional Economy’

AIMS

Aim 1: A new kind of university city

Aim 2: A national hub of the low carbon economy

Aim 3: A prosperous and well-connected waterfront city centre

Aim 4: An inclusive city economy – for all ages

Principal Strategies

Enterprise & Innovation Strategy

Inward Investment Marketing Strategy

Employment Land Strategy

Skills Strategy

Employment Strategy

PROGRAMMES

Promoting enterprise

- Framework of support for businesses at all levels
- Knowledge transfer, internships, innovation vouchers
- Research Collaboration to support economic growth
- Technopole, Software Centre & Centre for Enterprise & Innovation

Improving the city’s reputation and influence

- Leadership programme, Communication plan & City Champions

Fostering cultural change

- Widening Participation & Enterprise in Schools
- Sector Development Plan for Creative Industries

Low carbon businesses:

- Electric vehicles
- Offshore energy
- Software

A low carbon place

- Ultra Low Carbon Vehicle City strategy (inc. charging points)
- Super Connectivity project
- Low Carbon City Campaign
- Low carbon commercial buildings and homes

Prosperity:

- Vaux/Farringdon Row - a new central business district
- Holmeside - high quality development
- Minster Quarter – new mixed use civic space
- Sunderland station – improved gateway
- Sunnyside – continue development of vibrant quarter
- Stadium Village – facilities of national repute
- St Peter’s/Bonnarsfield – to link key assets
- Management & maintenance

Distinctiveness

- Connecting to the river
- Events and festivals
- Low carbon standards

Connectivity

- Investment corridors
- Integrating city campus
- Low carbon transport and ICT connectivity

Engaging neighbourhoods:

- Low carbon city villages
- Employment strategy
- Health and well-being sector plan

City enterprise

- Boosting Enterprise in Neighbourhoods

Raising Skills:

- Skills needs of target sectors
- Skills needs from current employers
- Skills for enterprise

Attracting and retaining young people

- Career opportunities and skills
- Housing offer
- City centre vibrancy

High-level Outcomes

More wealth creation (GVA per head)

More businesses making more money

Higher employment, particularly in target sectors

More jobs in the City Centre

More people with high-level qualifications

Higher earnings of residents of the city

Fewer people on out of work benefits

5. Reasons for the Decision

- 5.1 Sunderland needs a clear economic direction, both to support partners in the city to direct investment and effort effectively, and to provide confidence to the private sector, third sector and public sector investors and partners that they can be confident of Sunderland's future direction and ambition.
- 5.2 The Economic Masterplan provides a direction based on wide ranging analysis and consultation. Whilst it is impossible to fully predict the future, the Economic Masterplan sets a practical direction based on the best evidence available, with a variety of components that will deliver a more diverse, and therefore more resilient economy for the future.
- 5.3 It is vital that this strategy is agreed by the city, to provide confidence to people external to the city, and to ensure city partners are able to confidently put their resources and effort behind the plan. It is also important that this strategy be recommended to full Council for adoption as part of the Sunderland Strategy, as that will ensure the Economic Masterplan is considered in the development of other strategies across the city.
- 5.4 The Governance structures are required to ensure that the governance of the Economic Masterplan:
- 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 investment risks;
 - is led by strategic planning

6. Alternative Options

- 6.1 One alternative would be not to have an Economic Masterplan. This would mean the city would not have one coherent, agreed vision for its economy to provide partners in the city and potential external investors, with the confidence to put resources into the city. As a consequence this is likely to mean that the city would not make progress in key areas of economic development requiring investment and collaboration, such as the development of the city centre, building the city's reputation in the low carbon economy and developing more home grown businesses to increase the city's economic resilience.
- 6.2 A further alternative would be to have an Economic Masterplan that is not adopted as part of the Sunderland Strategy. The nature of the Economic Masterplan means that it relies on other strategies, projects and activities right across the city to support its delivery. If the Economic Masterplan is not adopted as part of the Sunderland Strategy then it will not have the same commitment to

its delivery, nor the status to ensure it is considered in setting other strategies across the city.

- 6.3 A further alternative would be to have an Economic Masterplan that is delivered by existing structures without requiring governance structures to be revised. GENECON have recommended that clear leadership and partnership working will be vital to the delivery of Sunderland's Economic Masterplan. Current structures do not bring together people of significant seniority and responsibility within the city to focus sufficient resources specifically on economic development. Furthermore delivery activities contributing significantly to economic development are split over a range of organisations and teams. To make significant progress it is vital that we manage this activity in a more focused way than at present.

7. **Relevant Considerations / Consultations**

- (a) **Financial Implications:** Full funding requirements for the plan cannot be identified at this stage.
- (b) **Risk Analysis:** The delivery of each project and activity will have specific risks attached to it. However, there are risks that apply to the programme as a whole.
- i. In particular, the current economic and political climate poses a number of risks to this plan. Potential public sector job cuts could have significant impact on the employment rate within the city, with significantly more people needing support into new employment or enterprise.
 - ii. Reduction in public sector budgets will reduce the public sectors ability to support regeneration activity at a time when private sector investment is still likely to be relatively difficult to access.
 - iii. Actual or perceived lack of activity leads to a loss of investor, developer and public confidence.
 - iv. Lack of integration across the city and within the city centre may prevent effective prioritisation of capital investment.
 - v. Partners do not commit themselves to the governance arrangement required to deliver the Economic Masterplan.
- (c) **Employee Implications:** The development of the Aim Delivery Groups and any physical delivery body has implications for employees of Sunderland City Council. These implications will clear once the more detailed study into the nature of the physical delivery body is complete.
- (d) **Legal Implications:** This report proposes a significant change to a Policy document referred to in Article Four of the Council's Constitution. It also proposes a change to the structure of the Council's Local Strategic Partnership.

- (e) **Policy Implications:** This report proposes a significant change to the Sunderland Strategy, the Sunderland Partnership's key policy document.
- (f) **Implications for Other Services:** The delivery of Sunderland's Economic Masterplan involves all directorates across the Council. Heads of Service from across the Council have been involved in its development and the plan has been shared with directorates at briefing sessions.
- (g) **The Public**
- Representatives of Community Spirit (Sunderland's Citizens Panel)
 - Representatives of the Independent Advisory Groups (Citywide groups formed to provide an opportunity for marginalised or hard to reach people in the city to contribute their views on public services and policy development)
 - A variety of Business Forums (including the Sunnyside Business Forum and the North East BIC)
 - The Sunderland Branch of the NECC
 - Businesses based at the North East BIC
 - Sunderland Community Network
 - Sunderland Youth Parliament
 - Students at Sunderland University
- (h) **Reduction of Crime and Disorder – Community Cohesion / Social Inclusion:** Representatives from the Safer Sunderland Partnership have been involved in considering the implications of the Economic Masterplan and their input will continue as specific projects develop.
- (i) **Project Management Methodology:** The Economic Masterplan has been developed using PRINCE 2 Project Management methodology.
- (j) **Equalities:** An INRA will be completed for the Economic Masterplan.

8. Glossary

9. List of Appendices

Appendix 1: Sunderland Economic Masterplan Core Document

10. **Background Papers**

- GENECON: Sunderland Economic Masterplan, Setting a Direction: Position Statement, July 2009
- GENECON: Sunderland Economic Masterplan, Vision and Aims for the City Economy, September 2009
- Sunderland Economic Masterplan Spatial Plan, May 2010
- Sunderland Economic Masterplan Draft Sustainability Appraisal, June 2010
- Sunderland: Comparator Cities Analysis, Centre for Cities, November 2009
- Global Trends for the Next 20 Years, Centre for Cities, November 2009

