

# **Hartlepool Southern Business Zone Study**

A Phase 1 Report for Hartlepool Borough Council



# **Hartlepool Southern Business Zone Study**

A Phase 1 Report for Hartlepool Borough Council

March 2008

ECOTEC

► 31-32 Park Row  
Leeds  
LS1 5JD  
United Kingdom

**T +44 (0)113 290 4100**  
**F +44 (0)113 290 4119**  
**[www.ecotec.com](http://www.ecotec.com)**



# Contents

## PAGE

---

<b>1.0</b>	<b>Introduction.....</b>	<b>1</b>
<b>1.1</b>	<b>Aims of the Study.....</b>	<b>1</b>
<b>1.2</b>	<b>Aims of Phase 1.....</b>	<b>2</b>
<b>1.3</b>	<b>Methodology.....</b>	<b>3</b>
<b>1.4</b>	<b>Report Structure.....</b>	<b>3</b>
<b>2.0</b>	<b>The SBZ Study Area .....</b>	<b>5</b>
<b>2.1</b>	<b>Introduction .....</b>	<b>5</b>
<b>2.2</b>	<b>Background to the SBZ.....</b>	<b>5</b>
<b>2.3</b>	<b>Key Issues of the SBZ.....</b>	<b>7</b>
<b>2.4</b>	<b>Estate Profiles .....</b>	<b>8</b>
<b>3.0</b>	<b>Policy Drivers.....</b>	<b>13</b>
<b>3.1</b>	<b>Introduction .....</b>	<b>13</b>
<b>3.2</b>	<b>Economic Policy.....</b>	<b>13</b>
<b>3.3</b>	<b>Land Use and Spatial Policy.....</b>	<b>17</b>
<b>3.4</b>	<b>Conclusions.....</b>	<b>27</b>
<b>4.0</b>	<b>The Hartlepool Economy .....</b>	<b>29</b>
<b>4.1</b>	<b>Introduction .....</b>	<b>29</b>
<b>4.2</b>	<b>The Nature of the SBZ Economy.....</b>	<b>30</b>
<b>4.3</b>	<b>Conclusions.....</b>	<b>35</b>
<b>5.0</b>	<b>Economic Appraisal .....</b>	<b>37</b>
<b>5.1</b>	<b>Introduction .....</b>	<b>37</b>
<b>5.2</b>	<b>Headline Findings .....</b>	<b>37</b>
<b>5.3</b>	<b>Sector Configuration.....</b>	<b>37</b>
<b>5.4</b>	<b>Size Configuration.....</b>	<b>38</b>
<b>5.5</b>	<b>Sector Configuration.....</b>	<b>38</b>
<b>5.6</b>	<b>Length of Time in SBZ .....</b>	<b>39</b>
<b>5.7</b>	<b>Ownership of Property.....</b>	<b>39</b>
<b>5.8</b>	<b>Health and Confidence of the SBZ Business Community .....</b>	<b>39</b>
<b>5.9</b>	<b>Location Plans of SBZ Businesses .....</b>	<b>41</b>
<b>5.10</b>	<b>Barriers to Business Growth in the SBZ .....</b>	<b>42</b>
<b>5.11</b>	<b>Conclusions.....</b>	<b>43</b>

<b>6.0</b>	<b>Environment and Physical.....</b>	<b>45</b>
6.1	Introduction .....	45
6.2	Headline Findings .....	45
6.3	Perceptions of Overall Environmental Offer .....	46
6.4	Flood Risk .....	46
6.5	Land Contamination.....	47
6.6	Notifiable Installations .....	48
6.7	Landfill Sites .....	49
6.8	Green Infrastructure and Biodiversity .....	49
6.9	Bad Neighbour Uses .....	50
6.10	Utilities .....	51
6.11	Nuclear Power Station .....	51
6.12	Proximity Between Residential and Business Uses .....	52
6.13	Crime and Safety .....	53
6.14	Conclusions.....	54
<b>7.0</b>	<b>Market Appraisal.....</b>	<b>57</b>
7.1	Introduction .....	57
7.2	Headline Findings .....	57
7.3	Land and Property Supply.....	58
7.4	Future Site Availability.....	66
7.5	Demand .....	67
7.6	Recent Development Activity .....	69
7.7	Volume .....	70
7.8	Nature .....	71
7.9	Key Demand Drivers .....	73
7.10	Sub Regional Markets .....	74
7.11	Wider issues and Trends .....	75
7.12	Conclusions.....	78
<b>8.0</b>	<b>Transport and Accessibility Appraisal .....</b>	<b>81</b>
8.1	Introduction .....	81
8.2	Headline Findings .....	81
8.3	Road Network .....	82
8.4	Ports and Shipping .....	83
8.5	Air Travel.....	84
8.6	Public Transport.....	84
8.7	Pedestrian and Cycle Access.....	85
8.8	Area and Estate Navigability .....	86

8.9	Travel Plans .....	86
8.10	Conclusions.....	87
<b>9.0</b>	<b>Business Support Appraisal.....</b>	<b>89</b>
9.1	Introduction .....	89
9.2	Headline Findings .....	89
9.3	Take Up and Satisfaction of Business Support.....	89
9.4	Advice for Pre and New Start Ups in the SBZ.....	92
9.5	Conclusions.....	93
<b>10.0</b>	<b>Economic Forecasts.....</b>	<b>95</b>
10.1	Introduction .....	95
10.2	Economic Trends and Prospects.....	95
10.3	Potential growth sectors.....	98
<b>11.0</b>	<b>Conclusions .....</b>	<b>107</b>
11.1	Introduction .....	107
11.2	Key Issues for Consideration in Phase 2 .....	110
11.3	Next Steps of Study .....	112





# 1.0 Introduction

---

A consortium consisting of ECOTEC, EC Harris and the Harris Partnership have been commissioned by Hartlepool Borough Council to undertake a study to inform the improvement of the Borough's Southern Business Zone (SBZ). This report presents the findings of the study's first phase which looked to identify the key characteristics of the SBZ and begin to present issues which Phase 2 (action planning and visioning) can build upon and take forward. The phase 1 report aims to be a reference document for the next phase of the study and should be seen as an evidence base from which to develop relevant proposals for the improvement of the SBZ.

The SBZ is already a key economic driver for Tees Valley, with over 80% of Hartlepool's employers being located in the zone who between them employ over 5,000 local residents. However, the SBZ has long been seen as an area which lacks a high quality offer for both indigenous businesses already located there as well as new potential inward investors. To a large extent, the future of Hartlepool's economy relies on the success of the zone meaning work to improve and upgrade its offer is vital for the future economic prosperity of the area.

## 1.1 Aims of the Study

The study will help inform substantial improvements for the SBZ in the future so that it can become a key contributor to the future economic growth of Hartlepool and the Tees Valley. It will help plan the nature of these improvements and identify the role of the public and private sector in helping to realise the plan. The overall objectives of the study are as follows:

- To identify the main strengths and weaknesses of the SBZ as well as its main opportunities and threats
- To provide a visionary document which also provides actions on how to achieve this vision
- To provide a case for investment for the SBZ and identify a need for action and improvement to the area
- To demonstrate the potential of the SBZ and show how to take advantage of the opportunities it has available
- To provide an advocacy document for future funding bids (including the Single Programme)
- To highlight the contribution the SBZ could make to the economic growth of both Hartlepool but also the wider sub-region.

The study will therefore develop a vision for the future SBZ which a range of stakeholders can both help shape and buy into. Although parts of the SBZ have seen improvements in the past, much of the attempt to improve the area has been ad-hoc. The development of a vision will therefore provide the first real chance for the problems associated with the SBZ to be tackled in a co-ordinated and focussed way.

The study will also provide a case for investment so that Hartlepool Council and other local partners are able to approach possible funders with a clear reason and evidence base which sits behind their proposals.

The main output of the study is an Action Plan and Visioning document for the SBZ which will set out both the aspirations and projects which need to be realised to ensure the SBZ is a key driver for the sub-regional economy in the future. The Action Plan and Visioning document will set out key Strategic Objectives, funding, potential impact and delivery partners, along with a suite of projects for implementation.

## **1.2 Aims of Phase 1**

The study has been split into two main phases. The aims of the first phase of the study are as follows:

- To understand the current offer of the SBZ and identify its key economic characteristics.
- To collect the views of a large number of different stakeholders about the SBZ including strategic regional players, representatives of Hartlepool Borough Council, developers, property agents and, very importantly, local businesses presently located in the SBZ.
- To assess the physical state of the SBZ taking into consideration issues such as scale, location, appearance, usage, open space, public realm, green infrastructure and building character.
- To understand the strategic context within which any vision and action plan will need to sit and assess the main policy drivers for the SBZ.

Phase 2 of the study will use the results of this phase to begin to develop the vision and actions for improvement. Based on the evidence of phase 1, the next stage will see further work with stakeholders to develop and establish interventions for the SBZ which both the public and private sector will need to take forward if the vision is to be realised.

## 1.3 Methodology

The approach taken to develop the findings of phase 1 were as follows:

**Baseline Assessment:** A baseline has been produced to identify the broad economic characteristics of Tees Valley using secondary information. The baseline looks at factors including economic scale, the dynamism of the local economy, the structure of the economy, levels of enterprise and Hartlepool's labour market.

**Document Review:** A number of documents have been reviewed to help identify the strategic context within which the Action Plan should sit. These include the RES, Tees Valley Investment Plan, Hartlepool Economic Development Strategy, Tees Valley City Region Business Case, Hartlepool Local Plan and the Community Strategy.

**Urban and Landscape assessment:** An assessment to identify the key characteristics of the SBZ has been undertaken (partly informed by plans, photos, aerial photos and partly by a site visit). Site visits were made to formulate opinion on its physical state, taking into consideration issues such as scale, location, appearance, usage, open space, public realm, green infrastructure and building character.

**Consultation:** Consultations have taken place with Steering Group members, strategic stakeholders, utility companies, commercial agents, developers, representatives of Hartlepool Borough Council, landowners and local businesses. In total 102 people have so far been consulted. Local business people have been consulted through a mixture of face to face meetings and telephone surveys meaning 45% of businesses have been consulted with so far.

## 1.4 Report Structure

The remainder of the phase 1 report is structured as follows:

**Chapter 2: The SBZ Study Area-** provides a short background and introduction to the study area.

**Chapter 3: Policy Drivers-** looks to identify the main policy drivers which any future plans will need to align to.

**Chapter 4: The Hartlepool Economy-** provides a background to the nature of the local economy and a baseline of current economic conditions for the Borough.

**Chapter 5: Economic Appraisal-** provides an assessment of the strengths of the SBZ business community.

**Chapter 6: Land and Property Appraisal-** looks at the current offer of the SBZ in terms of land and premises.

**Chapter 7: Transport and Accessibility Appraisal-** provides an assessment of transportation routes and accessibility into and within the SBZ.

**Chapter 8: Business Support Appraisal-** looks at the quality and take-up of enterprise support provision in the SBZ.

**Chapter 9: Conclusions -** draws a short conclusion for phase 1 and highlights the next stages of the study.

## 2.0 The SBZ Study Area

---

### 2.1 Introduction

This short section provides a brief background to the SBZ and gives context to the rest of the report. It draws on secondary information to provide a description of the main characteristics of the zone and highlights some of the major issues that will need to be addressed in the future if improvements to the area are to be realised.

### 2.2 Background to the SBZ

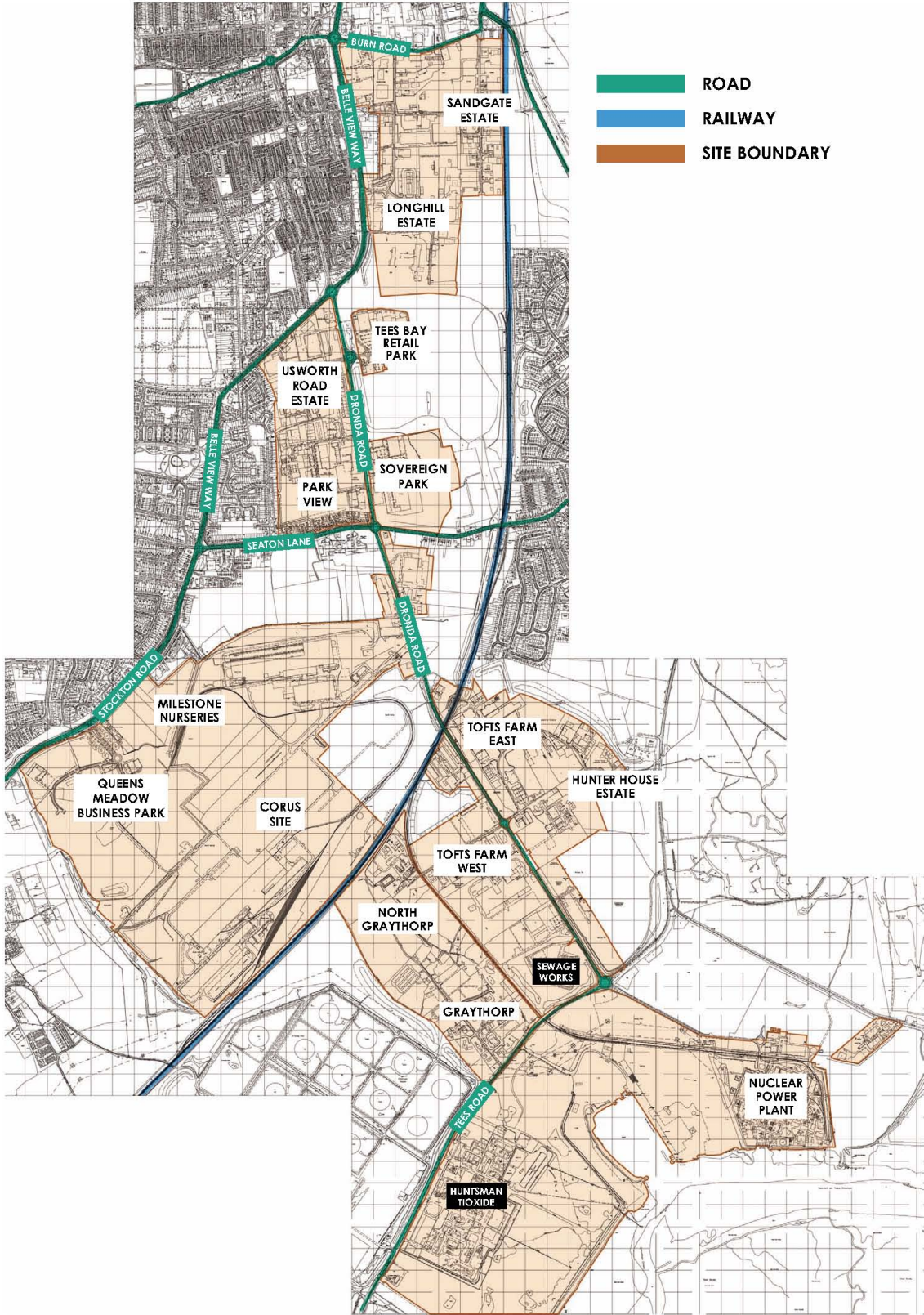
The SBZ consists of 15 separate industrial estates and business parks and covers an area of about 170 hectares in the south of the Borough. It is home to approximately 170 companies who between them employ 5,000 people making it a key employment area as well as a major driver of economic prosperity for both Hartlepool and the wider Tees Valley sub-region.

The SBZ consists of a mix of different types of industry ranging from retail units in the north through to more heavy industrial uses in the south. The present SBZ business community includes a nuclear power station, a large call centre, a steel works, a variety of large chemical companies as well as a relatively high number of technology related businesses.

The 15 industrial and business parks which make up the zone are all different in nature meaning the zone has a wide mix of land and premises on offer. Some areas of the zone provide high quality premises set within a good environment while others provide accommodation for heavy industry whose physical surroundings are less attractive in nature. The variety of different offers of the SBZ means that the area comprises of a larger number of smaller areas each with their own strengths, weaknesses, opportunities and threats.

The SBZ is also characterised by having a relatively large amount of vacant land. Some of the SBZ's vacant sites are on the market and ready for development while others need remediation and site preparation before they can be brought forward for development purposes. The large number of vacant sites and their scale act partly as a detractor for the zone but also present a potential opportunity for growth in the future.

The map overleaf sets out the main industrial and business parks which make up the SBZ.



## 2.3 Key Issues of the SBZ

Chapter five onwards of this report presents a detailed assessment of the key characteristics of the SBZ. This short sub-section provides a brief overview of some of these issues and acts as context for the rest of the report.

One of the major issues connected with the SBZ is the poor quality of both the physical environment and its commercial premises. The infrastructure and environment is often referred to as both *tired* and *dated* and this signifies the lack of investment that the area has seen in the past from both the public and private sector. The poor physical environment is often cited as a key barrier to progress for attracting private sector investment into the SBZ, either in terms of new companies wishing to relocate into the area or in relation to stimulating investment interest from developers.

The, SBZ generally lacks the quality of premises and sites needed to help diversify the areas industrial base. Although there are some premises which meet the demands of modern knowledge based companies (most notably the Queens Meadow Business Park where Gladmans have speculatively built a 120,000 sq ft office development) much of the SBZ offer does not tend to match the need for high quality office and industrial enterprises. The area also doesn't have sufficient move on space for smaller but growing companies.

Linked in with the physical problems of the SBZ are a set of complex issues connected with subjects as far ranging as business crime, the skills level of local residents, productivity levels and the recruitment and retention of staff. The problems which are characteristic of the SBZ therefore go beyond simply its physical state and any strategy aimed at improving the zone needs to be holistic in nature.

The SBZ is also characteristic of having large parts of its land in private sector ownership (most of it is reserved) meaning the public sector alone cannot drive forward positive change for the area. This means if large scale improvements are going to happen then the private sector will need to invest in their land and premises before any step change can be achieved.

The zone is located next to some of Hartlepool's most deprived neighbourhoods which are themselves areas which have suffered from their own types of decline. Relatively high levels of worklessness, low education attainment and low skills levels are all key characteristics of these neighbourhoods which both impact on the quality of life of local residents but also the competitiveness of local companies found in the SBZ. If the economic potential of the SBZ can be truly realised then the area can become a major solution to solving some of Hartlepool's key deprivation issues.

Although the SBZ has lacked investment over the years there has been a number of specific investments in certain parts of the zone which have been successful in improving its overall market offer. For instance, the local New Deal for Communities

(NDC) programme invested £1.8 million to rejuvenate the Longhill and Sandgate Industrial Estates which was seen to increase both business confidence and encourage more investment from both indigenous and new businesses. Recent investment in the Queens Meadow Business Park to the west of the SBZ has also shown that if the offer is right then private sector investment can be stimulated. One North East (ONE) through the Single Programme has financed the redevelopment of this site to provide modern accommodation which has seen extremely high levels of interest from potential occupiers and parts of the site (including the new Innovation Centre) are 100% let. Public sector gap funding has also stimulated speculative development at Queens Meadow where two units of 38,000 sqft have been built and let. This success, albeit small scale, proves that the market for quality commercial space is apparent and that if the offer is right then demand will be forthcoming.

One of the key issues which Hartlepool Borough Council wants to achieve is to replicate the successes experienced at Queens Meadow across the whole of the SBZ. If investment in certain parts of the zone have proved successful then there is potential for the SBZ in its entirety to see a step change in its fortunes if its current offer is improved.

The SBZ also borders some very deprived neighbourhoods which rank in the top 10% most deprived areas in the UK. Much of the deprivation was caused by the decline in traditional industries linked to sectors such as ship building, heavy manufacturing and mining. The decline in the numbers of jobs in these industries has led to high levels of worklessness and in turn social problems linked to issues as far ranging as crime, health and housing. Although much work has gone on to deal with the social drivers of deprivation in Hartlepool the improvement to the SBZ is key to addressing the economic drivers of neighbourhood decline within the borough and the wider Tees Valley.

## **2.4 Estate Profiles**

Below is a brief summary of each estate found in the SBZ. The descriptions provide a background to each part of the zone and also demonstrate the differences in property type, quality, values and demand occurring between, and across the SBZ.

### **2.4.1 Queens Meadow**

- Prestige business park offering developable sites for B1, B2 and B8 uses
- Sites are available on a 125 year long lease for sub-letting or self build schemes
- Large plots are available
- Some plots feature full infrastructure provision. The long term vision of the head landlord (ONE) and partners is to extend the access road and provide infrastructure to open up the back of the estate to facilitate further development and potentially extend into Golden Flatts, according to demand.



- Recently completed properties include the Innovation Centre offering high quality, high specification office and workshop units as described previously and self-build premises for occupiers Quality Roofing Systems and Deepdale Solutions. The Fire Brigade Headquarters is also located at the estate
- Forthcoming schemes include the Rivergreen Business Centre, now on site, that will provide industrial and hybrid office-industrial units and the speculative office scheme by Gladman that is due to start on site in 2008
- Rents are substantially higher than elsewhere within the SBZ but the schemes completed and planned at Queens Meadow can not be considered comparable to other properties within the SBZ so the higher rents are buying a qualitatively different product
- Following a reasonably slow start demand for sites has been good whilst demand for the completed Innovation Centre is very good with 100% occupancy and a waiting list of 18 businesses.

#### 2.4.2 Golden Flatts

- Largely undeveloped site with land reserved for employment development in the Local Plan.
- No infrastructure provision is present
- Hartlepool Borough Council considers the site as being suitable for a new employment scheme or as an extension to Queens Meadow.
- Hartlepool Borough Council is considering the potential for reallocating a portion of the site to residential use (for affordable housing).

#### 2.4.3 Longhill and Sandgate

- Oldest estates in the SBZ dating back to 1900
- Sandgate retains a heavy industrial character with the majority of premises being ageing sheds and workshop style units with numerous examples of 'bad neighbour uses'.
- Sandgate is identified for 'bad neighbour uses' in the Local Plan and so is the preferred location for messy, noisy uses such as waste transfer plants, recycling stations and refuse sorting facilities.
- Longhill offers a more diverse range of properties and so is able to accommodate a wider mix of businesses including modern office and retail units at Enterprise House on the Thomlinson Road approach to the estate, small workshop units in self contained estates such as Ullswater Estate whilst larger stand alone industrial units and workshops are scattered through out the estate and at Burn Road there are converted terraced properties appearing to provide office accommodation.
- Property quality and age varies considerably across Longhill.
- Longhill and Sandgate have both benefited from an NDC programme which has helped improve the environment and infrastructure offer and gave financial support

to businesses to improve the appearance of their sites and premises. The estates received £1.8 million NDC funding and matched funding from the EU, ONE and Hartlepool Borough Council. The evaluation of this initiative has showed that the intervention had an impact on businesses in terms of levels of business crime, staff retention and levels of customers.

- Aside from Queens Meadow, Longhill has been the primary location for recent development activity within the SBZ and consequently it offers some of the most 'recent' additions to the area's overall property supply.
- Healthy demand for sites for waste transfer stations at Sandgate

#### 2.4.4 Park View Estate

- Fairly uniform property offer of small to medium sized light industrial units and workshops offering flexible space for a variety of uses. A large proportion of the units have a fairly common design creating a cohesive appearance to the estate.
- Units were constructed in the 1970s, 1980s and 1990s
- UK Land Estates is the head landlord and leases properties and vacant plots for development with a managing agent, DTZ, employed to ensure properties and communal areas are well maintained. UK Land Estates retains control of the size, type and nature of property built on the developable plot. The units provided by developers are then subsequently sub-let to a business occupier with UK Land Estates retaining control of the type of businesses that can become tenants. The managing agent reports that UK Land Estates is fairly specific about the type of businesses permitted at the estate with garages and car shops for instance being rejected.
- Around 50% of units at the estate are the product of tenants / developers undertaking self-build schemes having first taken a long lease of 125 years on vacant developable plots.
- There is still a healthy supply of developable plots available to the rear of the estate (around 2.7 hectares) but the managing agents and head landlord report that there are no developments planned / proposed for this land
- The remaining 50% of units at the estate are let from UK Land Estates on standard commercial leases on a full repairing and insuring basis
- The estate appears well maintained with common grassed areas cut and no noticeable litter problems and occupied units in good order.
- Units at the estate appear sufficiently flexible to meet the requirements of a relatively diverse range of occupiers with current occupiers including a gym, children's play barn, bakery, Kerry Foods factory and several light industrial uses.

#### 2.4.5 Sovereign Park

- Formerly Park View West.
- Offers large, light industrial sheds and workshops with some relatively modern premises.

- Units seem most suitable for industrial occupiers with large space requirements.
- One of the larger units is being substantially extended by the current occupier to create modern, high quality space.
- Substantial vacant land exists for development totalling around 11.6 hectares. There are no current proposals for development on this land.
- Adjacent to Sovereign Park there is much vacant land but it remains unallocated within the Local Plan owing to high levels of land contamination that would necessitate uneconomical remediation works.
- Demand is reported to be 'hit and miss'.
- ERDF funding has resulted in the servicing of the remainder of land and this is available for industrial development.

#### 2.4.6 Usworth Road Estate

- Very diverse range of properties to meet the needs of a variety of businesses with properties including a small development of 3 new build office units (recently completed), a range of light industrial units with some being used for trade and wholesale retail activities, a couple of car showrooms (both occupied) and a managed business centre operated by BizSpace.
- Biz Space is a 50,000 sq ft (4,645 sq m) industrial/warehouse building that has been converted to provide approximately 32 office/workshop units ranging from 300 sq ft to 7,000 sq ft (27 to 650 sq m). Units available on flexible 'easy in easy out' lease terms. Values range from £3.50 to £4.50 for workshop and industrial units (in line with the SBZ average) with rents for offices being in the region of £12 per sq ft.
- Environmental improvement works in 2003 have enhanced the aesthetic of the estate although the entrance sign looks tired.
- Some improvements have happened to the estate funding through the Single Regeneration Budget.

#### 2.4.7 Tees Bay Retail Park

- Built under the terms of an Enterprise Zone in the 1980s.
- Unique within the SBZ as it offers virtually identical units all designed originally for bulky goods retailing with a large, flexible internal space.
- The exterior of properties looks tired and dated.
- The head landlord Chase Property Developments Ltd has received planning permission to undertake improvement works to the exterior of units, develop a small number of additional units and to carry out associated infrastructure works.
- The Local Plan identifies land adjacent to the retail park for a potential extension however there are no current applications to extend the scheme onto this site.

#### 2.4.8 Tofts Farm East and West and Hunter House

- The estates cater to traditional manufacturing as they offer larger industrial sheds and factory accommodation and warehousing and storage units also feature.
- A couple of large occupiers are present based in large, purpose built light and heavy industrial properties.
- There has been minimal recent development and consequently the majority of stock appears tired and dated.
- Recently there has been permission granted to provide 15 starter units at the Tofts Farm West but this has not been taken up.

#### 2.4.9 Graythorp and North Graythorp

- North Graythorp is a largely undeveloped area of land in multiple ownership which lacks infrastructure provision including access roads and services.
- The site measures 24.5ha of which 4.6ha has been developed. Of the remaining 19.9ha of land for development an existing company holds 3.8ha for expansion and 16.1ha is available for development in the long term (Strategic Employment Land Review for Tees Valley, 2004)
- Graythorp is a low density heavy industrial estate providing a small number of large, ageing industrial sheds, a sizable scrap yard and several vacant plots are also present. The estate includes road and service infrastructure
- Large areas of land in proximity to Graythorp are in private ownership held by Able UK (ship dismantling dock); Huntsman Tioxide (tioxide plant), British Energy (Nuclear Power Plant) at Phillips Tank Farm.

## 3.0 Policy Drivers

---

### 3.1 Introduction

This section provides a summary of the main policy drivers which any future plans related to the development and improvement of the SBZ will need to take into consideration. All action and visioning work for the zone will need to be grounded in existing policies and will have to align with the priorities and principles of existing strategies, including those developed by stakeholders who may be approached for funding. This section focuses on policy relating to land and property and economic development and draws on regional, sub-regional and local strategy and plans.

### 3.2 Economic Policy

The main economic related policies which any improvement plans for the SBZ will need to consider are the Regional Economic Strategy (RES), the Tees Valley City Region Development Programme and the Community Strategy.

#### 3.2.1 Regional Economic Strategy (RES) 2006 – 2016

The RES states that the main targets in achieving economic success in the North East will be to:

- Increase Gross Value Added (GVA) per person to 90% of the national average.
- Increase employment by between 61,000 and 73,000 new jobs.
- Create between 18,500 and 22,000 new businesses over the next 10 years.

The RES recognises that the region's economic performance has suffered a relative decline as the productivity gap has grown between the North East and the other English regions. There have been some signs of improvement; however, the North East has been one of the slowest growing regions in the last ten years with prosperity levels also among the lowest. GVA is at around 80% of the UK average.

The RES has three main drivers:

- **Business** – This sets out the need to increase the number of new businesses, raise productivity and improve the use of new technology. It further identifies the need for increased levels of entrepreneurship with the relevant training and support for growth. There is also a commitment to invest in certain areas of science and technology and recognition of the potential of the processing industries to grow.
- **People** – The themes of productivity and participation are at the core of the RES, identifying the relationship between skills and employer needs. The Regional Skills

Partnership has been identifying skills deficits and how to encourage employers to invest in work force development.

- **Place** – Economic development will be delivered through infrastructure investment, but only intervening in areas of market failure, leveraging in private sector resources as part of the Northern Way initiative. This will be focused on the two City Regions, Tyne and Wear and Tees Valley. The need for quality business accommodation is highlighted, including incubation and 'grow on space'. The RES commits to 'ensuring businesses have the right kind of premises, in the right places, on the right terms and at the right time.'

### 3.2.1.1 *RES Target Sectors*

It is important to understand the key sectors that contribute to the health of the region's economy. The RES identifies the key sectors in two categories:

- **Key Manufacturing Sectors**

- ▶ Chemical and Pharmaceuticals – Across the region, this sector employs approximately 12,000 people.
- ▶ Automotive – The Nissan car plant in Sunderland has been a key driver in this sector and the North East region is nationally significant to the industry.
- ▶ Defence and Marine – Marine and defence businesses are long established in the region and have also given rise to the growth of high tech companies in the fields of defence and homeland security.
- ▶ Food and Drink – Excluding primary production, this sector is a significant employer of approximately 25,000 people
- ▶ Energy – The region has a strong company base in power generation, oil and gas, nuclear and more recently in renewable and low carbon technologies.

- **Key Service Sectors**

- ▶ Knowledge Intensive Business Services – This sector includes banking, accounting, legal and engineering consultancies and is essential to increasing productivity and growth in the region.
- ▶ Tourism and Hospitality – This sector provides 10% of the region's employment but has the potential to increase the North East's market share of tourism, underpinned by the Regional Image Campaign.
- ▶ Commercial Creative – This sector is of importance to the region due to its capacity to trade as an international service sector, including digital industries, television, film, commercials, new media and music.
- ▶ Health and Social Care – This sector employs 13% of the region's work force, with the public sector as the main employer.

Whilst the RES acknowledges the need to attract skilled workers from outside of the region, it also recognises the need to increase the participation of the indigenous

population and address the relatively low employment and skills rates that act as brake on productivity.

The RES does not specifically say anything about the SBZ itself.

### 3.2.2 Tees Valley City Region Development Programme

The Development Programme sets out the economic structure of Tees Valley and the challenges it faces. It has identified that the GVA gap per head between the Tees Valley and the rest of the UK is growing. In 2002, this was £11,777 compared to the UK figure of £15,614. The decline in manufacturing is seen as the primary cause of this.

The programme identifies a range of priorities:

- To grow the Tees Valley economy faster than the UK economy to narrow the gap in GVA.
- To continue to raise the number of jobs in the Tees Valley.
- To encourage manufacturing industry to innovate and improve its productivity.
- To develop the service economy particularly in financial and business services.
- To increase the stock of firms in the Tees Valley.
- To increase economic activity in the Tees Valley and reduce worklessness.
- To improve household income and develop less dependency on benefits.
- To reduce out-migration out of the Tees Valley.
- Reduce economic and social disparities within the region.
- To upskill the workforce to obtain NVQ 3 and 4 qualifications but also reduce the number of people of working age with no qualifications.

The development programme concludes that the Tees Valley still has a strong manufacturing base, but it is important to develop its competitiveness to improve performance. Whilst many of the lost jobs in the manufacturing industry have been replaced with jobs in the service industry, there are still opportunities to attract higher value employment in business and financial services and tourism.

The Tees Valley Region Development Programme does not refer directly to the SBZ although it does refer to industrial areas within Hartlepool on a number of occasions.

### 3.2.3 Hartlepool Community Strategy

The strategy has a Jobs and Economy theme which aims to 'develop a more enterprising, vigorous and diverse local economy that will attract investment, be globally competitive and create more employment opportunities for local people.' Its objectives are:

- Encourage the development of a knowledge driven and electronic economy and stimulate innovation and its commercial exploitation.
- To place local colleges and the universities at the heart of the local economy, in their role in training and workforce development, as sources of new products and ideas, through compacts and in partnership with other providers of training and workforce development.
- Ensure that transport infrastructure, property and the physical environment are attractive, modern, responsive, flexible and eco-friendly.
- Encourage the development of flagship sites, including Queens Meadow Business Park, Victoria harbour and Wynyard.
- Help build an enterprise society in which businesses of all kinds thrive and achieve their potential.
- Encourage and support the establishment and development of inward investment companies, existing and 'new start' businesses in strategic clusters where appropriate, providing a range of quality sustainable jobs.
- Promote a positive image of the town.
- Support and develop Hartlepool's tourism and leisure industry especially in the Marina/town centre, Seaton Carew and the Headland in the regional context and particularly to attract longer visits.
- Continue to improve the vitality and viability of the town centre to attract further investment and jobs.
- Continue to recognise the significance of the voluntary and community sector to the local economy and support them accordingly.
- Support local people in gaining maximum benefit from the economic regeneration of the town, including all people of working age and especially the young and male unemployed.
- Support employment and training schemes including those that give people who experience disadvantage, discrimination, ill-health, caring responsibilities or disabilities, better prospects of employment and training and reduce poverty and to help break cycles of disadvantage.
- Increase the accessibility to work for example by encouraging family friendly employment policies, affordable care services, information and advice and flexible working.
- Increase knowledge and awareness of business in the community.

There are five key targets that underpin the above as defined by the Hartlepool Economic Forum:

- Increase business start ups by 50% by 2012 (baseline 120)
- Reduce the gap between Hartlepool's and the UK's employment rates by 3 percentage points by 2012 (baseline 5.5 percentage points)



- Reduce the gap between Hartlepool's and the UK's unemployment rate to 2 percentage points by 2012 (baseline 3.8 percentage points)
- Reduce youth unemployment as a proportion of all unemployment to 29% by 2012 (baseline 30.7%)
- Reduce long-term unemployment to 25% by 2012 (baseline is 33.8%).

The Community Strategy is also linked with the LAA which sets targets in relation to a range of socio-economic issues some of which relate to economic/ business growth. Although the SBZ is not referred to by name the strategy mentions a number of industrial areas to the south of the town centre by their individual estate name.

### **3.3 Land Use and Spatial Policy**

Development within and of the SBZ will progress within the spatial policy framework determined at a regional level by the RSS, at a sub-regional level by the Spatial Arc and at a local level by the Local Plan, and, once completed and adopted, the LDF. Of course national planning policy sets the overarching framework for both regional and local planning and spatial policy and therefore developers and local planners will need to be aware of the priorities and requirements it sets. Below these various policies, strategies and documents are reviewed and their potential impact upon the SBZ briefly identified.

#### **3.3.1 Draft Regional Spatial Strategy**

Although still in draft form, the Regional Spatial Strategy once complete and adopted will become the main regional plan for land use and development for the North East and so will form the central regional policy context to guide development within Hartlepool and subsequently the SBZ.

The RSS has four spatial objectives for the region; economic prosperity, sustainable communities, enhanced environment and improved connectivity. Given their status as guiding priorities, these four objectives set the regional context within which development within and of the SBZ will move forward.

The RSS identifies Hartlepool as a major manufacturing centre which is increasingly coming to serve other business, commercial and service sectors in surrounding areas of the Tees Valley and County Durham, and, through the regeneration of the former docks, has developed into an office and tourism centre. Hartlepool's economic base is anticipated to be strengthened through the development of the significant employment sites of Queens Meadow and Wynyard. Looking to the future, the RSS sees the focus in Hartlepool to be the further regeneration of the Hartlepool Quays as it expands to become a centre for business, commerce, leisure and tourism. Hartlepool Quays builds upon Hartlepool's maritime heritage and the successful ongoing regeneration of the Marina, the Central Area, and Hartlepool Headland.

Within the Quays, Victoria Harbour will continue the regeneration of this part of the former dockland area for housing, retail, leisure and employment uses. Its redevelopment will provide a regionally significant critical mass of facilities that will be a catalyst to creating new demand and stimulating further inward investment.

The SBZ is not mentioned specifically within the RSS and is not of itself the subject of any policy. However sites within SBZ are identified and are mentioned within policies. Also, certain policies that set out future ambitions for Hartlepool appear to have a potential relevance to development within the SBZ. Policies with most relevance and areas of policy of most relevance to the SBZ include:

- Policy 7 - Tees Valley City Region
- Policy 13 - Regional Brownfield Mixed Use Developments
- Policy 18 – Employment Land Portfolio
- Policy 19 – Prestige Employment Sites
- Policy 23: Chemical and Steel Industries
- Policy 54: Parking and Travel Plans

### 3.3.2 Coastal Arc – A Strategy for the Tees Valley “Renaissance, Revival and Regeneration” – Update of the Coastal Arc Strategy (2006)

Coastal Arc is an economic regeneration initiative for the Tees Valley Coast and is identified within the RSS as a key sub-regional spatial development priority. Tourism is the key driver but the focus is on establishing a critical mass of facilities to benefit the sub-region and wider North East region and to promote a range of economic development priorities such as creating and supporting new business investment to revitalise the economies of coastal towns. Flagship projects will create impressive new focal points and will combine with smaller projects and training and investment opportunities to deliver the renaissance and enhancement of urban and rural landscapes thereby bringing benefits to businesses and residents throughout the entire programme area as it stretches from Hartlepool through to Redcar.

In addition to the SBZ project, a series of 11 flagship projects are identified within the Coastal Arc, four of which have a potential relevance to the SBZ as they are located within Hartlepool. These projects are explained in more detail later on in this chapter under 'Regeneration Strategies for Areas in Proximity to the SBZ'.

### 3.3.3 Hartlepool Local Plan

Until the adoption of the LDF, Hartlepool's Local Plan represents the main local land use strategy guiding development and so constitutes a key determinant of development activity within the SBZ.

The central aim of the Local Plan is “to continue to regenerate Hartlepool securing a better future for its people by seeking to meet economic, environmental and social needs in a sustainable manner”. The SBZ is identified as a ‘regeneration zone’ within the Local Plan and as a key area for future resource. The SBZ spatial definition used in the Local Plan is tighter than the definition adopted within this report and set out in the policy brief. The Local Plan also identifies Queens Meadow Business Park as a distinct regeneration zone, separate from the SBZ, and again a key area for future resource.

Policies with the most significant effect on development activity within the SBZ have been identified with the majority being ‘Industrial and Business Development Policies’. In addition to these most pertinent policies, ‘generic’ policies that apply equally to all development across Hartlepool will have an impact on development within the SBZ, however it was not considered a valuable enterprise to list all these policies and so effectively reiterate the full Local Plan within this report.

‘GEP1 General Environmental Principles’ – outlines the Council’s general approach to determining planning applications in regard to environmental and spatial considerations and includes a commitment to permit development only where it satisfies the relevant planning requirements of statutory consultees.

‘GEP16 Untidy Sites’ and ‘GEP17 Derelict Land Reclamation’ – outline the Council’s willingness to acquire prominent derelict and /or untidy sites for redevelopment and reuse giving a policy premise for such sites in SBZ to be reclaimed and enhanced and potentially giving leverage to the Council to insist landowners to put such sites to use or risk being served with a CPO.

‘GEP18 Development on Contaminated Land’ – development will be permitted on sites that are potentially contaminated where they comply with other policies in the plan and where the extent of the contamination has been verified, remedial measures appropriate to the proposed after use have been identified, and the land during and after development will not pose a significant risk to occupiers of adjacent properties or result in a significant adverse effect on the environment.

‘Dco 1 Landfill Areas’ – states development will be allowed in former landfill areas provided there will be no demonstrated harm to occupiers. Protection measures will be required to control emissions of landfill gas and the presence of other contaminants.

‘Dco 2 Flood Risk’ – states proposed development within the Environment Agency’s Flood Risk Zones will need a flood risk assessment and that approved development may be required to include mitigation measures. Parts of the SBZ are located within Flood Risk Zone 2 and parts within Flood Risk Zone 3.

Com7 'Tees Bay Mixed Use Site' – identifies the site for mixed use development comprising non-food retail, leisure and businesses uses. The sequential test would be applied to establish a case for the construction of any additional retail / leisure / business use units.

Rec4 'Protection of Outdoor Playing Space' – protects existing outdoor playing space from development. There are three sites within the SBZ general area where policy Rec4 applies.

Rec5 'Development of Sports Pitches' – encourages the development and enhancement of sports pitches at several locations within the SBZ.

Rec7 'Outdoor Recreation Sites' – identifies sites for outdoor recreational and sporting development requiring few buildings. Identified sites are located within the general SBZ area including Tees Road, Seaton Carew (12 Ha) and Tees Bay Brenda Road (42 Ha). Development is generally prohibited at these locations.

Rec9 'Recreational Routes' – supports the development of a network of recreational routes that link together areas of interest within the urban area of Hartlepool (recreation areas, green spaces etc). Two of these recreational routes pass through the SBZ the Greatham to Belle Vue Way and Marina Route and the East – West Route (Golden Flatts link).

GN3 'Protection of Key Green Space Areas' – places strict controls on development within certain identified key green space areas, several of these areas represent generic locations such as the verges of highways, and so apply to all conforming areas across the Borough.

GN5 'Tree Planting' – identifies locations where the council will provide additional tree and woodland planting, two of these are located within the general SBZ.

PU2 'Industrial Sites Drainage' – supports industrial and related development at North Graythorpe, South Works and Queens Meadow where drainage is considered adequate. This could place additional time and cost burdens on developers.

WL7 'Protection of Sites of Nature Conservation Importance, Regionally Important Geological/ Geomorphological Sites and Ancient Semi-Natural Woodland' – several sites identified by this policy are located within the general SBZ area.

PU3 'Sewage Treatment Works' – allocates land at the Tees Road / Brenda Road junction for a full sewage treatment works. Supports in principle the extension of existing sewage works provided there is no material adverse effect on neighbouring occupiers, the appearance does not materially effect the character of the area and there is no significant effect on nature conservation.

Rec12 'Land west of Brenda Road' – identifies land for 'noisy' outdoor recreational purposes such as off-road motorised sports and clay pigeon shooting.

'Ind1 Wynyard Business Park' – reserves land at Wynyard Business Park for development as a business park with B1 uses favoured. Some representation of B2 and B8 uses will be permitted but A2 and A3 uses will not normally be permitted.

'Ind2 North Burn Electronic Components Park' – reserves Land at North Burn 'Electronic Components Park' for development of an electronic components park with development of B1, B2 and B8 uses favoured and development for A2 and A3 uses not generally permitted. Developers will be obliged to provide extensive landscaping, shield outside storage and also car parking with planting and provide travel plans for larger schemes.

'Ind3 Queens Meadow Business Park' – reserves land at Queens Meadow Business Park for development of B1 uses with some development for B2 and B8 uses permitted away from the A689 and Greatham Village Frontages whilst A2 and A3 uses will not generally be permitted. Developers will be obliged to provide extensive landscaping, shield outside storage and also car parking with planting, restrict building coverage to 30% of a plot and provide travel plans for larger schemes.

'Ind4 Higher Quality Industrial Estates' – reserves land at Park View West, Sovereign Park (formerly Park View East) and Golden Flatts for high quality industrial development where development for B1 use is preferred and developers will be obliged to provide extensive landscaping, shield outside storage and also car parking with planting, create travel plans for larger schemes and provide a high quality finish to buildings.

'Ind5 Industrial Areas' – proposals for business uses and warehousing, use classes B1 and B8, will be permitted in identified 'industrial areas' whilst development for B2 uses will also be permitted where such development would not undermine the amenity of neighbouring occupiers or prejudice the development of neighbouring sites.

'Ind6 Bad Neighbour Uses' – reserves part of the Sandgate Industrial Estate area for bad neighbour uses in order to concentrate such activity in one section of the Borough. Bad Neighbour Uses include sorting, composting and / or storage of waste material, scrap yards and car breakers yards. The Sandgate Industrial Estate is located within the SBZ.

'Ind7 Port Related Development' – identifies land at North Seaton Channel for development making use of the port related facilities. The North Seaton Channel area lies within the SBZ.

‘Ind8 Industrial Improvement Areas’ – the Council will encourage environmental and other improvement and enhancement works in designated ‘industrial improvement areas’, this will include the Council undertaking improvement and enhancement works where possible on council and privately owned land. Several of the identified ‘industrial improvement areas’ are located in the SBZ

‘Ind9 Potentially Polluting or Hazardous Developments’ – land is reserved for potentially polluting or hazardous developments within the following areas where one of which, North Graythorp, lies within the SBZ (or within very close proximity to the SBZ):

‘Ind11 Hazardous Materials’ – hazardous materials are permitted at sites identified in Ind9. Sites with particular quantities of hazardous materials are identified as Notifiable Installations and development is restricted near these.

Tra2 ‘Railway Line Extension’ – reserves land for the extension of the railway line from the Seaton Snook branch line to Seal Sands. This area of protected land extends through part of the SBZ to the rear of the Hunstmans Tioxide Plant placing restrictions on where development can be location.

‘Tra11 Strategic Road Scheme’ – development will not be permitted within a corridor of land that passes through the SBZ near the B1277/A178 Brenda Road / Tees Road.

‘Tra12 Road Scheme: North Graythorp’ – land reserved in North Graythorp Industrial Estate for the construction of a link road. This Industrial Estate lies within the SBZ and therefore development opportunities are restricted at this location.

‘Tra15 Restriction on Access to Major Roads’ – new access points and the intensification of existing accesses to the following roads, some of which pass through the SBZ, will not be approved. Consequently restrictions will be placed on new developments that would propose creating new access points or would increase traffic volumes at existing accesses along the A19, A689, A179 and A178.

‘Policy Tra19: Provision for Alternative Transport’ – In order to allow for improvements to the bus, cycle and pedestrian networks, residential and industrial estate layouts should be designed to ensure adequate access by alternative modes of transport to the private car from the initial phase of development.

‘Policy Tra20: Travel Plans’ – Travel plans should be prepared to accompany proposals for major developments and other developments likely to lead to an increase in travel. Large schemes and projects taken forward in the SBZ will need to include a travel plan, an issue noted in policies Ind1 to Ind4.

### 3.3.4 Local Transport Plan

No transport policies targeting the SBZ specifically, or transport improvement programmes focusing on the SBZ in particular are included in the Local Transport Plan, however the Plan's strategic aims will have a relevance to the SBZ, as they will any location within Hartlepool, because they create the context within which the transport and travel effects of new development are assessed and the travel and transport priorities and objectives by which new development is judged. Linked to the strategic aims are a set of detailed objectives and again the context-setting nature of these objectives, in terms of the transport and travel policy agenda, will mean that they have a relevance to development within and of the SBZ. The table below sets out the strategic aims and their corresponding objectives in relation to the Transport Plan.

**Table 3.1 Strategic Aims and Objectives of the Local Transport Plan**

Strategic Aims	Detailed Objectives
To promote social inclusion by ensuring that everyone can access the key services and facilities that they need	Reduce the barriers to accessing employment, education and training and health care  Support the location of new development and provision of services that reduces the need to travel
To improve the overall safety and security of the transport system for everyone	Reduce the incidence and severity of personal injury road crashes  Increase personal safety and security whilst travelling
To ensure that traffic congestion does not hinder continued economic growth and regeneration	Encourage more sustainable modes of travel, especially in urban areas  Maintain, improve and make more efficient use of the existing transport network
To reduce the environmental impact of transport on air quality, noise and climate change	Control and maintain local air quality

### 3.3.5 Emerging LDF Policies and Documents

The LDF is still an emerging set of strategies, statements and supporting information. Documents complete include the Adopted Statement of Community Involvement, the Local Development Scheme, and the Transport Assessments and Travel Plans Supplementary Planning Document. Policy papers outlining how the Sustainability

Appraisal approach to be used to determine the 'sustainability' credentials of policies brought forward through the LDF have also been prepared.

Of all government required LDF documents the Core Strategy is perhaps the most important strategic document as it will set out the spatial vision, spatial objectives and core strategic policies for Hartlepool. It can therefore be considered the most important forthcoming LDF document influencing development within and of the SBZ, unless of course a Supplementary Planning Document for the SBZ is created. The Core Strategy is still an emerging document with a 'Core Strategy Issues and Options Discussion Paper' having only been sent out for consultation in October 2007. Whilst 'just' being a consultation paper there is value in referring to this document as it sets out Hartlepool Borough Council's suggested spatial vision for the Borough, suggested policy themes and objectives and suggested key issues to target and resource and so gives an indication of the current thinking in regards to the future local spatial policy framework within which the development of the SBZ will need to progress.

Aside from the Core Strategy, the other LDF document of note in regards to potential impact on development within and of the SBZ is the Transport Assessments and Travel Plans Supplementary Planning Document. Both the Core Strategy Issues and Options Discussion Paper and the Transport Assessments and Travel Plans Supplementary Planning Document are reviewed below.

#### **3.3.5.1**    *LDF Core Strategy Issues and Options Discussion Paper*

It has been determined that "the vision of the Core Strategy will be a spatial representation of the Community Strategy's vision". The Community Strategy's vision is that "Hartlepool will be a thriving, respectful, inclusive, healthy, ambitious and outward-looking community, in an attractive and safe environment, where everyone is able to realise their potential".

Showing regard for the Community Strategy vision, and RSS priorities, the suggested vision for Hartlepool's LDF Core Strategy is that "Hartlepool by 2025 will have achieved the substantial implementation of its key regeneration areas, increased job opportunities, maximised housing choices and health opportunities for its residents to live in a safe and attractive environment as sustainable and inclusive communities within the Tees Valley City Region and to have become a focal destination for visitors."

Four suggested spatial themes for the Core Strategy have been identified. These are directly linked to the four objectives of the RSS and all will have a bearing upon development within and of the SBZ as they set local development priorities and ambitions:

- Strengthening the Local Economy.
- Developing a Sustainable Community.
- Enhancing the Environment.



- Improving Connectivity.

Spinning out from the four suggested spatial themes of the Core Strategy, and the four objectives of the RSS, are 17 suggested spatial objectives. Seven of these spatial objectives would appear to have a direct relevance to development within and of the SBZ:

- Objective 1 - to diversify the economic base of Hartlepool and promote an entrepreneurial culture to create more employment opportunities for local people
- Objective 2 - to develop Hartlepool as a destination of choice for inward investment
- Objective 5 - to facilitate development in the key investment areas in the Borough
- Objective 10 - to protect, promote and enhance the quality and distinctiveness of the Boroughs natural, rural and built environment
- Objective 13 - to maximise the re-use of previously developed land and buildings
- Objective 15 - to provide a safe, attractive and well-designed environment
- Objective 16 - to ensure the provision of a safe, efficient and sustainable transport network, accessible to all

In considering the four suggested spatial themes of the emerging Core Strategy, Hartlepool Borough Council has identified a series of 18 key issues for discussion and decisions. The outcome of discussion on these issues has the potential to influence development within and of the SBZ and will need to be monitored as the Core Strategy develops:

- Issue 1 - Where should future development be concentrated?
- Issue 2 - Where should future housing development be located?
- Issue 5 - Is the amount and type of employment land sufficient to meet requirements of an expanding economy?
- Issue 6 - What are the implications if a second Nuclear Power Station were to be built?
- Issue 13 - How should we protect and improve the Borough's natural, rural, and built environment?
- Issue 14 - How can we create safe, attractive, accessible and well-designed environments?
- Issue 15 - How can development be delivered in such a way that makes the best use of natural resources and helps to minimise climate change?

#### 3.3.5.2 *Transport Assessments and Travel Plans Supplementary Planning Document*

Of relevance to development within the SBZ this SPG identifies a requirement for certain larger developments liable to generate 100 or more vehicle movements a day to produce a basic Transport Statement or a more complex Transport Assessment / Travel Plan, which sets out the transport issues relating to the proposed development

and the measures appropriate for dealing with the anticipated transport impacts. The following table indicates the thresholds for industrial / business use developments, such as those liable to occur within the SBZ, for which transport statements or assessments or travel plans will be required under the auspices of this SPG.

**Table 3.2 Thresholds for Industrial/ Business Use Developments**

Land Use	Use/Description of Development	No Assessment	Transport Statement	Transport Assessment/ Travel Plan
B1 Business	(a) Offices other than in use within Class A2 (Financial & Professional Services) (b) Research and Development - Laboratories, Studios (c) light Industry	<1,500 sqm	>1,500<2,500sqm	>2,500 sqm
B2 General Industrial	General Industry (Other than Classified as in B1),The Former "Special Industrial" Use Classes, B3 – B7, are now all encompassed in the B2 Use Class.	<2,500 sqm	>2,500<4,000 sqm	>4,000 sqm
B8 Storage or Distribution	Storage or Distribution Centres – Wholesale Warehouses, Distribution Centres & Repositories.	<3,000 sqm	>3,000<5,000 sqm	>5,000 sqm

### 3.3.6 Regeneration Strategies for Areas in Proximity to the SBZ

Several regeneration projects identified for central Hartlepool (the centre town and surroundings) have a focus upon creating attractive mixed use environments, to include office and employment accommodation, with excellent transport connections and supporting their development through public sector investment. Structuring resources and infrastructure improvements to target these schemes might have the unintentional consequence of directing developer, investor and occupier demand away from the SBZ or making it more difficult to stimulate such demand in locations outside these identified regeneration schemes. Significant projects with a potential impact on the SBZ include:

- **Victoria Harbour:** 133 ha regeneration project at the mouth of the River Tees (owned by PD Teesport and now identified as surplus to long-term port requirements) to be developed as a mixed use waterfront regeneration scheme including 3,430 new homes, retail offer, employment accommodation, leisure opportunities including a new hotel, community facilities including a new school, a new pedestrian and cycle bridge crossing the harbour and a 'wave' of parkland extending through the development.

- **Hartlepool Town Centre:** Existing key commercial sites and key buildings will be enhanced possibly making use of acquisitions, linkages between the main shopping and retail areas and the marina improved through a new bridge, environment and public realm improvement works undertaken and an integrated approach to marketing, promotion and management will be used to promote a vibrant evening economy and to support the diversification of the town centre economy.
- **Headland Revival:** A package of measures, funded by the public sector and directed by a strategy devised in 2000, is underway to develop and enhance the historic Hartlepool Headland as a tourist destination and maximise the economic potential of the area. Measures include increasing the area's connectivity to the town centre, marina and Victoria Harbour, improving the public realm, broadening the variety of tourism experiences, securing the restoration and re-use of key vacant and underused buildings; supporting investment in the local housing stock to meet the Decent Homes Standards; and supporting business expansion and investment plans at the nearby Oakesway Industrial Estate.
- **Hartlepool Education and Skills Quarter:** The establishment of a formal education and skills quarter featuring expanded premises for the town's two key Further Education establishments - the Hartlepool College of Further Education (HCFE) and the Cleveland College of Art. HCFE has already set out plans to redevelop its existing centre by replacing it with an 11,000 sq m hub building and 5,000 sq m Technology Centre. Funding of some £35 million will be required to deliver the programme, the vast majority of which will come from the public sector and in particular the LSC and HCFE. Single Programme resources of around £3m are anticipated to contribute towards business units. Various feasibility studies are underway, with development expected between 2008 and 2012.

### 3.4 Conclusions

The following conclusion can be drawn from the review of existing policies and strategies:

- There is no doubt that the regeneration of the SBZ aligns well with all economic development strategies that relate to regional, sub-regional and local priorities. Any improvements to the SBZ will lead to economic growth in the region which will help realise a number of priorities found in the RES, the Tees Valley City Region Development Programme and the Community Strategy amongst others. Because of the scale of economic growth which would occur as a result of the SBZ improvements, the level of impact which it would have in helping to achieve these key strategies is significant.
- The regeneration of the zone will help strategic bodies to tackle an array of their priorities identified in their strategies particularly those linked to diversifying the

local economy, making best use of existing brownfield sites and improving the quality of the offer for commercial development. Improvements to the SBZ will also help realise local strategies for improving the quality of life of local residents and improving levels of worklessness.

- It is important to mention that the SBZ is generally not directly named in key regional economic development policies as a main priority. Although the SBZ is referenced in some regional documents it is at sub-regional and local level where the zone appears the most as a priority for future action. However, this is partly because the SBZ is generally a new term that has been used before when referring to the collection of industrial estates in the south of Hartlepool.
- There are a large number of planning and land use policies which will impact on the SBZ. All actions and improvements are to some extent constrained by these policies which range from transport and flood risk to the location of environmental nuisances. Because of the size of the SBZ and the nature of some of its uses (e.g. chemical, nuclear) there is a complex set of policies that will guide the location and type of development occurring in the future.
- The SBZ is identified as an important regeneration zone in the Local Plan and is seen as a key area for future resource. Most of the policies relating to the SBZ in this key document come under the 'Industrial and Business Development Policies' although there are a plethora of other more generic policies that future development will need to take into consideration.

## 4.0 The Hartlepool Economy

### 4.1 Introduction

A key driver behind the need to improve the SBZ offer is a requirement to increase the economic competitiveness of the Hartlepool economy. To help provide an assessment of the present position of the local economy this section describes the current economic conditions of Hartlepool using a number of indicators. The section uses a range of statistical measurements to the economic performance of the area and provides a baseline position from which the future direction and shape of the zone can be determined.

In undertaking this baseline assessment, the Local Economy Audit<sup>TM1</sup> (LEAM) has been utilised. LEAM provides a systematic analysis of the essential profile and performance of the Hartlepool economy and adopts an external perspective in order to 'map and measure' the local area against the national and regional context. The principal 'factors' or domains that we have used to benchmark and profile performance of Hartlepool are set out in the table below.

**Table 4.1 – Local Economy Audit Economic Factors**

Factor	Description
Economic Scale	Comparative size or 'economic mass' – including: employment, population, and business rateable value
Dynamism	Recent growth performance and capacity; direction and pace of change – including: employment, labour force, and business base
Sector Structure	Depth and composition of high growth and high value-added industrial sectors – including: Knowledge Economy and Consumer Services
Enterprise	Profile and performance of small business sector ('enterprise culture') – including: formation rates, business density, self employment and micro businesses
Labour Market	Skills base and workforce profile – including: skills attainment, occupational structure, and unemployment

Source: ECOTEC Research & Consulting

Along with regional (North East) and national (GB) benchmarks the analysis also includes coverage of the following comparator areas:

- Darlington
- Middlesbrough

<sup>1</sup> ECOTEC's *Local Economy Audit* draws on a wide range of economic indicators and analytical techniques to allow policy makers to benchmark performance at the local, sub-regional or regional level across the whole of GB. It can be used to produce league tables, policy diagnostics, and economic profiles.

- Redcar and Cleveland
- Stockton on Tees
- Tees Valley

The majority of companies and employment for the borough (80%) is found in the SBZ meaning where borough averages are used they generally provide a good proxy for the state of the SBZ economy more generally.

## 4.2 The Nature of the SBZ Economy

This sub-section provides an overview of the size and nature of the Hartlepool and SBZ economy drawing on the findings of LEAM.

### 4.2.1 Economic Scale

Scale is a major factor in the classification of any local economy; overall size being important in determining a local economy's relative position within the wider economic system. The table below measures the scale of Hartlepool's economy using key indicators relating to total employment, resident population, and business rateable value. In summary :

- Hartlepool's economy is comparatively small, the Borough has the 302nd smallest economy in the country out of a possible 408 Local Authority Districts (LADs).
- This can be seen in terms of business rateable value (45.7), employment (50.8) and the size of the working age population (61.3) in Hartlepool, which score poorly relative to the national score of 100.
- Relative to the other Local Authority Districts (LADs) in the North East, Hartlepool has by the smallest local economy meaning it has very little competitive advantage in terms of the composition of its local markets.

**Table 4.2 Economic Scale Indicator Values and Scores**

Area	Working Age Pop (2005)			Business Rateable Value (2005)			Employment (2005)			Scale Composite	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
<b>Hartlepool</b>	<b>58,000</b>	<b>61.3</b>	<b>292</b>	<b>£60,461,305</b>	<b>45.7</b>	<b>295</b>	<b>32,973</b>	<b>50.8</b>	<b>305</b>	<b>52.6</b>	<b>302</b>
Darlington	63,900	67.5	259	£75,791,664	57.3	238	48,536	74.8	195	66.5	236
Middlesbrough	90,300	95.4	146	£96,907,641	73.3	181	68,431	105.4	122	91.4	150
Redcar and Clev.	89,000	94.0	150	£98,729,124	74.7	179	42,225	65.0	244	77.9	181
Stockton on Tees	123,700	130.7	90	£156,056,965	118.0	96	79,962	123.2	89	124.0	88

Area	Working Age Pop (2005)			Business Rateable Value (2005)			Employment (2005)			Scale Composite	
Tees Valley	424,900	59.9	39	£487,946,699	48.8	38	272,127	55.8	39	54.9	39
North East	1,685,500	48.0	11	£1,757,475,372	35.8	11	1,063,329	44.2	11	42.7	11
Great Britain	38,621,700	100.0	N/A	£53,950,088,559	100.0	N/A	26,488,922	100.0	N/A	100.0	N/A

Source: ECOTEC Research & Consulting

#### 4.2.2 Dynamism

Dynamism refers to the levels of growth and performance in the local economy and is measured using key indicators of change in employment, the labour force and business base during the period since 2000. In summary:

- Hartlepool does not have a high growth or performance economy relative to other Districts; ranking 276th out of 408 LADs in the country.
- However, relatively speaking Hartlepool (98.5) would appear to have moved closer to the national average (i.e. GB = 100) in terms of dynamism since 2000 meaning the gap has closed in recent years.
- This is most evident with regards to change in the number of businesses in Hartlepool (+5.3%), which has grown at a similar rate to that found in GB (+5.4%) since 2000.
- Hartlepool continues to lag behind national levels in terms of employment growth (2.5% compared to 5% nationally) and also growth of the working age population (1.6% compared to 3.6% nationally).
- Also relative to the comparator LADs in the North East, Hartlepool's economy was relatively weak in terms of employment growth and to a lesser extent the size of the working age population.

**Table 4.3 Dynamism Indicator Values and Scores**

Area	Employment Change (2000-05)			Change in Business Stock (2000-05)			Change in Working Age Population (2000 – 05)			Dynamism Composite	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
<b>Hartlepool</b>	<b>2.5%</b>	<b>97.5</b>	<b>261</b>	<b>5.3%</b>	<b>100.0</b>	<b>234</b>	<b>1.6%</b>	<b>98.0</b>	<b>290</b>	<b>98.5</b>	<b>276</b>
Darlington	8.4%	103.3	147	0.0%	94.6	385	2.1%	98.5	262	98.8	266
Middlesbrough	10.4%	105.4	120	-0.8%	93.8	392	-2.0%	94.5	399	97.9	302
Redcar and Clev.	4.8%	99.8	211	3.3%	97.9	316	-0.3%	96.1	370	97.9	299
Stockton on Tees	15.3%	110.3	50	4.7%	99.4	256	3.5%	99.9	170	103.2	97

	Employment Change (2000-05)			Change in Business Stock (2000-05)			Change in Working Age Population (2000 – 05)			Dynamism Composite	
Tees Valley	9.5%	104.5	10	2.5%	97.1	44	1.0%	97.5	46	99.7	29
North East	10.6%	105.6	1	6.2%	100.8	2	2.0%	98.5	10	101.6	2
Great Britain	5.0%	100.0	N/A	5.4%	100.0	N/A	3.6%	100.0	N/A	100.0	N/A

Source: ECOTEC Research & Consulting

### 4.2.3 Sector Structure

In assessing industrial structure we have focused on those industrial sectors most capable of sustaining local competitive advantage, both in terms of high value output and providing a broad range of employment opportunities. Increasingly, it will be the knowledge-intensive 'information economy' sectors – together with those driven by increasing consumption (e.g. tourism and recreation) – that are likely to represent the strongest future growth areas. In summary:

- Hartlepool has a relative competitive advantage over the comparator areas in the north east in terms of sector structure; ranking 158 out of 408 LADs.
- Hartlepool is particularly strong with regards to the consumer service sector; which represents a greater percentage of total employment in the borough (22.6%) than found nationally (20.6%).
- The knowledge-based service sector represents a similar proportion of total employment in Hartlepool (13.9%) to that found across the region as a whole (13.7%).
- However, these findings must be set in context. Relatively speaking the knowledge-based sector (75.5) and particularly high tech manufacturing (41.8) are under represented in Hartlepool and score poorly when compared to the national index base of 100.

**Table 4.4 Sector Structure Indicator Values and Scores**

Area	% Consumer Services (2005)			% High Tech Mfg (2005)			% Knowledge-Based Services (2005)			Sector Structure Composite	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
<b>Hartlepool</b>	<b>22.6%</b>	<b>109.9</b>	<b>124</b>	<b>0.7%</b>	<b>41.8</b>	<b>336</b>	<b>13.9%</b>	<b>75.5</b>	<b>195</b>	<b>91.7</b>	<b>158</b>
Darlington	22.2%	107.9	145	0.9%	54.2	284	11.2%	61.1	258	57.4	348
Middlesbrough	21.2%	103.0	179	0.8%	47.2	311	15.4%	83.6	157	90.7	163
Redcar and Cleve.	22.4%	108.5	140	0.3%	16.9	398	9.6%	52.4	306	87.4	180
Stockton on Tees	20.6%	99.9	203	0.2%	14.0	401	14.2%	77.2	185	90.4	165
Tees Valley	21.6%	104.6	18	0.6%	33.3	47	13.2%	71.9	34	84.3	30
North East	20.2%	98.0	8	1.3%	73.0	10	13.7%	74.6	10	83.5	10



	% Consumer Services (2005)			% High Tech Mfg (2005)			% Knowledge-Based Services (2005)			Sector Structure Composite	
Great Britain	20.6%	100.0	N/A	1.7%	100.0	N/A	18.4%	100.0	N/A	100.0	N/A

Source: ECOTEC Research & Consulting

#### 4.2.4 Enterprise

In evaluating this factor we have considered the strength of the local 'entrepreneurial culture' together with the associated competitive performance of SMEs in Hartlepool. Whilst inward investment represents the most direct and immediate form of employment generation, increasingly, the impetus for future local economic and employment growth is likely to rest with the quality of indigenous small businesses – the backbone of economic life in Hartlepool and the SBZ. In summary:

- Hartlepool ranks poorly in terms of enterprise culture; ranking 376th out of 408 LADs in the country. However, the enterprise culture in the North East as a whole would appear to be low, and therefore the picture in Hartlepool is merely symptomatic of a much wider regional issue.
- The weakest aspects of Hartlepool's enterprise culture was in respect to the density of micro firms (18.6) and business population rate (25.9), which rate poorly compared to national levels of 33.1 and 44.9 respectively.
- The level of entrepreneurialism as represented by self employment (10.6%) and start-ups in financial and business services (26.7%) are comparable with regional averages.

**Table 4.5 Enterprise Indicator Values and Scores**

Area	Start-ups in Financial and Business Services (2005)			% Self Employed (2006)			Business Population Rate (2005)			Enterprise Composite	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
<b>Hartlepool</b>	<b>26.7%</b>	<b>71.2</b>	<b>293</b>	<b>10.6%</b>	<b>84.8</b>	<b>278</b>	<b>25.9</b>	<b>57.6</b>	<b>383</b>	<b>67.5</b>	<b>376</b>
Darlington	29.5%	78.9	241	9.1%	72.8	332	34.4	76.7	304	77.1	334
Middlesbr	29.7%	79.4	237	5.8%	46.4	405	20.5	45.7	397	57.2	401
Redcar/Clev.	19.4%	51.9	385	7.4%	59.2	391	20.2	45.1	398	52.3	404
Stkton Tees	29.7%	79.3	239	8.7%	69.6	345	25.9	57.7	382	68.0	373
Tees Valley	27.5%	73.4	41	8.2%	65.6	46	24.8	55.3	47	64.1	47
North East	27.3%	72.9	10	8.7%	69.6	11	26.6	59.3	11	66.6	11
Great Britain	37.5%	100.0	N/A	12.5%	100.0	N/A	44.9	100.0	N/A	100.0	N/A

Source: ECOTEC Research & Consulting

#### 4.2.5 Labour Market

In evaluating Hartlepool's labour market we have focused particularly on the skills profile and occupational structure of the resident workforce, as well as mismatches between labour supply and labour demand. Higher skills levels are now considered an essential prerequisite to raising the productivity of local economies. In summary:

- The strength of the labour market in Hartlepool is relatively weak; ranking 342nd out of 408 LADs. Indeed, Hartlepool has amongst the lowest level of skilled workers of any LAD in the North East.
- The Borough is characterised by high levels of unskilled and semiskilled workers (23.5%) and workers with low educational attainment (i.e. NVQ1 or no qualifications) – 39.3% relative to national levels of 18.7% and 36.2% respectively.
- The proportion of highly skilled workers (i.e. NVQ Level 4-5) found in the Borough (19%) is also considerably lower than found in GB overall (27.4%).
- The percentage of knowledge based workers (35%) in Hartlepool is comparable with regional figures (36.7%); but still scores poorly when compared to the national level.
- Based on current labour market data it would appear that the workforce in Hartlepool is in a poor position to respond to changing demands (i.e. for a more skilled, knowledge based workforce) within the economy.

**Table 4.6 Labour Market Indicator Values and Scores**

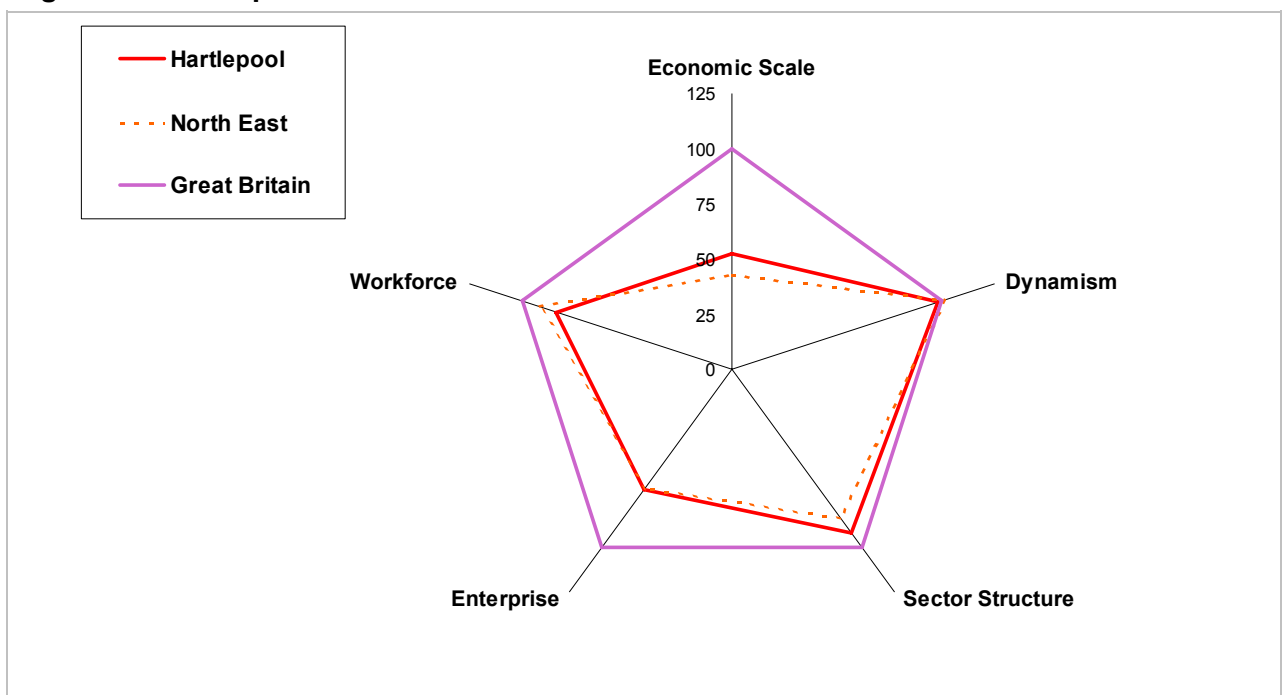
Area	% Knowledge Workers (2006)			% Unskilled/ Semi-skilled Workers (2006)			% NVQ Level 4+5 (2006)			% NVQ Level 1 or No Quals (2006)			Economic Activity Rate (2006)		
	Value	Score	Rk	Value	Score	Rk	Value	Score	Rk	Value	Score	Rk	Value	Score	Rk
<b>Hartle</b>	<b>35.4%</b>	<b>83.7</b>	<b>304</b>	<b>23.5%</b>	<b>79.6</b>	<b>314</b>	<b>19.0%</b>	<b>69.3</b>	<b>349</b>	<b>39.3%</b>	<b>92.1</b>	<b>294</b>	<b>72.9%</b>	<b>92.7</b>	<b>371</b>
Darling	40.0%	94.6	212	19.6%	95.4	221	27.5%	100.4	170	35.2%	102.8	206	79.0%	100.5	241
Middle	29.2%	69.0	385	25.6%	73.0	355	19.4%	70.8	341	36.9%	98.1	246	72.6%	92.4	373
Red Clev	34.0%	80.4	326	23.2%	80.6	307	19.5%	71.2	338	38.1%	95.0	267	76.0%	96.7	317
Stockn	40.5%	95.7	207	17.9%	104.5	169	25.3%	92.3	227	32.3%	112.1	134	77.0%	98.0	294
Tees Val	36.1%	85.3	42	21.5%	87.0	33	22.3%	81.4	38	35.9%	100.8	23	75.6%	96.2	39
N East	36.7%	86.8	11	21.2%	88.2	8	22.7%	82.8	10	35.9%	100.8	4	76.0%	96.7	9
G Britain	42.3%	100.0	N/A	18.7%	100.0	N/A	27.4%	100.0	N/A	36.2%	100.0	N/A	78.6%	100.0	N/A

Source: ECOTEC Research & Consulting

#### 4.2.6 Overall Economic Profile

The preceding analysis has benchmarked and evaluated Hartlepool's relative performance against a range of key competitiveness factors. The competitiveness summary chart below illustrates how Hartlepool scores on each of these factors. The chart uses a spider graphic to compare Hartlepool's economy overall, relative to GB as a whole and the North East region.

**Figure 4.1 Hartlepool Overall Economic Profile**



Source: ECOTEC Research & Consulting

Note: Composite scores for each factor represent unweighted averages of underlying indicator scores. In all cases indicator scores are indexed against the national average (GB=100).

In summary it is evident that Hartlepool is most competitive with regards dynamism, which refers to the growth performance and capacity of a local economy. The industrial structure in Hartlepool is another relative strength, particularly with regards employment in consumer services. Conversely, Hartlepool has a number of inherent weaknesses including the size of the economy; ability of the workforce to respond to changing economic needs; and in terms of the level of enterprise culture in the borough.

#### 4.3 Conclusions

The following conclusions can be drawn from the review of Hartlepool's economy.

- The local economy needs to improve to keep in line with both regional and national averages and is lagging behind the rest of its neighbourhous in terms of the size, dynamism, structure and growth levels.

- The Hartlepool economy needs to increase its overall size in relation to the numbers of people it employs and the size of its business community. At present, it has the smallest economy in the North East and 75% of LAD economies in the UK are larger than Hartlepool's
- Hartlepool's economy is not characteristic of having high levels of growth, business growth is low, employment growth is also lacking whilst the growth levels of the working population are also well below the national average.
- The economic structure of Hartlepool's economy is fairly strong, ranking 158<sup>th</sup> out of 408 LADs. However, high growth sectors including high tech manufacturing and knowledge based sectors are not strong parts of the economic make-up of the area compared to national averages.
- The key positive elements of the Hartlepool economy is that it has a fairly diverse in that most of the major sectors are well represented within its economic base. This means it is less susceptible to downturns in certain sectors and more robust than many in relation to its dependency on a broader number of different sectors.
- The key weaknesses of the Hartlepool economy include its size and growth levels. The lack of volume in terms of the number of firms and the size of the working population make for a weak local economy and its lack of progress in terms of expanding its economic base make Hartlepool precarious than most to changes in macro economic conditions.

## 5.0 Economic Appraisal

---

### 5.1 Introduction

This chapter of the report looks to identify the relative strengths and weaknesses of the SBZ economy and looks to assess its current health. The section looks to understand the composition of the business community in the SBZ and its levels of confidence and growth predictions in the future.

### 5.2 Headline Findings

- The SBZ local economy is made up of relatively traditional industrial sectors with very few businesses found in the service sectors.
- Companies found in the SBZ have been located in the zone for a relatively long period of time with 13% being located there for more than 21 years.
- Six out of ten companies in the SBZ employ less than ten people.
- The SBZ business community are relatively confident about future levels of growth with many seeing their company expanding in the next five years.
- Larger companies are more confident about their future than their smaller counterparts in terms of turnover, employee numbers and profit levels.
- 13% of the SBZ business community want to relocate from their present premises but none wish to move out of Hartlepool.
- Key barriers to growth for companies in the SBZ relate to the size and configuration of their premises as well as a lack of labour with the right skills, growing costs and increased competition.

### 5.3 Sector Configuration

Findings from the business survey show that the majority of the SBZ business community are found in relatively traditional industrial sectors. The table overleaf shows that 71% of firms are found in either wholesale, retail, manufacturing or the construction sectors while businesses in the service sector (outside retail) are less represented in the SBZ. Of course those businesses found in manufacturing for instance could include those found in high tech manufacturing meaning the SBZ economy is not necessarily bias toward declining industrial sectors.

**Table 5.1 Sector Composition of the SBZ Economy**

Sector	Proportion of SBZ businesses found in sector
Wholesale and Retail Trade	32
Manufacturing	25
Construction	14
Real Estate, renting and business activities	14
Other community, social and personal service activities	8
Hotels and restaurants	3
Transport storage and communication	3
Electricity, gas and water supply	1

Source: ECOTEC Business Survey

## 5.4 Size Configuration

The table below shows that 61% of employers in the SBZ are small, employing less than 10 people. Although there are some extremely large businesses in the SBZ, employing more than 250, the majority of the business community is made up of small enterprises. Each industrial estate has a slightly different average business size, with Usworth Road Estate having generally smaller companies while Parkview West generally larger employers.

**Table 5.2 Size of Company in the SBZ**

Size	Response %
1-10 employees	61
11+ employees	39

Source: ECOTEC Business Survey

## 5.5 Sector Configuration

The SBZ business community is also characteristic of having a large number of companies who are loyal to Hartlepool. As the table below shows, 13% of businesses in the SBZ have been located there for over 25 years, while half of the business community have been in the SBZ for more than 6 years.

**Table 5.3 Length of Time at Current Premises**

Table header	
Less than 1 year	8
1-5 years	42
6-10 years	15
11-20 years	22
21+ years	13

*Source: ECOTEC Business Survey*

## **5.6 Length of Time in SBZ**

It is also interesting to note that a large proportion of businesses in the SBZ buy and sell to each other meaning the supply chain links are relatively strong. 49% of companies buy or sell to other SBZ businesses, with the larger and more established businesses tending to interact with one another the most.

## **5.7 Ownership of Property**

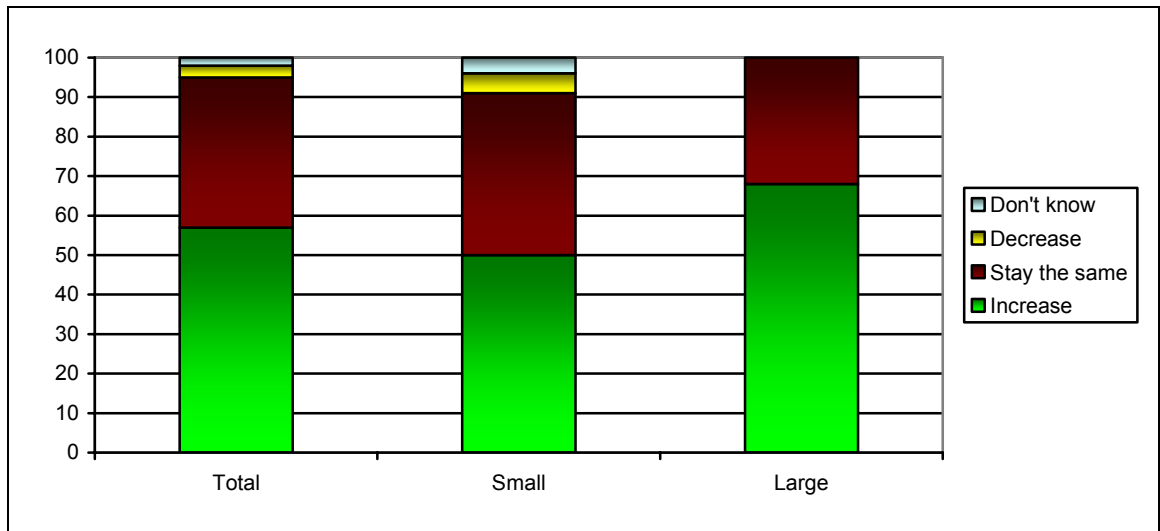
Of particular importance to this study is the fact that the majority of businesses (57%) own their own premises while the remaining rent them. Parkview West was where most companies rented their own premises while Tofts Farm was where a large proportion owned their own premises.

## **5.8 Health and Confidence of the SBZ Business Community**

Findings from the business survey show that the confidence levels of the business community are generally high. Many businesses in the SBZ predict to grow in the next five years and many have expansion plans for the future.

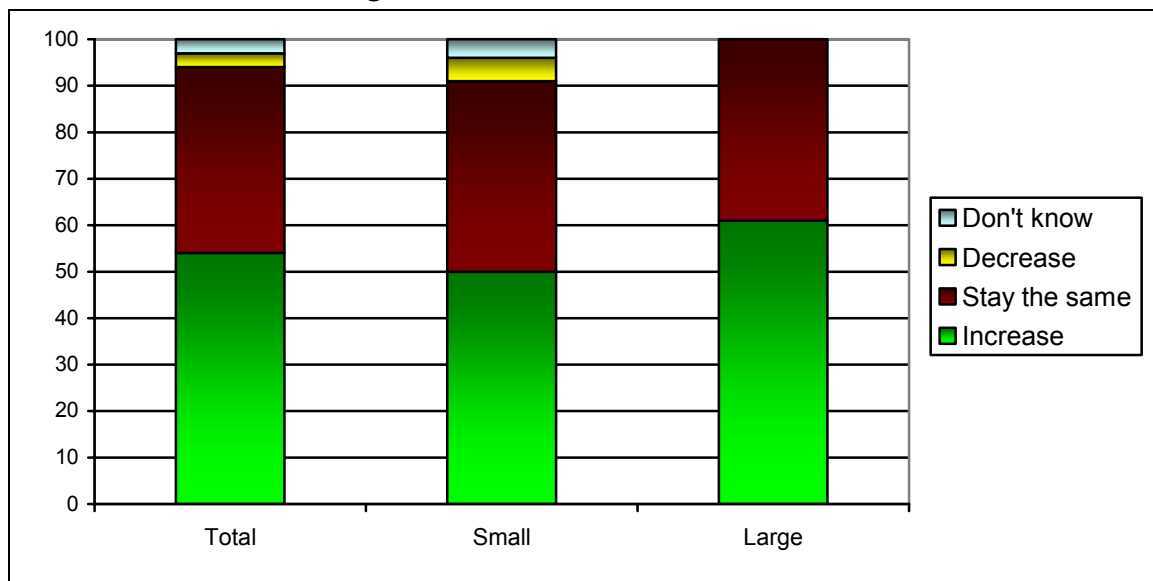
The diagram below shows the predictions for businesses in the SBZ about changes to their turnover. Most predict that their turnover will increase whilst the majority of the remaining firms feel that it will stay the same. Only a very small proportion said that it will decrease.

**Table 5.4 Predicted Changes to Turnover in Next Five Years**



Another positive finding can be drawn from predictions in profit levels. Again the graph below shows most companies predict a rise in their profits over the next five years with a high proportion of larger businesses in the SBZ predicting a rise compared to their smaller counterparts. Less than 3% of businesses in the SBZ predict a decline in their profits.

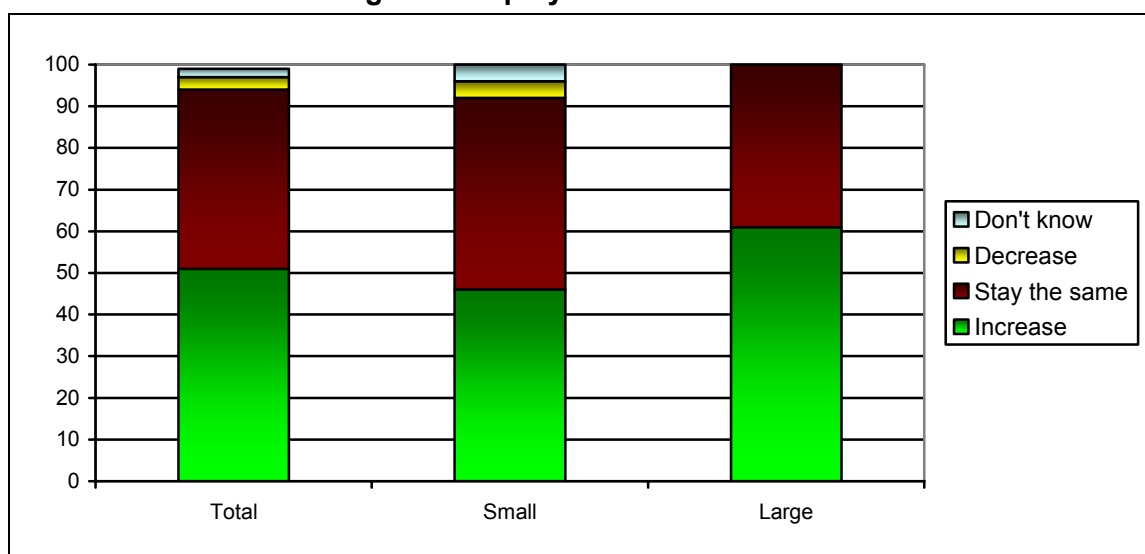
**Table 5.5 Predicted Changes in Profits in the Next Five Years**



Finally, predictions in relation to changes in employment numbers also shows positive signs in terms of the future growth of the indigenous business community in the SBZ. The graph shows that just over half of the business community expect to see a rise in the number of people they employ with the larger companies again feeling more confident about this indicator than smaller companies. Only 3% of businesses predicted a decline in their employee numbers.



**Table 5.6 Predicted Changes in Employment Numbers in Next Five Years**



## 5.9 Location Plans of SBZ Businesses

Businesses within the SBZ were asked about whether they were planning to move from their present address over the next five years. In total 13% of respondents indicated that they were considering moving although at Usworth Road this figure rises to 24%. It is worth noting that none of the companies who were planning to relocate from their current premises were planning to move out of Hartlepool and all wanted to stay within the SBZ which again suggests a fairly loyal business community.

When asked to describe why they wished to move from their current premises a large proportion (78%) stated that it was because they required larger premises. It is interesting to note that virtually all the reasons for companies in the SBZ wishing to move was property related with the exception of crime where 22% of businesses felt that this was a deciding factor.

**Table 5.7 Reasons for Leaving Current Premises**

Table header	Response %
Require larger premises	78
Require premises with better layout	44
Require higher quality premises	44
Require premises with better access	22
Too much crime	22

*ECOTEC Business Survey*

## 5.10 Barriers to Business Growth in the SBZ

Consultations with businesses located in the SBZ show that the main barriers to growth for their company related to either their premises or labour and skills shortages. Although these were the main two barriers to growth it is worth noting that they were not a significant problem for the majority of business who took part in the survey. The other barriers to expansion mentioned by SBZ businesses related to changes in the market conditions for their product or service and a small number of macro economic issues including high interest rates.

### 5.10.1 Premises as a Barrier to Growth

Although the issue of premises is dealt with in more detail later on in this report it is worth briefly highlighting at this stage because it was identified as a key barrier to growth for SBZ businesses. Just over one in five firms felt that their premises were a barrier to their expansion although this varied significantly across the SBZ, with nearly 40% of businesses on the Usworth Road Industrial Estate stating that this issue is a problem which may hamper the future growth of their company.

The table below explains why businesses felt that their premises were acting as a barrier to their future expansion plans. In overall terms the unsuitability of their current premises in relation to size and layout acts as a key barrier to their growth, nearly half of those who felt that their premises acted as a barrier felt that this was because they were too small for their current activities.

**Table 5.8 Why are SBZ Premises a Barrier to Growth**

Issue	% of responses
Size – too small	46
Poor levels of repair and maintenance	36
Premises have a poor layout/configuration	18
Insufficient storage space/work space	18
Concern about crime	9
Unused or derelict land	9

*ECOTEC Business Survey*

### 5.10.2 Skills and Labour Shortages as a Barrier to Growth

Another key issue according to local businesses was linked with the availability of local labour with the right skills and attainment levels to meet employers needs. Many local businesses felt that they required relatively high skills (especially those in the chemical sector) which did not match the skills and education levels of local residents living in nearby neighbourhoods. 18% of companies in the SBZ suffer from recruitment problems and 77% of these felt that this was due to the skills shortages of local people.

Evidence to suggest there is a mismatch of the needs of local companies with the supply of local labour and skills come from the fact that 46% of companies who find it hard to recruit staff feel its

because the calibre of local applicants is too low while 39% feel that local residents educational attainment is limited.

This is proven by the fact that 12 out of the 17 wards in Hartlepool have levels of literacy and numeracy which are below the average for England with more than 24% of 16-60 year olds having literacy and/or numeracy levels below Level 1. Seven of those 12 wards have at least 30% of adults with low literacy and numeracy skills. Basic skills for many is what firms in the SBZ felt were missing from local residents and which most companies felt were their biggest needs in terms of a skills gap.

## **5.11 Conclusions**

The conclusion from the economic appraisal have been drawn together in a form of a SWOT analysis.

### **Strengths**

- The SBZ business community is confident about its future in terms of a growth in their turnover, profits and employee numbers over the next five years.
- Companies in the SBZ are generally loyal as many have been located there for a long period of time and those who want to move from their present premises wish to remain within the district.
- Although premises and skills and labour shortages are barriers to growth, many companies taking part in the survey had no significant barriers to their company's growth.
- Inter trading in the SBZ is strong and there is a large supply chain network in the area. The area also provides and supports the regional supply chain network, particularly the chemicals industry.

### **Weaknesses**

- The main sectors which make up the zone are generally the traditional sectors of manufacturing, wholesale and construction. Although care needs to be taken about assuming that many of the companies found in the SBZ are in declining sectors it does highlight a lack of a diverse economic base for the zone.
- Smaller companies are less confident about their future compared to their larger counterparts. Although overall confidence levels in the zone are generally high, there are some estates where most small companies predict a stagnation in their turnover, profits and employee numbers.
- Although inter trading in the SBZ is high, this may suggest that businesses in the zone are not looking beyond their immediate local market towards the wider sub-region. Findings also show

that much of the inter trading is with large companies in the zone which means if these large companies were to move or close then it will have an adverse effect on many other local businesses elsewhere in the zone.

### **Opportunities**

- Local SBZ businesses predict a rise in demand for new employees which means new jobs will be created for local people to take advantage of.
- Similarly, SBZ companies predict an increase in turnover which will mean extra demand for new premises. Because most companies would be loyal to Hartlepool this would provide an internal market for new commercial space in the local area.

### **Threats**

- Although the SBZ business community is generally confident about its future, this growth has yet to be realised. Businesses within the SBZ could be over confident about their future prospects which means the extent of perceived growth may not be fully realised.
- 13% of SBZ businesses wish to move out from their present premises (25% in certain estates). Although all wish to stay within Hartlepool, if they cannot find suitable premises in the SBZ then they will have to relocate out of the Borough.
- Although local SBZ companies require more staff in the future (meaning new employment opportunities will be created) there is no guarantee that these jobs can be filled by local residents who at present seem to lack the skills which local employers require.

## 6.0 Environment and Physical

---

### 6.1 Introduction

This section of the report looks to appraise the physical environment of the SBZ and the physical constraints to its future development. For a visual aid to this section please refer to the maps in the appendix to see key environmental and physical features and issues affecting the SBZ, as referenced with the text.

### 6.2 Headline Findings

- Rental levels at sites which have seen new, higher quality premises are very high with buildings such as the Innovation Centre and The Hartlepool Enterprise Centre being 100% occupied.
- Flood risk to a large part of the south eastern section of the SBZ as land falls into the Environment Agency's Flood Risk Zones 2 and 3. Development within these zones must be referred to the Environment Agency for consultation and proposals within these areas may be required to undertake flood risk assessments and include mitigation measures, adding time and costs to development
- Land contamination is widespread including contamination from former industrial uses and Japanese Knotweed meaning potentially costly and time consuming remediation work must be included in development proposals
- Several notifiable installations are present where particular quantities of hazardous materials are located. Development is restricted in proximity to these installations and proposals must be referred to the Health and Safety Executive
- One historic landfill is known to the Environment Agency and an active landfill is located at Brenda Road, with this site classed as a hazardous waste landfill and development must be sensitive to the presence of these facilities
- Planting, landscaping and wide, protected grass verges to key approaches within the SBZ and at Queens Meadow enhance the environmental setting of commercial units and shield 'messy' uses.
- Great Crested Newts are present at ponds within the Corus site, development in proximity must be conscious of this ecology
- Reserved areas of High Quality Green Space, Recreation Areas, statutory and non-statutory conservation sites and a Recreation Route feature in the SBZ, and are identified in the Local Plan. These areas enhance the green aspect and amenity of the SBZ
- Sandgate Estate is identified as the preferred location for Bad Neighbour Uses leading to a concentration of these uses with capacity to host new facilities being reached. Increasing need to locate suitable alternative locations for these uses but they can prove unpopular with neighbouring occupiers and deter developers

- Several main utilities services run through the SBZ including gas and water whilst overhead high voltage electricity power cables run from the nuclear power station. Development has to be sensitive to the location of these utilities.
- Several business occupiers located in the southern end of the SBZ around Graythorp reported capacity problems with the utilities where as occupiers elsewhere in the SBZ are very satisfied with utility provision
- Two Nuclear Consultation Zones have been established around the Nuclear Power Plant, within which sensitive uses such as housing, education and health will not normally be permitted and any proposals must be referred to HM Nuclear Installations Inspectorate for consideration
- Poor distinction between residential and employment uses occurs at Usworth Road Estate and Park View Estate. These locations have experienced a degree of tension between residents and businesses. Intervention from the Council, which included erecting bollards and siting a CCTV camera at an access point to the Usworth Estate, have served to largely defuse tensions at this location.
- Existing businesses occupiers do not identify the overall environmental offer of the SBZ as a barrier to business growth or business activity

### **6.3 Perceptions of Overall Environmental Offer**

The business occupier survey found that 35% of occupiers had no real problems with the environmental offer of their estate and 31% felt there were no particular improvements / interventions especially needed to enhance the overall estate's environmental offer. On the whole there seemed a degree of satisfaction with the SBZ's environmental offer with local agents, developers (at Queens Meadow) and business occupiers generally reporting no significant / major faults. Complaints were the fairly standard criticisms of occupiers and residents of urban environments express - graffiti, vandalism, lack of adequate green space provision in areas (although as discussed later, our site visit and reference to the Local Plan suggests there is a noted presence of protected green space within the SBZ) and instances of poorly maintained properties creating a 'run down' appearance to some areas. For some customer facing businesses, these areas of environmental concern were said to have a poor 'impact' on potential customers. 28% of occupiers surveyed reported an 'in principle' willingness to contribute to environmental improvements at their estate.

### **6.4 Flood Risk**

The south eastern section of the SBZ is covered by the Environment Agency's Flood Risk Zones 2 and 3 indicating a potential flooding threat. It is noted during our initial appraisal of the site, that flood risk areas affect a significantly large portion of the site. Development proposed within or draining into the Flood Risk Zones must, in accordance with PPS25 and Hartlepool's Local Plan Policy Dco2 Flood Risk, be accompanied by an appropriate flood risk assessment. Approved development within these Zones may also, in accordance with policy Doc2, be required to include

mitigation measures. In the future, global climate change may impact upon sea levels and potentially increase the scope of the flood risk zones within the SBZ.

Doc2 states that development that would be at direct risk of flooding, or would be likely to significantly increase the risk of flooding elsewhere to a level where life or property is endangered, and where flood mitigation measures are not practical, will not be permitted. Development proposed for these Flood Risk Zones might therefore have to bear additional costs and time in order to incorporate required mitigation measures and in some cases proposals might have to be altered to address local planners concerns over flood risk issues. There is also the possibility that some proposals might be rejected if they appear 'high risk'.

The Environment Agency is not at present committed to any flood mitigation works within proximity to the SBZ. The Agency is, however, looking into the defences along the Tees Estuary through the Tees Tidal Flood Risk Management Strategy. One area being studied in this Strategy is land around Greatham Creek and the A178 which is situated in proximity to the SBZ. Council Officers report that a culvert has collapsed at Greatham Creek and there is a noted flooding problem at the A178 roundabout. The Environment Agency is looking into the possibility of flooding low lying land around Greatham Creek as a mitigation measure.

Council Officers report that further development in the southern portion of the SBZ near Graythrop might require additional capacity to be provided in the area's flood drains as existing flood drains may struggle to cope. Developers would need to consider this if proposing to take forward schemes within this portion of the SBZ.

## **6.5 Land Contamination**

Land contamination is a noted issue within the SBZ with both the Environment Agency and Hartlepool Council holding information that identifies substantial areas as being affected by contamination. Given the heavy industrial heritage and continuing industrial use of the SBZ it is unsurprising that contamination appears to be such a widespread issue. However, whilst contamination has been identified as precluding development at one site within the SBZ (site adjoining Sovereign Park that is unallocated in the Local Plan due to high levels of contaminants) generally contamination is not an automatic barrier to redevelopment. Indeed Local Plan policy GEP18 Development on Contaminated Land supports development on sites that are potentially contaminated where they comply with other policies in the Local Plan and where the extent of the contamination has been verified, remedial measures appropriate to the proposed after use have been identified and the land during and after development is not considered a significant risk to occupiers of adjacent properties. Developers of contaminated land will be liable to experience increased build costs to cover remediation work however there may be opportunities to negotiate a purchase price that reflects the value of remediation works as has happened with land purchased from One North East at Queens Meadow.

Given the noted contamination of large tracts of the SBZ, and the fact that it is underlain by a major aquifer (Sherwood Sandstone), the Environment Agency advises that it is important for developers

to follow the guidance given in CLR11 Model Procedures for the Management of Land Contamination and PPS23 when redeveloping sites in the area. Developers proposing schemes within the SBZ are advised by the Environment Agency to follow the risk management framework provided in CLR11 when dealing with land that has either been identified as being affected by contamination or liable to be affected by contamination. In the development planning stages developers are further advised to refer to the Environment Agency Guidance on Requirements for Land Contamination Reports to collate the type of information that the Agency requires in order to assess risks to controlled waters from the proposed site and to clearly set out the noted contamination problems and the remediation measures to be used to tackle these problems. A verification report which signs of completion of the identified remediation work is also a requirement. Consequently in addition to increased build costs and time frame, increased development planning costs and timeframes can arise when sites affected by contamination are involved as a developer has to commission and provide comprehensive remediation plans before works can commence.

The Environment Agency recommends that developers consult with Hartlepool Council to identify any mitigation measures etc that might need to be taken to minimise adverse impacts of land contaminants on 'other receptors' e.g. human health.

There is a one 'Integrated Pollution Prevention and Control' (PPC) site within the SBZ the Corus UK Ltd Hartlepool Pipe Mill site at Brenda Road. The site has an IPPC permit principally in respect of emissions released to the air from an on-site furnace and from small emissions originating at a spray coating booth.

## **6.6 Notifiable Installations**

The SBZ features a number of notifiable installations, sties with permission for particular quantities of hazardous materials. As outlined in policy Ind11 Hazardous Materials of the Local Plan development is restricted near these installations and the Health and Safety Executive requires development proposals for sites within proximity to these installations to be referred to them for comment. Developers considering potential sites within the SBZ for new development will need to bear in mind the potential restrictions on the nature, siting, orientation and construction of a scheme if they have interest in a site near a notifiable installation.

In addition to 'man-made' contamination issues, the Environment Agency has detected the presence of Japanese Knotweed (a 'natural contaminant') at certain locations within Hartlepool, including Burn Valley and Rossmere Park. It is an offence under the Wildlife and Countryside Act to cause this plant to spread. If development were proposed at an affected site approved methods to dispose of this plant would be required creating addition costs and increasing build out time for a developer. Any remediation measures would be required before the developments commence, therefore increasing timescales and costs.



## **6.7 Landfill Sites**

There is one historic landfill site known to the Environment Agency within 250 metres of the SBZ, CLE 12 which was issued to British Steel Corporation, Teesside Division, in May 1977 for the disposal of inert & non-flammable industrial waste. The licence was returned in April 1994. The Agency holds no records of landfill gas monitoring at this site. As the Agency is unable to confirm that landfill gas will not be a problem at the site it is recommended that a site survey be carried out to identify whether landfill gas migration has taken place prior to any development. Should landfill gas be encountered, then suitable measures should be taken to prevent the ingress of any gas which may be present. Developers would have to bear increased development planning costs and timeframes in completing site surveys and, if migration of landfill gas was found to have occurred, bear increased build costs to address the matter.

There is an active landfill, Seaton Meadows, as Brenda Road, TS25 2BJ. The site is identified as a hazardous waste landfill site. Discussions with Council planners indicated that the landfill has at least a further 15 years of operating life remaining. Following closure of the landfill planners advise it will be grassed over and taken out of the development cycle.

## **6.8 Green Infrastructure and Biodiversity**

Green Infrastructure within the SBZ is, for this study, taken to include statutory and non-statutory nature conservation sites, recreation sites, key green spaces and areas of strategic landscaping.

Local agents, commercial landlords and developers reported a general satisfaction with the quality of the green infrastructure within the SBZ. Landlords and developers at Queens Meadow were particularly impressed with the quality of landscaping provided at the site and, for these organisations, site acquisition decisions were said to be strongly influenced by the 'quality' of a site's overall environmental offer. These developers and landlords reported that whilst sites with a low quality environment would not automatically be rejected, such as sites with adjacent 'bad neighbour uses', acquisition decisions would require a thorough assessment of site specifics and a poor quality environment would be a factor in the decision making process.

There is a degree of planting and landscaping to various roads and several estates within the SBZ, whilst several protected Key Green Space Areas occur (as identified by policy GN3 Protection of Key Green Space Areas in the Local Plan). Collectively these areas / interventions produce a fairly 'green aspect' to the SBZ with development massing broken up by pockets of quality green space, particularly further to the south of the SBZ. Hartlepool Council has undertaken various landscaping and planting schemes within the SBZ at Graythorp, Queens Meadow and the Roundabout at Brenda Road / Belle Vue Lane to shield certain uses and enhance key approaches. The Council is also exploring opportunities for an environmental improvement corridor along the Seaton Carew to Hartlepool train line where planting to shield certain untidy uses might be promoted. Attractive, high quality access routes through the SBZ have the potential to raise aspirations and create favourable perceptions amongst potential occupiers and developers. Landlords and developers at Queens Meadow confirm that the high quality landscaping to the main approach road is a feature that sets

the estate apart from other estates in the SBZ and creates a high quality first impression. The findings of this report outline that, whilst Queens Meadow promotes a high quality approach, the 'Green Aspect' of most other locations in the SBZ, and key approach roads such as Brenda Road could be improved upon. This finding is supported by the outcomes of the business occupier survey where occupiers in the northern portion of the SBZ expressed dissatisfaction with the provision of grassed areas, planting and landscaping.

Many of Hartlepool's watercourses and ponds support, or have recently supported, water voles. This species receives protection under the Wildlife and Countryside Act 1981 (as amended). Consequently development in proximity to affected watercourses would need to show consideration for the presence of this species. Several ponds within the landholdings of Corus UK at Brenda Road have been found to contain Great Crested Newts, again a protected species and so development near these ponds must show regard for their presence. In addition there are numerous statutory and non-statutory nature conservation sites within and adjacent to the SBZ where development is prohibited through Local Plan policy. The Environment Agency reports they would expect any development proposals within the SBZ to include comprehensive schemes to protect and enhance biodiversity.

## **6.9 Bad Neighbour Uses**

Policy Ind6 Bad Neighbour Uses of the Local Plan identifies Sandgate Estate area for bad neighbour uses in order to concentrate such activity in one section of the Borough. Bad Neighbour Uses include sorting, composting and / or storage of waste material, scrap yards and car breakers yards. The previous Local Plan reserved both Sandgate and Longhill for bad neighbour uses and so there are examples of such activities in both locations. Given the presence of these uses across both estates, local planners report difficulties in denying applications for similar facilities at Longhill. There is concern that Sandgate is reaching capacity and will increasingly struggle to meet future recycling plant and waste transfer station requirements as government policy pushes for increasing reductions in waste to landfill through targets and landfill tax rises leading to increased demand for recycling and waste to energy disposal methods.

If new sites for bad neighbour uses were identified in the SBZ existing neighbouring occupiers may relocate causing a loss in employment activity in the SBZ and the creation of, at least in the short term, a vacant site / property. In the past planners have looked into the potential for re-allocating Graythorp and / or North Graythorp for bad neighbour uses due to its location, availability of sites and its proximity to heavy industrial uses. However existing occupiers reported a commitment to relocate out of Hartlepool if such uses were sited at Graythorp. New development might also be more difficult to attract at sites abutting bad neighbour uses. Developers of schemes at Queens Meadow report whilst the presence of bad neighbour uses in proximity to a potential development site is not an automatic barrier to development it would be a factor in the decision making process when determining whether to take forward the site.

In some Local Authorities efforts to meet demand for alternative waste disposal facilities have focused upon supporting the development of waste parks and sustainable growth parks in edge of town and out of town locations. There may be potential to explore such options in Hartlepool however costs – both financial and environmental – associated with transporting waste to such parks is a negative factor that must be recognised.

## **6.10 Utilities**

Several utilities services pass through the SBZ, these include a high transfer gas main and high voltage overhead power cables running from the Nuclear Plant. Developers must bear in mind the location of these services when considering the location, height and orientation of buildings as they carry significant easements along their axis.

Discussions with Hartlepool Water indicate that there are no capacity problems within the SBZ and additional new development could be readily accommodated. The Brenda Road Corridor from Seaton Lane Roundabout to the nuclear power station features a mains pipeline from the High Pressure Ring which has recently been refurbished so there are no plans for future development works at present. There are various lesser mains running parallel to this pipeline but again they are not subject to any future refurbishment works plans.

Northumbria Water operates the sewage system within Hartlepool and from desktop research it appears to have no investment plans for Hartlepool's sewer system.

Not all sites within the SBZ benefit from full utilities provision, North Graythorp for instance would require services to be laid to facilitate development. In addition, certain plots at Queens Meadows currently lack full service connections. Discussions within local agents and a review of current properties on the market indicate that properties ready for occupation have utilities provided to meter points but occupiers must pay for the connection to premises. In respect of Queens Meadow, the services could be easily be included with the next phase of road infrastructure required.

The business occupier survey revealed different satisfaction levels with utilities provision across the SBZ. Several occupiers based in the southern section of the SBZ around Graythorp claimed that they experienced difficulties with the utilities with the water pressure being low and power capabilities being insufficient to meet business growth needs. However occupiers in other sections of the SBZ were happy with utility provision.

## **6.11 Nuclear Power Station**

The SBZ includes the Hartlepool Nuclear Power Station which is operated by British Energy. Two Consultation Zones have been established around the plant, the Inner Zone with a radius of 1 mile from the power station and the Outer Zone with a radius of 2 miles from the power station. According to Local Plan policy the HM Nuclear Installations Inspectorate is consulted on all

applications within the Inner Zone for industrial development and residential development or those likely to cause an influx of non-residential population. Applications for development for the Outer Zone providing permanent or temporary residential accommodation for more than fifty people, or likely to cause an influx of non-residential population of more than fifty people, are also referred to the H.M. Nuclear Installations Inspectorate. Developers wishing to take forward schemes within the SBZ will need to be aware of the Consultation Zones and the probable constraints on development they will produce. For instance discussions with local planners suggest that 'sensitive' uses such as housing, health and education would not normally be allowed within the Inner Consultation Zone.

The Nuclear Power Station's future is, at present, uncertain. It is due for decommissioning in 2014 but British Energy is keen to extend its life until nearer 2020 though additional investment. The Government has recently completed a review into the future of nuclear energy within the UK which comes out in favour of the private sector constructing a new generation of nuclear power stations. These new stations are considered an essential element in wider energy reforms to secure the country's energy needs and help meet carbon targets. Given the outcome of this review there may be opportunities for a second power station to be constructed at Hartlepool. It will be necessary to monitor how government policy develops on preferred sites and timescales for new nuclear power plant construction.

In response to the Government's nuclear energy review British Energy completed a review of its sites to determine their ability to host new nuclear power stations and their continued viability. British Energy's report 'Climate Change and Replacement Nuclear Build' (Nov 2007) found that amongst its portfolio of 8 plants the Hartlepool plant was considered to be at 'Minor Risk' of coastal geohazards brought about by global climate changes and therefore in need of only minor mitigation measures. The report sorts British Energy's collection of power stations into four risk categories with Hartlepool's 'Minor Risk' category being the second lowest risk category. From British Energy's perspective then it would appear Hartlepool is viewed as a relatively low risk, low investment location for a new power station. The main potential obstacle to a second plant being developed at Hartlepool is anticipated to be the sites relative proximity to residential communities and consequently, as mentioned earlier, careful monitoring of government policy on site selection criteria will need to occur.

## **6.12 Proximity Between Residential and Business Uses**

Whilst the SBZ is an almost entirely business use area, residential communities are located along its boundaries and in some instances shared boundaries exist between the two uses. Such proximity has been the source of tension at Park View Estate and Usworth Road Estate (generally now resolved). The business occupier survey found that 'being next to a housing estate' was reported as a negative environmental feature by a couple of occupiers.

At Usworth Road a public right of way passes through the estate to the residential community behind. Some businesses had complained of problems relating to this right of way, in response the

Council installed bollards at the right of way to block vehicle access and a CCTV camera near the entrance to the estate. The Council reports that tensions have since eased.

At the Park View Estate residential properties share a boundary with the estate with the actual demarcation between residential and business uses being marked by an assortment of garden fences and hedges of varying condition and quality. Business occupiers have complained that individuals gain access to the estate at these boundaries and they are concerned about anti-social and criminal activity occurring. The business occupier survey found there was support amongst occupiers of the estate for closing access to the neighbouring housing estate. Park View Estate is in private ownership and the head landlord UK Land Estates reports that there are no plans to provide a new boundary to the rear of the estate. The findings of this report are that a well defined boundary at the rear of the estate would be a useful addition.

Other potential tension areas between uses are Clydesdale Forge, at Brenda Road, which has been the subject of complaints over noise, and Corus Tubes, also at Brenda Road, which is a known noisy occupier with operations occurring 24 hours a day.

Planners are keen to prevent the creation of places where the interests of businesses and residents are each compromised to serve the other resulting in reduced outcomes for both. To this end they have been hesitant to allow residential uses, and other 'sensitive' uses such as education and health, to encroach upon the town's primary light industrial and employment zone, i.e. the SBZ, due to concerns that residential and business interests might conflict. In their ambition to retain the integrity of the SBZ as an economic and employment zone, planners have been cautious in permitting the establishment of 'service' sector businesses as they might prejudice more light industrial uses at those estates exhibiting a more industrial profile. Further to supporting this ambition, planners have been reluctant to reallocate employment land to non-employment uses with just one site in the SBZ being identified as potentially suitable for residential allocation (at Golden Flatts off Seaton Lane). Occupiers and developers within these more 'service' led businesses are liable to require a strong case to gain planning permission for new schemes or change of use.

The findings of this report supports the potential of stronger landscaped and infrastructure to eliminate conflict areas between residential and businesses uses where proximity between uses is an issue.

## **6.13 Crime and Safety**

Within the business occupier survey 18% of occupiers identified litter and graffiti as a problem on their estate, 14% reported vandalism to be a problem and 14% identified business crime as a problem. The business occupier survey found that occupiers at Usworth Road had the most frequent complaints about crime and anti-social behaviour. For occupiers, intervention measures around reducing crime, anti-social behaviour and fear of crime appeared the most popular areas for attention highlighting the apparent importance occupiers attach to a 'safe' working environment. There was support for the introduction of CCTV and a clean up of litter and graffiti. Also a couple of

occupiers mentioned how poor street lighting made it difficult to recruit female cleaners to work early in the mornings / late at night because they didn't feel 'safe' walking through the SBZ in the dark.

## **6.14 Conclusions**

The conclusion from the appraisal of the environment and physical elements of the SBZ have been drawn together in a form of a SWOT analysis.

### **Strengths**

- The surrounding environment is not identified as a barrier to business growth or business activities by a majority of existing occupiers
- Investment in infrastructure and landscaping at Queens Meadow has created the correct setting to attract inward investment in the form of speculative employment schemes
- The traditional industrial nature of the SBZ makes it a 'suitable' location for additional industrial uses

### **Weaknesses**

- Numerous physical and environmental constraints exist including flood risk areas, land contamination, ecology, protected green spaces, notifiable installations and Nuclear Consultation Zones that have the potential to increase costs and timeframes for development and impact on development use, siting and massing. However they do not automatically 'prevent' development.
- Presence of Bad Neighbour Uses in a near town centre location (Sandgate and Longhill) undermines the amenity of the area and potentially deters higher value investors, developers and occupiers.

### **Opportunities**

- Potential to recreate or extend the Queens Meadow approach of landscape, infrastructure and remediation investment at other locations in the SBZ
- Opportunity to explore alternative locations for Bad Neighbour Uses as the availability of sites at Sandgate (and Longhill) reduces
- Create clearer definitions between business and residential uses through landscaping etc type interventions thereby reducing tensions and enhancing security and privacy

### **Threats**

- Proximity of residential to business use could impact upon the nature of business uses permitted at affected estates possibly leading to potential occupiers of 'non-conforming' businesses being turned away
- Global climate change may impact upon sea levels and potentially increase the scope of the flood risk zones in the future meaning additional sites for development become subject to extra time and cost requirements





## 7.0 Market Appraisal

---

### 7.1 Introduction

This section provides an assessment of the current SBZ offer in relation to land and property. Reference is made to Hartlepool, Tees Valley and the North East as appropriate, and moves on to a review of demand for land and property across these locations. The section then progresses on to a brief discussion of land and property supply and demand conditions in the closest potential competitor locations to Hartlepool located in the Tees Valley. Lastly a short selection of some of the key issues and events which appear likely to have the greatest potential effect on the SBZ's commercial land and property market is given.

### 7.2 Headline Findings

- Property type is dominated by medium to large industrial and workshop units with minimal representation of office accommodation and small high quality workshop units. Property quality differs substantially across the SBZ with a notable presence of ageing, poorer quality industrial and workshop units.
- Land supply is plentiful with the majority of available sites being reserved for B1, B2 and B8 use. Land quality is comprised in places by the presence of contaminants and the threat of flooding.
- Property values in Hartlepool are, report locally active agents, generally the most affordable in the Tees Valley with rental values for reasonable quality industrial units ranging from £3 to £4 per sq f (agent opinion). Small units attract a premium as to do flexible lease arrangements. Land values are low as a function of the large volumes available. Lower values are one of the key distinguishing factors between Hartlepool's commercial market and neighbouring competitor markets.
- Queens Meadow is being positioned as a higher value, higher quality sub-market within the SBZ offering a product not currently available elsewhere in the locality. Through the recently completed Innovation Centre very small office and workshop units have been introduced to the SBZ market.
- Development activity within the SBZ has historically been limited. Between 1990 and 2003 approximately 85 hectares of industrial land were developed for industrial type use at locations across the SBZ. More recently development has been focused primarily at Queens Meadow and to a lesser extent at Longhill Estate.
- The future supply pipeline for business space within the SBZ contains 9,450 sq ft of B1, B2 and B8 accommodation with full planning permission as at March 2007 plus 50,000 sq ft of speculative office space being developed by Gladman at Queens Meadow which is due to start on site in 2008. Site availability to support on-going development within the SBZ is very healthy.

- Demand, report locally active agents, is fairly 'hit and miss' with more limited demand for larger, ageing industrial units and more pronounced demand for smaller, modern workshop and office units.
- Void rates as an indicator of demand levels vary across the SBZ with 100% occupancy found at the Innovation Centre at Queens Meadow and 20% void rates present at Park View Estate. Across all Hartlepool void rates for industrial properties are fairly low, approximately 8%, perhaps suggesting that, on average, void rates at the industrial properties within the SBZ will be fairly low.
- Some occupier demand is very price sensitive being attracted to the SBZ for the low rents.
- Demand is largely associated with small, local Hartlepool based businesses.
- Occupiers typically require secure properties and CCTV, fences and security lighting are favoured features.
- Flexible lease arrangements are popular.
- Demand for land as shown by average annual take up rates find that for Hartlepool the average annual take up rate was 16.9 hectares between 1996 and 2000, the second highest average annual take up rate amongst the five Local Authorities that comprise the Tees Valley sub-region.
- Reform to Business Rates, the introduction of Energy Performance Certificates for commercial properties, the potential for re-allocation of employment land to other uses at the regional level and the restricted ability of the public sector to steer development in the SBZ due to limited land holdings and tight budgets are all identified as key events / issues which have the potential to impact upon the SBZ's commercial property market.

## 7.3 Land and Property Supply

### 7.3.1 Property Type

Commercial property supply within the SBZ is dominated by industrial and workshop units, with some including an element of office accommodation. Aside from the industrial stock, there is a small representation of retail units comprising a collection of bulky goods outlets and a handful of car showrooms. There is a limited supply of 'distinct' office space, (i.e. not contained within a workshop or industrial unit.) Distinct office accommodation is located in a small number of purpose built office and office-workshop schemes and converted properties. Locally active agents report that this variety of property type enables the SBZ to accommodate a relatively diverse mix of business activities.

Whilst there is little uniformity to property supply across the SBZ within several estates there is a degree of convergence. Within these estates the property offer is either characterised by a dominance of medium to large industrial units or small to medium workshops and light industrial units. Estates exhibiting such uniformity include Graythorp, Park View and Sovereign Park. Tees Bay Retail Park is a unique case as it offers almost identical units all originally designed for bulky goods retailing. The remaining estates are characterised by a far more diverse mix of property

types with Longhill and Usworth Road displaying the greatest level of diversity, juxtaposing a scrap yard with a dance studio for instance.

Longhill and Usworth Road are not owned by a single head landlord and so development has not occurred according to the principles / requirements of some overarching strategy or approach to estate management. Instead properties have been developed, adapted and changed by developers, landlords and occupiers acting autonomously (whilst adhering to national and local spatial etc legislation) producing a rather 'haphazard' offer.

The business occupier survey revealed that on average 85% of occupiers felt their current premises were suitable for their company's current needs indicating that for a majority of existing occupiers supply serves current needs. However, the success of Queens Meadow has proved that latent demand does exist for qualitatively different supply to the majority of stock in the SBZ perhaps suggesting that existing needs are somewhat adapted to the current supply circumstances and when those circumstances are altered, by for example the introduction of 'new' property types, 'needs', as expressed by demand, alter also.

In addition, the flip side to the 85% satisfaction rate is the 15% dissatisfaction rate with existing premises being identified as unsuited to current business needs. Indeed the occupier survey revealed that 21% of occupiers found their current premises a barrier to business growth and 11% stated that their firm's expansion plans were constrained by a lack of suitable premises or sites in Hartlepool. For business occupiers, when assessing the suitability of properties, the occupier survey revealed that poor layouts and insufficient storage or work space were the main areas of dissatisfaction.

### 7.3.2 Land Type

Available employment land within the SBZ, as identified by the Draft LDF Annual Monitoring Report 2006/07, is found at a handful of larger sites and at a series of smaller plots, of 4 hectares or less, which are dispersed across largely built out estates. The larger sites include Queens Meadow (total of 31.1 hectares), Golden Flatts (20.5 hectares), North Graythorp (16.1 hectares) and Sovereign Park (11.6 hectares). Further details on site availability are found in Future Site Availability section.

The available employment land identified in the Draft LDF Annual Monitoring Report 2006/07 is primarily reserved for business use with the Local Plan allocating sites for a mix of B1, B2 (general industrial) and B8 (warehousing) use. Several Local Plan policies specific to individual estates in the SBZ create tight controls on the type of development permissible meaning developers are bound by tight controls if pursuing schemes at these locations – such policies exist for Queens Meadow Business; Park View West, Sovereign Park and Golden Flatts; Longhill, Sandgate, Usworth Road, Tofts Farm East, Hunter House, Brenda Road West and Graythorp.

The Local Plan and Council Planning Officers adhere to the Sequential Approach which seeks to protect the integrity and sustainability of town centres by preventing displacement of town centre uses to out of town and edge of town locations. Consequently there is limited scope for developers

to pursue schemes comprising such uses in the SBZ, even if these uses form a small part of a larger 'industrial, workshop, 'other office' type scheme. However Gladman have an A2 speculative office scheme forthcoming at Queens Meadow indicating that where a case can be made some town centre uses will be permitted on sites in the SBZ.

### 7.3.3 Property Quality

As with property type, property quality varies across the SBZ with differing periods of construction, specifications, uses and ongoing levels of investment occurring throughout the various estates. On estates where a single head landlord is able to control development and business use, and employ a managing agent to enforce a certain level of property upkeep, there is a greater degree of convergence in property quality. Park View Estate is a good example of an estate where the head landlord has retained control on the development, use and upkeep of properties and overall properties appear to be in good order.

The Innovation Centre at Queens Meadow, and the forthcoming schemes by Rivergreen and Gladmans, arguably offer the highest quality units in the SBZ as all are designed, pitched and priced to meet the aspirations of the higher sections of the mid-market. Queens Meadow is being activity promoted as a prestige employment site where all development is encouraged to be of a good quality. A certain 'quality standard' can therefore be maintained across the estate as new sites are developed.

Initial site appraisals reveal that with the exception of the newly constructed Queens Meadow Estate, the majority of buildings within the SBZ offer little if any architectural merit to the area.

In the very mixed estates of Usworth Road and Longhill, property quality is highly differentiated. There is no consistent estate wide approach to the control of property development, alteration and use and no apparently no estate wide policy setting standards for property upkeep.

Whilst properties generally appear tired at Graythorp and Tofts Farm West, and in some instances aesthetically dated such as at Park View Estate and largely of little architectural merit, agents report these units are structurally sound and could be refreshed with recladding or some other enhancement to the exterior. One agent surveyed pointed out that the quality of the industrial units within the SBZ was good but they would benefit more from a location further to the outskirts of the town where there are larger plots for expansion, better access exists and fewer closely located neighbours are present.

According to the responses captured in the business occupier survey, occupiers report that property quality is usually compromised by poor levels of repair and maintenance and appears 'run down' in areas.

### 7.3.4 Land Quality

The SBZ has large tracts of land that lie within Flood Risk Zones and areas that suffer contamination – issues which undermine land quality. The SBZ is similar then to the regional

picture as the Regional Spatial Strategy for the North East 2005/06 Annual Monitoring Report highlights the issue of poor quality, contaminated land as region wide problem.

### 7.3.5 Property Values

Agents and landlords active in the SBZ report that Hartlepool, on average, features the most affordable commercial rents for workshop and industrial units in the Tees Valley area. The head landlord at Park View Estate, UK Land Estates, reports that whilst rents of between £3 and £4 per sq are typical for smaller industrial units in Hartlepool at their nearby Teesside Industrial Estate rents for equivalent units can reach between £6 and £7 per sq ft, although £4.50 per sq ft is said to be more common.

Whilst property quality, condition, location, specification, size etc will all impact upon values, agents report that reasonable quality small to medium sized industrial units of between 2,500 sq ft and 3,000 sq ft, on average achieve values of £3 and £4 per sq ft whilst larger units, of 5,000 sq ft plus, on average tend to feature values of £3.00 or less per sq ft. Analysis of properties currently to let within the SBZ reveals that rents of between £3.00 and £3.50 are typical for larger industrial units.

If purchasing the freehold on an industrial unit, agents report that for smaller reasonable quality industrial units of between 2,500 sq ft and 3,000 sq ft values are in the region of £100 per sq ft whilst for larger units of 5,000 sq ft plus values are expected to be in the region of £60 to £70 per sq ft.

The new developments at Queens Meadow are creating a higher value market within the SBZ featuring rents that are more in keeping with the wider Tees Valley market. At the Innovation Centre, for smaller workshops of under 600 sq ft rents are set at £8.50 per sq ft exclusive of utilities whilst for larger units of between 600 and 1,200 sq ft rents are set at £6.50 per sq ft. For office units rents are set at £12 per sq ft exclusive of utilities. At the forthcoming Rivergreen Business Centre rents for hybrid units offering 50% office and 50% workshop accommodation rents will be £6.78 per sq ft whilst for larger workshop units with 15% office accommodation rents will be £4.99 per sq ft.

The relatively low values achieved in the SBZ, and across industrial, workshop and other office properties on Hartlepool, impacts upon developer interest in undertaking new schemes in the town. Agents report that it is very difficult for developers to build schemes cheap enough so that the low rental and sales values are sufficient to cover costs and provide a return.

### 7.3.6 Land Values

There is limited current market data to draw upon to assess typical land values within the SBZ. Analysis of sites currently on the market identifies two plots for sale. At Mainsforth Terrace (TS24 7AH) in the Sandgate Estate, a 6 acre plot is for sale with planning permission secured for a Waste Transfer Station and recycling depot. The site features a 7,000 sq ft warehouse building and 7,100 sq ft office building. It has a guide price of £1,500,000. A second site is the former Whitegates

Garden Centre on Ladysmith Street (TS25 1PX) in the Longhill Estate. The site is 3.031 acres, largely vacant and has a price of £1,000,000.

The Valuation Office Agency's (VOA) biannual Property Market Reports (Winter and Summer) identify land values for industrial and warehouse land at the regional level and so can give some indication of land values within Hartlepool and the SBZ.

In July 2007, the most recent VOA Property Market Report, industrial and warehouse land within the North East featured a minimum value of £80,000 per hectare and a maximum value of £220,000 per hectare. The typical value for industrial and warehouse land was identified as £167,000 per hectare. Industrial and warehouse land values in the North East in July 2007 were significantly lower than all other regions in England and were also notably lower than values in Wales and Scotland. The decline and contraction of heavy industry and manufacturing in the North East has reduced demand pressures on industrial and warehouse land supply. There has been no corresponding significant reduction in the volume of land allocation for employment use within the region. This expansive supply-contracted demand scenario explains the North East's comparatively cheap industrial and warehouse land values.

#### 7.3.7 Volume of Property Supply

The Development Sites and Premises Study (2003) produced by King Sturge, Douglas Wheeler Associates and Turley Associates for the North East Assembly finds that Hartlepool featured a total supply of industrial property (warehouses and factories) of 856,000 sq ft in 2003 which represented 15.6% of the Tees Valley industrial stock. The vast majority of Hartlepool's industrial stock is located within the SBZ. The Study also reported that the town had around 80,000 sq m of office accommodation representing around 8.3% of the total Tees Valley supply. The majority of Hartlepool's office accommodation is located in the town centre and the marina with only minimal representation in the SBZ.

As new development has been minimal, property supply in the SBZ is weighted towards older medium (3,000 to 5,000 sq ft) and large (5,000 sq ft plus) light industrial units and workshops with agents reporting that these units are out of step with current market requirements.

The supply of medium to large workshops and light industrial units will shortly be increased by the forthcoming Rivergreen's Business Centre at Queens Meadow currently on site. The scheme will introduce a new variety of workshop accommodation being differentiated by quality, specification and price. It will comprise 8 production units offering modern, high quality workshop space with a small element of office accommodation (15% of floorspace) and hybrid units offering 50% office and 50% workshop accommodation. Units will range from 4,424 sq ft to 9,810 sq ft.

Supply of smaller high quality workshops and industrial units of less than 3,000 sq ft is limited whilst supply of very small workshop units of less than 1,000 sq ft is very limited with the recently completed Innovation Centre at Queens Meadow appearing to be the only current provider of such premises. UK Steel Enterprise, the developer and landlord of the Innovation Centre, reports that it

is the best performing scheme in the company's portfolio of 8 schemes with a 100% occupancy rate. The Centre offers workshops of 210 sq ft to 1,200 sq ft.

There is limited supply of dedicated office space within the SBZ. The majority of office accommodation occurs as a small section within a workshop or light industrial unit. Dedicated office supply appears restricted to the Innovation Centre at Queens Meadow which provides office units between 239 sq ft and 809 sq ft, three recently completed office units at Usworth Road Estate, each being 660 sq.ft, and a scattering of office units on the upper floors of converted properties at Longhill Estate.

Supply of office accommodation will be increased by the forthcoming 150,000 sq ft Gladman office scheme at Queens Meadow (with 50-60 sqft initially being developed) planned to start in 2008. It will provide office accommodation ranging from 2,250 sq ft to 6,100 sq ft providing modern, high quality accommodation. Following advice from agents on the nature of local market demand the unit mix will be weighted towards smaller units.

Whilst the SBZ is the primary location for industrial, workshop and other office accommodation within Hartlepool further significant locations include the Wynyard Business Park at the junction of the A19 and A1 to the outskirts of the town where very high quality, high value premises aimed at corporate occupiers can be accessed, Oakesway within the town which offers large, poor quality, ageing industrial sheds, A2 office accommodation is primarily located in the town centre and at new schemes at Hartlepool Marina and Victoria Harbour.

At the sub-regional level Tees Valley Regeneration (TVR) reports that there is a significant overhang of obsolescent (large, old, declining quality) industrial premises that are unlikely to ever be occupied again. TVDC estimate that 90% of industrial properties on their database are only of 'fair or poor quality'. The database shows 341 factory/warehouse premises available over 47 m<sup>2</sup> (500 ft<sup>2</sup>) within the sub-region. At the regional level the North East is seen to feature an overprovision of ageing, 1950s and 1960s constructed, large industrial sheds and factory units that are becoming increasingly divorced from modern occupier requirements.

The business occupier survey found that 11% of respondents reported 'availability of property' as a problem.

#### 7.3.8 Volume of Land Supply

As touched upon previously there is a healthy supply of land available for employment development within the SBZ with the 2006/2007 Draft Hartlepool LDF Annual Monitoring Report identifying a total of 92.9 hectares of available employment land in March 2006 representing 26% of all available employment land identified across the Borough.

Whilst the SBZ is the primary location for business and industrial land within Hartlepool there are other locations with comparatively significant employment land availability including 83.2 hectares at Hartlepool the Marina; 13.8 hectares at Oakesway Industrial Estate; 63.5 hectares at Wynyard Business Park and 70 hectares at North Burn Electrical Component Park.

According to the 2004 Strategic Employment Land Review for the Tees Valley, Hartlepool has a 20 year supply of employment land based on average annual take up rates occurring between 1996 and 2000.

The sub-region's oversupply of land, as mentioned previously, is seen to require the de-allocation or re-allocation of up to 397.22 ha of land according to the findings of the 2004 Strategic Employment Land Review for the Tees Valley. To give an indication of this over-supply, the North East Assembly's 2006/07 Annual Monitoring Report identifies 1,937 ha of available employment land (RPG 1 indicates 2,429 ha) in the Tees Valley representing over 50% of the North East's total supply of available employment land. Further evidence of plentiful supply is found in the Tees Valley Development Company's (TVDC) database of site availability which shows 98 sites over 2 ha. If current take up rates continue the sub-region has around 35 years of land supply remaining.

### 7.3.9 Profile of Currently Marketed Property

Analysis of properties for sale and to-let within SBZ in December 2007 as marketed by a selection of agents reveals current market supply is dominated by medium to large industrial units providing up to 35,000 sq ft of accommodation. The industrial units offer fairly basic accommodation offering standard shells ready for tenant fit-out. Units tend to be available on a 3 year lease and typical rents for the large industrial premises are between £3 and £3.50 per sq ft. There is limited availability of smaller units with just 2 units offering accommodation of less than 1,000 sq ft. Office accommodation is very restricted, just one development of 3 office units is being marketed. These office units each provide 660 sq ft of accommodation in a recently completed scheme.

### 7.3.10 Pipeline New Supply

There have been few planning applications granted for new build industrial, workshop and 'other' office development within Hartlepool and the SBZ in 2006/07. This might suggest that 2007/08 will maintain the trend established in previous years of minimal new build employment development. Nine planning applications were granted for employment uses in Hartlepool in 2006/07 and 7 of these related to sites within the SBZ. If these 7 development proposals were to be completed property supply in the SBZ would be increased by 9,450 sq m of industrial, office and factory accommodation, although several of these proposals concern development of bespoke schemes for identified users and so will not be brought to the open market.

**Table 7.1 Planning Permission Granted for Employment Uses 2006/07**

Site / Location	Development Proposed	Use Class	Area (Ha.)	New Floorspace sq m
Sandgate	New industrial unit for car recycling purposes	B2	**	393
Longhill	8 industrial units	B2	0.14	850



Site / Location	Development Proposed	Use Class	Area (Ha.)	New Floorspace sq m
Longhill	Use as waste recycling centre and new building	Sui generis	**	3660
Longhill	New light industrial unit with workshops and offices	B1c	0.09	700
Usworth Road	2 new industrial starter units	B1 / B2	0.07	721
Hunter House	Factory extension	B2	5.4	2370
Nuclear Power Station	New office building	N/a	**	756
Total floorspace				9,450

*Source: Hartlepool LDF Draft Annual Monitoring Report 2006/07*

Outside of the 2006/07 Monitoring Report's time frame – i.e. in the period since March 2007- two recent significant planning applications for development within the SBZ have been granted. The Able UK Ltd TERRC Facility at Tees Road has recently gained permission to expand activities and undertake construction work to include work to various quays, construction of a cofferdam at the entrance to the dock, construction of new dock gates; installation of a railway track; construction and operation of a metal recycling facility; erection of industrial buildings for the manufacture of wind turbines; the erection of warehouse buildings and various infrastructure, drainage and engineering works.

On a smaller scale, but still of note, is the recent permission granted to Chase Developments to undertake improvement works to the tired facades of the retail units at Tees Bay Retail Park and to construct additional units. From initial analysis of the SBZ, Tees Bay Retail Park appears to be a key site for investment occupying a prominent position in the SBZ position and providing scope to be developed further. Whilst planning policy identifies the site for bulky goods retailing and planners have indicated a willingness to permit leisure uses to include a hotel, the findings of this report are that there could be potential for alternative uses at the site.

Looking more to the long term of supply side dynamics, the business occupier survey revealed that 19% of occupiers claimed to have investment plans or development plans for their premises over the next 5 years, with larger companies and those owning their premises being most likely to have such plans. In addition, the overwhelming majority of occupiers (all except one) reported that they had no land and property surpluses suggesting that either they currently make full use of these holdings or they have future plans to expand and subsequently make use of their holdings. It would seem then that supply levels of bespoke accommodation is likely to increase over the coming years as existing occupiers consolidate and develop their businesses. Such development activity

will not only increase the overall volume of supply in the SBZ (even if the extra supply is reserved for owner-occupier use) but it should also increase the overall quality, specification and aesthetic of property as new build has to conform to modern building regulations and planning legislation.

## 7.4 Future Site Availability

As discussed previously Hartlepool is well supplied with employment land which is sufficient to meet current and future take up needs although land quality is an issue. The table below shows the location of available land indicating the future location for any new development.

**Table 7.2 Employment Land Availability in the SBZ (March 2006)**

Site	Uses allowed (2006 Hartlepool Local Plan)	Total land available (ha)	Land with existing planning permission
Queens Meadow	B1*	31.1	All (outline)
Sovereign Park	B1*	11.6	Yes
Park View West	B1*	2.7	***
Golden Flatts	B1*	20.5	No
Longhill/Sandgate	B1, B2, B8	1.7	***
Usworth Road	B1, B2, B8	0.1	***
Brenda Road East	B1, B2, B8	4	No
Tofts Farm / Hunter House	B1, B2, B8	1.8	***
Brenda Road West	B1, B2, B8	3.1	No
Graythorp I.E	B1, B2, B8	0.2	***
TERRC			
North Graythorp	**	16.1	No
All sites		92.9	
All employment land across Hartlepool LA		358.6	

Notes:

- Available land excludes land held by businesses for their own use;
- Detailed permission relates to undeveloped land outside existing curtilages
- B1\* - some B2 (general industry) and B8 (warehousing) uses may also be allowed on these primarily business use sites;
- \*\* - potentially polluting and hazardous industry;
- \*\*\* - these sites are established industrial estates/areas which have been substantially completed – available land on these sites generally comprises a number of small sites scattered within the main industrial area

The healthy supply of employment land within the SBZ and Hartlepool's noted shortage of affordable housing has led Hartlepool Borough Council to consider the possibility of reallocating a portion of Golden Flatts to residential use, where a large proportion of properties would be affordable. Of all locations within the SBZ the Council considers Golden Flatts to be the most amenable to residential use. It is on the extremities of the SBZ away from most business occupiers, it is located near existing residential areas and it affords good access off Seaton Lane. The Council would insist however that any new residential development at Golden Flatts would need to include an access route through to the retained employment land at the rear.

Future allocations of employment land for Hartlepool will be set out within the town's forthcoming Local Development Framework with the Draft Regional Spatial Strategy (RSS) providing guidance on suitable employment land allocations for inclusion. Policy 18 of the RSS outlines the following employment land portfolio allocations:

- Total employment land portfolio allocation (up to): 345 hectares
- Employment land allocation (up to): 130 hectares
- Brownfield mixed use allocation (up to): 80 hectares
- Prestige Employment Sites allocation (up to): 135 hectares (at Wynyard – identified in Policy 19)

Policy 23 of the Draft RSS also requires Hartlepool to include 65 hectares of land for chemical and steel industries in the LDF and in Policy 13 the RSS identifies Victoria Harbour as a Regional Brownfield Mixed Use Development which means it should be supported to grow and develop as a regionally significant regeneration opportunity, potentially by reserving land for development.

## 7.5 Demand

As demonstrated in the table below, there has been no consistent trend in the take up and development of industrial land for industrial use. Development activity has been erratic from year to year. It should be noted that development identified in the table includes all 'industrial' type uses

including development of warehousing, industrial units, storage yards, sewage works, extensions to existing buildings and car show rooms. Over the 13 year period studied a total of 85 hectares of industrial land has been developed for industrial use within the SBZ

In terms of development activity by estate, Graythorp has experienced the highest level of activity with 37 hectares developed between 1990 and 2003 although this is largely accounted for by a single development by Abel UK comprising a ship dismantling yard, completing in 1996/1997, and totalling 35.2 hectare.

Usworth Road is the most frequent location for development with activity occurring during five of the thirteen 12-month periods studied. Sandgate is also a more common location for development with work completing in four of the thirteen 12-month periods studied. Full details of the development occurring in the SBZ and summarised in the table below is included in the appendix.

**Table 7.3 Take up of Industrial Land for Industrial Uses**

	Total Ind. land developed for ind. use (ha.)	Longhill	Sandgate	Park View West	Graythorp	Usworth Road	Brenda Road	Tofts Farm East	Tofts Farm West	Hunter House	Queens Meadow	Golden Flatts	Sovereign Park (formerly Park View East)	Tees Road / Brenda Road	Brenda Road East
1990-1992	10.3	1.1	0.4	3.2	0.8	1.0							3.8		
1991-1992	9.3						9.3								
1992-1993	0.7					0.3			0.4						
1993-1994	1.9				0.4					1.5					
1994-1995	1.7		0.1									1.6			
1995-1996	0														
1996-1997	35.2				35.2										

	Total Ind. land developed for ind. use (ha.)	Longhill	Sandgate	Park View West	Graythorp	Usworth Road	Brenda Road	Tofts Farm East	Tofts Farm West	Hunter House	Queens Meadow	Golden Flatts	Sovereign Park (formerly Park View East)	Tees Road / Brenda Road	Brenda Road East
1997-1998	0.6			0.6											
1998-1999	1.3				0.9	0.4									
1999-2000	11.2		0.4			0.2		0.2						10.4	
2000-2001	0.6		0.1		0.4	0.1									
2001-2002	6.8												0.9		5.9
2002-2003	5.2						0.1				5.1				
Total development ha.	85.0	1.1	1.0	3.8	37.7	2	9.4	0.2	0.4	1.5	5.1	1.6	4.7	10.4	5.9

Source: Hartlepool Borough Council

*Notes: the above development activity includes concrete plant, business units, workshop units, garage/showroom, industrial extension, car sales, haulage depot, warehousing, waste treatment, compound/ yard, ship dismantling yard, car parts, advanced factories and infrastructure*

## 7.6 Recent Development Activity

There has been minimal significant new build industrial, workshop and 'other' office development across both Hartlepool and the SBZ in recent years. According to the 2006/07 Annual Monitoring Report there was no significant employment development within the borough during the year with employment development instead being confined to existing occupiers adding small scale extensions to their properties, development within the curtilages of existing developed land, change of use activity and the re-occupation of unused or underused land and buildings. However a start was made on the Rivergreen Business Centre at Queens Meadow which will provide workshop and hybrid office-workshop units.

Previous to 2006/07, new build industrial, workshop and 'other' office space across Hartlepool totalled 1,960 sq m (all B1a 'other' office space) in 2004/05 and in 2005/06 it totalled 2,530 sq ft. For the SBZ, recent development activity has largely been confined to Queens Meadow.

No significant new development of financial and professional office accommodation (A2) has occurred in either the borough or the SBZ between 2004/05 and 2006/07.

As mentioned earlier, the low rental values available in the SBZ, and Hartlepool, undermine developer interest in the area. Indeed UK Steel Enterprise and Rivergreen both made a case for grant funding for their schemes at Queens Meadow because the achievable values were not considered sufficient to meet build costs and make the schemes viable. Interestingly though the forthcoming Gladman Developments Plc speculative office scheme at Queens Meadow is being providing without grant funding as the developers feel the market will now be able to deliver sufficient values to make the scheme stack up. This commitment might indicate the emergence of a shift in developer perceptions and expectations regarding the SBZ, or more likely the Queens Meadow, commercial property market.

In future, new additions to the office and industrial property stock within the SBZ appear likely to continue to occur at Queens Meadow. The estate is identified in local and regional spatial policy as a priority site for high quality employment development and developers active at the estate have expressed interest in undertaking further phases of work. UK Steel Enterprise is interested in a second phase to produce 17,000 to 18,000 sq ft of office and workshop accommodation. Rivergreen Properties would consider providing a second scheme of comparable size to their first scheme (currently on site). Gladman have a development agreement for a 25 acre site with their forthcoming office scheme only covering 2 to 3 acres meaning there is plentiful scope for further development if the first phase proves successful. Successful schemes at Queens Meadow have the potential to attract in new developers creating a type of development 'snowball effect' at the estate.

## **7.7 Volume**

Agents report that occupier demand is fairly 'hit and miss' with smaller more, modern units experiencing a fairly good level of demand but larger units at older estates being difficult to let and sometimes remaining on the market for between 3 and 4 years.

Developer demand for land in the SBZ is limited due to the low anticipated rents available in any completed scheme, an issue discussed previously.

Void rate data can be a useful indicator of demand levels within a commercial property market with high void rate suggesting demand difficulties. In 2007 within the Borough 9.39% (238 properties) of commercial properties registered for business rates (a total of 2,534 properties) were in receipt of 100% rate relief suggesting that only around 9.39% of industrial units (and small properties, Listed Buildings and stores) were vacant. Also in 2007, just 5.13% (130 properties) of commercial

properties registered for business rates were in receipt of 50% rate relief suggesting that just 5.13% of retail and office properties were vacant across the borough.

Void rate data is available for specific schemes within the SBZ providing a more localised indication of demand levels. In keeping with agent opinion there is clear variation in void rates between schemes. Void rates of 20% are present at Park View where units are larger, relatively dated workshops and light industrial premises. At Teesbay Retail Park several units are vacant with some units never being occupied since the park was originally constructed in the 1980s. At the Bizspace managed business centre in Usworth Road just one large industrial unit is vacant. At Queens Meadow void rates are 0% as a waiting list of some 18 businesses means any units becoming vacant are quickly re-let, often within the month.

In terms of demand levels for employment land, the 2004 Strategic Employment Land Review for the Tees Valley reported that between 1996 and 2000 the average take-up rate of employment land in the sub-region was 63.6 hectares per annum. Within Hartlepool, the Review identified average annual take up rates of 16.9 hectares the second highest average annual take up rate of the sub-region's five composite Local Authorities, behind Redcar and Cleveland at 28.6 hectares.

## **7.8 Nature**

Agents, landlords and active developers report that the majority of occupier demand for industrial and business premises in both Hartlepool and the SBZ arises from small to medium sized local Hartlepool based business requiring small or very small units as new accommodation, grow-on space or start up premises. However, the business survey revealed that insufficient workspace and storage space, and units being 'too small', were identified as the key reasons for property dissatisfaction suggesting that small and very small units are not the focus of demand for existing occupiers.

In terms of the existing demand profile 43% of businesses interviewed in the business occupier survey owned their own premises. This demand segment could be considered 'embedded' demand as it often takes longer to move on from owned property as the property first usually has to be disposed of. In comparison, occupiers renting property, 57% of businesses surveyed in the occupier survey, are typically able to move more quickly and more easily from their premises. Consequently occupiers renting property in the SBZ could be considered a more 'mobile' demand segment.

The business survey revealed that 13% of occupiers have been resident in the SBZ for 21 years or more suggesting that the existing market is shored up by a relatively stable demand base. Indeed just 13% of occupiers surveyed reported a wish to relocate to alternative premises within the next five years. For the majority of these occupiers their wish to relocate was motivated by a need to find larger premises and all wanted to remain within Hartlepool

There is reported to be a general absence of large national occupiers within Hartlepool but the continued development of Wynyard Business Park is thought potentially capable of bucking this

trend as it is specifically targeting large, corporate occupiers through the provision of large plots, a very high quality, secure environment, numerous on-site facilities including catering and meeting / conference rooms.

According to agents, whilst local businesses often serving a local customer base are satisfied with the accessibility of Hartlepool, national occupiers tend to consider the town as a slightly peripheral and 'hard to access' location. Instead, if requiring a North East base, national occupiers tend to look to Newcastle, Teesside, Gateshead and Sunderland for properties and land. However, the links to other parts of the Tees Valley sub-region are also strong and partly explain why the supply chain links are relatively high between Hartlepool firms and other Tees Valley businesses.

Due to the differentiation of supply across the SBZ the nature of occupier demand differs across the area with larger more heavy industry type uses being located at Sandgate, Graythorp, Tofts Farm East and West and Hunter House; light industry and manufacturing at Park View and Sovereign Park and knowledge based businesses and modern light industrial uses at Queens Meadow.

Sections of occupier demand in the SBZ are very price sensitive with the cheap rents being a key draw to the area. The business occupier survey found that just 7% of respondents reported the cost of their premises as poor suggesting that values are in line with existing occupier expectations. As mentioned previously the new developments at Queens Meadow are creating a small higher value market in the SBZ and, whilst occupiers of the older properties located in the other estates of the SBZ recognise the quality and specification of these new developments, affordability constraints prevent their take up.

Demand from start up and newly established businesses is often characterised by an interest in flexible lease arrangements which provide short term tenancies, some times for periods of 3 to 6 months. For the Bizspace scheme at the Usworth Road Estate the availability of short term, 'easy in easy out' leases is considered to be a key factor in attracting occupiers.

A common requirement amongst occupiers is for secure properties with fencing, security lighting and CCTV being favoured.

Many existing occupiers in the SBZ operate non-customer facing businesses and so report that there is little need to occupy a modern, high quality, high specification building with which to impress and attract passing trade. Conversely, occupiers at the UK Steel Enterprise Innovation Centre scheme at Queens Meadow are reported to have been specifically attracted by the quality and specification of accommodation on offer. Around 35% of tenants are reported to be new business start ups taking their first businesses premises but the remaining 75% of tenants are said to be established businesses moving from previous premises because the Innovation Centre offers a higher standard of accommodation.

The few developers that have shown recent interest in the SBZ have focused attention on the Queens Meadow Estate. For these developers to be interested in a site they report that the site



has to offer good access, have a prominent frontage, be set within a high quality environment, it must be secure and it must be located within a healthy local market where demand for units is predicted and no over supply issues exist. The developers who have pursued schemes at Queens Meadow state that their interest has been in the merits of the Queens Meadow estate rather than the merits of the wider SBZ. For two of the developers behind two schemes at Queens Meadow demand for sites was confirmed by the availability of grant funding – without the funding they claim they would not have taken forward their schemes.

Historically demand for employment plan across all Hartlepool has focused upon General Employment Land with the 2004 Strategic Employment Land Review for the Tees Valley reporting that 90% of employment land take-up between 1996 and 2000 was of this nature. The remaining 10% being land for port related development. If Queens Meadow continues to prove popular with tenants demand for employment land might shift more towards Prestige Employment Land.

## **7.9 Key Demand Drivers**

A series of key demand drivers seem to be essential for attracting and retaining occupiers in the SBZ, these include:

- Cost – it is the cheapest location in Teesside attracting price sensitive occupiers. However the Queens Meadow estate is creating a small higher value market that has already become inaccessible to more price constrained existing occupiers within the SBZ.
- Property diversity – the variety of property available suits a range of businesses interests with the new additions at Queens Meadow creating a further variety of supply (modern, high quality, higher specification units) to add to the mix.
- Accessibility – the SBZ offers good access to the A1 which affords good access to local markets whilst access through the SBZ is also adequate to needs.
- Grant funding – when first launched as a development opportunity, the availability of grant funding for schemes at Queens Meadow appears to have been essential for attracting developer interest. However the most recent scheme planned for the estates, Gladman's speculative office scheme, is being taken forward with out grant funding.
- Flexible lease arrangements – easy in easy out leases that only commit occupiers to a short period of time such as three to six months, are very attractive to start up and newly established businesses which are cautious about signing up to a standard commercial lease of three to five years in initial phases of business development.
- Opportunity to purchase property – some occupiers require property to purchase rather than for sale. One agent report office occupiers in older, town centre, rented office accommodation might be interested in the opportunity to purchase modern, high quality office accommodation.
- Local government support – developers behind schemes at Queens Meadow report that Hartlepool Borough Council's positive, proactive approach in supporting their schemes both in the planning, development and subsequent operation phases has been pivotal in ensuring the success of the schemes, their continued commitment to the schemes and their continued interest in undertaking further development at Queens Meadow. At the Bizspace managed

workspace scheme at Usworth Road further support from the Council's Inward Investment team in order to assist in locating tenants is requested again demonstrating the importance developers and landlords attach to a supportive local government approach.

- Quality environmental offer - for developers and tenants at Queens Meadow

## **7.10 Sub Regional Markets**

Whilst the SBZ is the primary business location in Hartlepool there are alternative employment sites providing industrial and business accommodation in the town with previous sections touching upon the nature and offer of these competitor locations. Within the sub-region there are also potential competitor locations to the SBZ, and to Hartlepool. Reference to the Development Sites and Premises Study provides information on potential competitor markets within the sub-region:

- Stockton – features a very limited town centre office market largely comprising 1960s Government let office buildings on High Street and the more modern 1970s building 33 Bridge Road. No recent office development has occurred in the town centre. The out-of-town market is better developed being focused on the successful Teesdale Business Park, which totals around 100 ha (250 acres) and has been developed over the past 10 years. The Park has attracted occupiers from the local town centres as well as inward investors from outside the Tees Valley. North Bank has been identified as the natural extension to the Park.
- Middlesbrough – has a modest town centre office market centred around Albert Street, with only a handful of sizeable occupiers which include Government Departments. The overhang of unsuitable 1960s and 1970s office buildings has been remedied some what through refurbishment work to two significant buildings - Rede House and Centre North East - whilst ageing Gurney House at 6,270 m<sup>2</sup> (67,500 ft<sup>2</sup>) is likely to be partially demolished, but still distorts the figures on property supply. Centre North East is now substantially let as a shared services centre. The main out of town business park is Riverside Park which is a mixed use park providing relatively modern units but no significant facilities (such as retail or food outlets). Close to Riverside Park is the proposed Middlehaven site, which has long term potential to provide a high quality commercial and residential development focused around the River Tees.
- Darlington - has very little property availability but development opportunities for office, call centre and industrial use exist at the out of town locations of Morton Palms off the B6280 Yarm Road, which comprises some 11.3 ha (28 acres), and Darlington Great Park. A development framework for a number of gateway sites has recently been prepared. The town centre has seen limited modern office development and comprises a number of older buildings primarily occupied by Government Departments. The only other significant buildings are Northgate House and Beaumont House on Beaumont Street. Edge of town representation is primarily focused around Yarm Road where there is a mixture of office, call centre and industrial premises. Other significant accommodation centres are Lingfield Point at McMullen Road and Hopetown Park at Brinkburn Road. Both are former manufacturing headquarters that have been divided and refurbished, with some new build accommodation added, to provide office and call centre accommodation.

- Redcar - Other than Steel House and the Wilton Centre, there is no other space over 465 m<sup>2</sup> (5,000 ft<sup>2</sup>) available. The Kirkleatham Innovation Centre (similar model to the Hartlepool Innovation Centre) experiences good occupancy levels highlighting the presence of healthy demand for smaller units of high specification and quality.

## 7.11 Wider issues and Trends

Various current and forecast trends and events affecting the national, regional, sub-regional and local Hartlepool market have the potential to impact upon supply-demand relationships. Some of these trends and events might be:

- **Changing Global Economic Trends**

Whilst not wishing to predict global economic trends, there is a need to highlight the interconnections between changes in global market forces and localised trends in the SBZ. For instance, decreasing liquidity in the global capital markets may lead to a knock on effect at the local level in the SBZ making it more difficult for businesses to raise mortgages to purchase new premises. Global market trends and their nature, favourable / negative, can therefore have real repercussions at the local, SBZ level and will need to be acknowledged when considering future development plans for the SBZ and assessing the future potential and role of the SBZ.

- **Reforms to Empty Business Rate Relief for Commercial Property**

The reforms will be introduced from the 1 April 2008 and will mean that the owners and developers of empty office and shop premises could see their rate costs double (from 50% to 100%) and the owners and developers of vacant industrial property, who have not previously been required to pay business rates at any level, could incur a substantial rate liability. The Government claims the reforms will encourage the more productive use of properties with owners and developers being more inclined to let properties / sell properties to occupiers so as to avoid paying business rates. The expectation is that old properties will be increasingly re-used and property take-up supported. The property industry does not, however, share the Government's positive prognosis.

Sections of the property industry argue that developers will become increasingly cautious in taking forward speculative schemes and will only consider projects in tested markets where demand is virtually 'guaranteed'. More marginal markets that have patchy / untested demand and emerging markets in regeneration areas are liable to be identified as 'higher risk' reducing developer appetite for speculative schemes. Locations like Hartlepool where demand is varied might be forsaken in favour of more mainstream markets with more consistent and stronger demand patterns.

It is argued amongst property professionals that developers and property owners will need to factor in the extra costs incurred by business rates during void periods when deciding upon scheme build costs and values. These extra costs might be recouped by building more competitively through a lower specification or an increased build density or by raising sales and rental values. In price sensitive markets such as Hartlepool where affordability is a key attraction, occupiers could

struggle to accommodate rent rises. Within such locations the market place might simply be unable to sustain price increases.

Older disused sheds and large ageing factories in peripheral locations, a description that can be applied to large sections of Hartlepool's commercial property market, are expected to be the properties most adversely affected by the Business Rate reforms. These units typically take long periods to let often years rather than months. One developer at Queens Meadow expressed concern that the owners of such properties might seek to offload their 'hard to let' units creating a glut of supply that could depress values. There was also concern that these owners might offer sizable inducements and reduced rents to attract tenants creating a harshly competitive market, whilst they might also become less 'selective' in their lettings policy potentially leading to conflicts between 'incompatible' neighbouring users.

If speculative development were to become stifled, as developers act in an increasingly risk averse fashion, property choice is liable to reduce forcing occupiers to look further a-field for new build, modern specification premises if their immediate market is, at present, poorly supplied with such units. Hartlepool and the SBZ might be more prone than some markets to occupiers leaving in search of new build premises.

- Introduction of Energy Performance Certificates for Commercial Property

From the 6 April 2008 the certificates will need to accompany commercial properties when constructed, sold or rented. The EPCs will record how energy efficient a building is by providing a rating. The certificate will be accompanied by a recommendation report showing how the rating could be improved although the recommendations will not be compulsory. With energy bills liable to rise as demand pressures across the globe increase properties with low energy efficiency ratings may become less appealing to cost conscious occupiers.

- The Planning Bill 2006/07 is Adopted as Legislation.

The Bill aims to slim down and speed up the planning system and so should remove delays to development. The Bill also introduces the concept of a 'Community Infrastructure Levy' that will be an additional cost paid by developers as part of the process for securing planning permission with the money spent on local infrastructure provision. Opinion within the property industry is mixed over the effect the cost might have on developers' appetite for development, some predict it will have little effect whilst others claim it will be a deterrent.

- Regional Reallocation of Employment Land to Other Uses

As discussed previously it is recognised at the regional level by the North East Assembly that there is a large over-supply of employment land which appears unlikely to be developed for employment use owing to factors like a peripheral location or the presence of contaminants. The region has experience some re-allocation of employment land to other uses has occurred in the recent years. In the future there be an increasingly willingness to re-allocate further sections of employment land potentially to address affordable housing needs in light of the national difficulties concerning provision of sufficient affordable housing to meet needs. Such reallocation of land might, by limiting supply and possibly containing it to the 'better' located areas for employment use, help push up

values making the region appear a more 'viable' prospect for developers considering taking forward speculative schemes.

- **Restricted Public Sector Land and Property Assets**

Typically a key tool for the public sector in both stimulating and influencing development within a given area is the provision of public sector land and property assets which are used as leverage to attract in and influence private sector development. Sites can be brought to market with planning permission attached and consequently the public sector can control the use, location and look of development. In addition to a straightforward disposal of these assets the public sector can also opt to create a Joint Venture vehicle formed with a private sector partner whereby the private sector commits finances and development capacity and the public sector commits land and property. The JV then works in partnership to take forward development.

Within the SBZ the public sector has only limited land ownerships demonstrating reasonable development potential. Two obvious sites include Queens Meadow where the freeholder is One North East and Golden Flatts where the freeholder is Hartlepool Borough Council. Both these sites are identified in local planning policy for high quality industrial development (Ind3, Ind4 and Ind5).

Queens Meadow is a good example of where the public sector has already used its land assets to stimulate and influence development and attract in new high quality investment. The Queens Meadow site of 140 acres was assembled partly by negotiated purchase and partly by a CPO.

The low land values in Hartlepool's SBZ mean that it is unlikely a private developer would take the initiative and develop out a scheme such as Queens Meadow with out at least some form of grant funding. The absence of similar schemes within Hartlepool confirms this view.

The vast majority of sites and property within the SBZ are within private ownership with a small number of businesses owning very large sites where sizeable areas remain undeveloped. Significant landowners include Corus Steel accessed off Brenda Road, Huntsman Tioxide on Tees Road, Abel UK also located on Tees Road and the Nuclear Power Plant owned by British Energy. These owners have the potential to develop out their land holdings according to planning policy and so through this avenue the public sector, i.e. the Council, has some capacity to influence development. Huntsman Tioxide have been gradually developing out their site over several years. The Corus UK site is becoming increasingly well used with more activity occurring. The Abel UK site has recently been granted planning permission to undertake further development works to expand operations. The Nuclear Power plant's future is, as discussed previously, far from certain – it might be decommissioned in 2014, its life might be extended until some time around 2020 and build an entirely new plant at the existing site.

CPO use could bolster public sector land holdings within the SBZ and potentially increase the leverage available for stimulating and influencing private sector development. However obtaining a CPO is a costly and time consuming exercise and is generally considered a 'last resort' action. With changing public sector funding priorities and reduced funding from the EU, owing to

competing requests for funds from the recent accession member states, the funds available for obtaining a CPO and purchasing land is liable to reduce.

## **7.12 Conclusions**

The conclusion from the market appraisal of the SBZ have been drawn together in a form of a SWOT analysis.

### **Strengths**

- Property condition is not reported to be a barrier to business activity and growth by a majority of existing occupiers of the SBZ
- Local and Regional public sector support for economic development through property development is positive and proactive
- Queens Meadow demonstrated that there is clear latent demand for higher quality, higher value property within the SBZ with developers undertaking speculative schemes and occupiers taking units
- Cost – for business occupiers low rents are an attraction and can also help retain occupiers

### **Weaknesses**

- Property demand is largely limited to local firms making the market relatively inward facing meaning inward investors and in-moving occupiers are not on hand, and can not be relied upon, to absorb the current supply volumes
- Cost – low values deter developers from undertaking speculative schemes as the build costs exceed the completed scheme's end value
- Over supply of large, ageing units and employment land within the SBZ, the sub-region and the wider region which is unsuited to current (and possibly future) market requirements

### **Opportunities**

- There is potential to raise values and create higher value 'sub-markets' such as that forming at Queens Meadow through further growth of Queens Meadow or development / redevelopment elsewhere with the SBZ – possibly at the near town centre locations of Longhil, Sandgate, Park View and Usworth Road where property and business use is relatively diverse and proximity to the centre might attract occupiers who might favour a town centre location
- Opportunity to attract in new occupiers leading to additional occupier demand to support a potentially expanding local supply chain that could arise in light of the forthcoming expansion of the Abel UK ship yard and any future development / decommissioning of the Nuclear Power Plant

- Stimulate demand from higher value industries through progressive location of Bad Neighbour Uses away from Sandgate (and Longhill)
- Changing global economic and market conditions – depending upon their nature

### **Threats**

- Large land ownerships by a small number of occupiers – e.g. Huntsman, Corus, Abel UK and the Nuclear Power Plant – means that if these businesses were to close or relocate (although there is no information at present to suggest this is a near future possibility) very large sites would become vacant significantly worsening the over supply situation and their future re-use would appear limited in at least the medium term.
- Public funding for direct and indirect support is reducing meaning gap funding for projects such as Queens Meadow is less likely than previously.
- Changing global economic and market conditions – depending upon their nature





## 8.0 Transport and Accessibility Appraisal

---

### 8.1 Introduction

This chapter looks to appraise the current SBZ offer in terms of transport and accessibility. It uses the findings from site visits and consultations with a range of stakeholders to assess the main strengths and weaknesses of the zone in terms of issues associated with road, rail, ports and shipping and public transport.

### 8.2 Headline Findings

- Local accessibility to and from the SBZ is good with access to the A19 in under 10 minutes along Stockton Road. National accessibility more restricted in light of Hartlepool's relatively peripheral local and distance from the national motorway network.
- Access through the SBZ by road is good through key transport corridors at Brenda Road, Seaton Lane and Tees Road. However the train line is a form of movement barrier with just one access point at Brenda Road being present.
- Nationally the North East is considered a fairly peripheral region and Hartlepool can be considered a fairly peripheral location within the region relative to locations like Teeside, Sunderland and Gateshead.
- Road condition is good through out the SBZ.
- Street lighting provision is patchy but where present, and where the lights are the responsibility of the Council, provision is up to standard.
- Congestion, parking and rat running are not identified as problems.
- There are no particular accident 'hot spots'.
- The roads are quite capable of accommodating current and predicted traffic volumes.
- Excellent port facilities within close proximity at Hartlepool and Tees Ports.
- The nearest airport is 22 miles away at Durham Tees Valley Airport.
- Poor train services offering direct access to only a limited number of locations. A new direct London service has recently been launched (December 2007).
- Bus services through the SBZ are minimal with routes failing to extend throughout the whole area.
- Few roads within the SBZ feature pavements and there are no cycle paths. Street lighting is patchy making access by cycle or foot difficult in the evenings.
- Navigability around the SBZ and the SBZ's individual estates suffers due to a lack of clearly signed entrances to several individual estates and a lack of estate plans to the majority of estates.
- Any significant employment development proposed within the SBZ would need to have a Travel Plan a requirement prospective developers would need to bear in mind.

### 8.3 Road Network

There is good local accessibility to and from the SBZ with the A19 around 10 minutes away, accessed by Stockton Road. National accessibility is restricted by Hartlepool's relatively peripheral location and its relative distance from the national motorway network. Access through the SBZ is good with Brenda Road (A689) providing a central north to south link between the various industrial estates. Locally active commercial property agents, commercial landlords and developers report no problems with road transport from both within the SBZ and the local areas. However, this view is qualified by the general feeling that the largely insurmountable fact of Hartlepool's geographic location, being situated at the extremities of the road and rail network, means that businesses with a national or regional customer / supplier base generally prefer locations that offer greater connectivity and more integration with the national motorway and railway networks.

Agents and landlords report that because the majority of occupier demand is associated with local Hartlepool businesses, and because many of these occupiers are non-customer facing, they do not require 'easy' customer access. Generally concerns over the SBZ's (and Hartlepool's) fairly peripheral location and its relative separation from the motorway network are not noted from existing occupiers as determined in the business occupier survey. We note, however, that with rising fuel costs Hartlepool's peripheral location may become an increasingly important factor in assessments of the town's location/relocation potential, for both existing and potential new occupiers / investors, possibly making it appear less appealing.

Discussions with Hartlepool's Traffic and Transportation Manager indicate that the quality and condition of roads within the SBZ is 'up to standard' with recent bi-annual road condition surveys finding no problems for emergency repair work and no significant concerns to be addressed through planned / rolling maintenance programmes. The only planned road investment works identified involved works to mitigate drainage and flooding issues at the A698 roundabout where the entrance to Nuclear Power Station is situated. This roundabout is prone to flooding and the drainage ditch which leads into Abel UK property has become blocked. To alleviate this a series of investigative works are being undertaken to explore the reasons behind the blockage and to clear the channel. Longhill and Sandgate Estates were the fairly recent beneficiaries of access and road improvements works to create good entrances, including attractive modern signage, as part of the Longhill and Sandgate NDC programme with funding for these projects coming direct from the area's NDC budget.

The SBZ is not found to display problems with congestion, hazardous on street parking, lack of adequate parking provision (many estates have on site parking provision) or 'rat running'. Likewise the area is not seen to feature any particular traffic accident 'hotspots' although the junction at Longhill Estate with Belle Vue Way is identified as a turning where extra vigilance and care is required by drivers as vehicles exiting the estate and turning right have to cross two lanes of traffic. It is not a junction where numerous accidents have happened or a location where immediate action is required to reduce the likelihood of accidents but it is noted as the part of the SBZ road network with the greatest potential for road accidents.

Discussions with Street Lighting Officers at Hartlepool LA indicate that all street lighting provided by the Council within the SBZ is 'up to standard' with several industrial estates having benefited from street lighting upgrades and investments in previous years. For all industrial estates within the SBZ with the exception of Park View and Sovereign Park, street lighting is the responsibility of the Council. The Council has undertaken street lighting improvement works at: Tofts Farm East and West, where new lanterns were provided 3 to 4 years ago, at Usworth Road, where an upgrade to all the lighting occurred around 2 to 3 years ago and at Longhill and Sandgate Estates where NDC funds were made available to upgrade street lighting provision. At Park View the lighting is the responsibility of the landlord and from the Council is concerned about the quality / adequacy of this provision. At Sovereign Park street lighting is again the responsibility of the landlord and, whilst streetlights are present they are not currently operating. Discussions with the agent handling instructions at Sovereign Park reveal that the street lighting is a complicated matter but is being 'tackled'. Discussions with the landlord at Park View find that there are no investment plans for the park so no work on the street lighting is planned in the short term. Street lighting coverage is not universal within the SBZ.

The area's principle spine route, Brenda Road, has only a sporadic presence of street lights and it is estimated by Council Officers that to illuminate the full length of the road the cost would be in the region of £60,000. Street lighting budgets are prioritised to maintain and improve street lighting within residential areas and well used locations – the SBZ is not considered an investment priority and so there are no plans to undertake street lighting works within the area in the near future. Existing occupiers, landlord and agents seem content with the existing street lighting provision within the area with only one occupier at Graythorp raising concern about the standard of lighting provision and requesting an upgrade from, orange to white bulbs.

Existing business occupiers, agents, landlords, developers and Hartlepool LA's Traffic and Transportation Manager all report that the SBZ's road network is readily able to accommodate current and present forecasts of traffic volumes. The RSPB's new bird sanctuary at Saltholme is identified by Council Officers as the main source of future increases in traffic passing through the SBZ. However, it would seem that the planned expansion at Abel UK at Tees Road and any future development or decommissioning works at the Nuclear Power Plant might be expected to increase traffic volumes in the SBZ.

## **8.4 Ports and Shipping**

The established and expanding deep-water ports of Hartlepool and Tees afford Hartlepool, and by consequence the SBZ, excellent port access. Both facilities are operated by PD Ports and in combination they handle around 56 million tonnes of cargo per annum, the second largest volume of cargo handled by a port within the UK. 10% of all traffic through UK ports is handled by the Tees and Hartlepool ports. The ports are strategically located to provide port users with access to European and Scandinavian trades, the emerging markets of Eastern Europe and the evolving patterns of deep sea container transshipment. PD Ports wish to expand Teesport and have been

granted outline planning permission to develop a £300 million deep sea container port that will increase capacity and facilitate access to new markets.

Support for the growth and development of Teesport is identified as a policy objective within various local and regional plans and strategies including the Draft RSS, Tees Valley Vision Strategic Framework and the Tees Valley City Regional Development Programme (May 2005). The Hartlepool Local Plan demonstrates support for port related development by reserving land at North Seaton Channel for this purpose in Policy Ind7 Port Related Development. Local planners report, however, that whilst this land is reserved for port related development, due to its location near the Nuclear Power Station and its proximity to protected conservation sites only development of 'national significance' would be permitted. When originally reserved in local planning policy the expectation was that the land might be developed as a deep water berth to accommodate cargo ships carrying coal to the Power Station.

## **8.5 Air Travel**

The SBZ's closest airport, around 22 miles away, is Durham Tees Valley Airport (formerly Teesside International Airport) which is located 6 miles outside Darlington on the A67. The airport is readily accessible by road (in just under 40 mins) whilst public transport by train requires changes at Thornaby.

## **8.6 Public Transport**

Public transport access within the SBZ is minimal. The area appears to be served by just one bus route which travels from the Town Centre down Brenda Road to Tofts Farm East and frequency is fairly limited. The majority of employees based within the SBZ, and the majority of customers / suppliers visiting businesses at the SBZ, travel by private vehicle leading bus operators to view the area as non-viable. The existing bus service receives a subsidy from Hartlepool Borough Council. Commercial operators would require evidence of demand prior to committing themselves to providing a service through the SBZ whilst the high start up costs of a new service within the area is reported to be a barrier to extending provision. From the Council's perspective the ideal scenario would be for a commercial bus operator to provide an unsubsidised service within the SBZ or for the various businesses based at the SBZ to collectively finance a works mini-bus type service. As with any co-operative there are of course difficulties gaining sufficient involvement for the project to be viable and in ensuring continued commitment to the project by co-operative members and new businesses locating to the area.

Train routes through the SBZ are restricted to one service an hour operating between Seaton Carew Station and Hartlepool Station. Discussions with the train operator for this service, Northern Rail, reveal no plans to upgrade the line and increase the frequency of trains. Northern Rail reports there are insufficient funds to invest in new rolling stock to increase the speed and frequency of the service. The Seaton Carew Station and Hartlepool Station are both managed by Northern Rail and again there are no plans to upgrade or refurbish either. The railway line itself acts as a barrier to

movement across the SBZ with only one crossing point available at Brenda Road and consequently the Graythorp, Tofts Farm and Hunter House Estates seem relatively 'hard to access' from the A19.

The Local Plan reserves a tract of land in the SBZ, passing behind the Huntsman Tioxide plant, for an extension to the railway line from the Seaton Snook branch line to Seal Sands. Whilst there has been no commitment by Network Rail to extend the line, Council Officers have been keen to protect this land from development in previous incarnations of the Local Plan, and imagine that it will continue to be retained within the new LDF. Huntsman Tioxide has, however, opposed the principle of reserving this land as it constrains their scope for expansion and development.

Few locations are directly accessible by train from Hartlepool with changes at other stations usually being required. Fast intercity style services are largely absent. Train services have recently improved through the launch of a new Hartlepool to London direct service, operated by Grand Central, running along the Sunderland to London Kings Cross line. In the short term, until all rolling stock is operational, this route will provide a single weekday morning service to London and a single weekday afternoon return service from London. A single out and return service will also operate on Saturday and Sunday.

## **8.7 Pedestrian and Cycle Access**

Few roads within the SBZ have pavements, there are no cycle paths and street lighting is patchy. The more 'mixed use' type estates located closer to the Town Centre incorporating more client / customer facing businesses, such as Longhill, Sandgate and Usworth Road, are the most pedestrian-friendly of the SBZ estates with the majority of streets providing distinct pavements and street lighting. The more 'heavy industry' estates, such as Tofts Farm, Hunter House and Graythorp, are far less amenable to pedestrians. There are few if any pavements and so there is no means to safely separate road users, pedestrians and cyclists. Partly in light of the access issues at these estates Local Planning Officers have been cautious in permitting development that is likely to increase pedestrian traffic.

The Local Plan identifies two Recreation Routes which pass through the SBZ and which are intended to be pedestrian and cycle corridors that link together areas of interest within the urban area of Hartlepool (recreation areas, green spaces etc). There is some interest amongst Council Officers in exploring opportunities to create a new footbridge across the railway line within the context of the Recreation Routes. Whilst the footbridge would be a necessary and welcome addition, this would not alleviate the 'rail barrier' that splits the SBZ, which can only be successfully overcome via a new vehicular road link

Although public transport provision and cycle/pedestrian infrastructure is minimal there does not appear to be any notable evidence to suggest that these services are inadequate to local needs. Council Officers are not aware of any requests from employees and businesses based in the SBZ for additional bus services or for the creation of new footpaths and cycle paths. However, specific research into demand for additional bus services, footpaths and cycle paths has not been

undertaken and the lack of expressed demand for such facilities might be the result of SBZ based individuals and businesses adapting their preferences and demands to their understanding of the local environment and what is possible in terms of transport investment.

The SBZ's organisation around the car means that those without private transport will generally struggle to access the employment and enterprise opportunities it affords. Likewise, client / customer facing businesses may encounter difficulties in attracting customers who are reliant upon public transport potentially restricting their market reach. In line with national and regional policy Hartlepool Council is however keen to promote development which encourages access by means other than the car. Indeed, Local Plan policy Tra19: Provision for Alternative Transport states that in order to allow for improvements to the bus, cycle and pedestrian networks, industrial estate layouts should be designed to ensure adequate access by alternatives to the car from the initial phase of development. Developers considering taking forward schemes at the SBZ will therefore need to consider this requirement when drawing up scheme layouts.

## **8.8 Area and Estate Navigability**

Navigability around the SBZ and the individual estates within the SBZ suffers due to a lack of clearly signed entrances to several individual estates and a lack of estate plans to the majority of estates indicating the business operating there and the location of premises. The business occupier survey found that numerous occupiers had difficulties with new suppliers finding their premises because of these two factors and there was support for a general upgrade / enhancement of signage to clearly distinguish individual estates.

## **8.9 Travel Plans**

The Local Plan, in policy Tra12 Travel Plans, identifies a need for travel plans to be prepared to accompany proposals for major developments and other developments likely to lead to an increase in travel. Hartlepool Council has also developed an SPD on Transport Assessments and Travel Plans that requires some larger developments, those liable to generate 100 or more vehicle movements a day, to produce a basic Transport Statement or a more complex Transport Assessment / Travel Plan that sets out the transport issues relating to the proposed development and the measures appropriate for dealing with anticipated transport impacts. Developers considering taking forward larger schemes within the SBZ will have to bear this travel plan requirement in mind.

Due to the limited pedestrian, cycle and public transport access within the SBZ, developers might struggle to demonstrate within any travel plan they are required to produce that there are means other than the car for accessing their schemes. This difficulty might create concerns amongst Local Planners over the relative 'sustainability' of the scheme. Increasingly, national, regional and local planning policy is perceived to favour schemes that are able to demonstrate a 'sustainable location' with a key feature of this 'sustainability' being accessibility by more sustainable means of transport than private vehicles, e.g. by foot, cycle and public transport.

## **8.10 Conclusions**

The conclusion from the chapter dealing with an appraisal of the transport and accessibility of the SBZ has been drawn together in a form of a SWOT analysis.

### **Strengths**

- Local accessibility to and from the SBZ by road is good with the A19 being 10 mins away
- Excellent access to port facilities and the nearest airport is 22 miles away providing increasing transport modes locally available to occupiers / visitors and suppliers to the SBZ
- No reported congestion, parking, rat running or traffic accident problems within the SBZ

### **Weaknesses**

- Accessibility to national markets by road is constrained by Hartlepool's relatively peripheral location and its relative distance from the national motorway network
- Public transport, pedestrian, cycle infrastructure is limited through the SBZ and at individual estates

### **Opportunities**

- A new train operator has launched a new Hartlepool to London direct service – opportunities to increase the frequency of the services and to provide additional new services in the future may exist
- Prominent signage to estates and clear estate plans could be introduced to improve navigability around the SBZ
- Pedestrian and cycle infrastructure should be improved at new development / redevelopment within the SBZ as planning policy requires provision to be made for alternative transport in new schemes.

### **Threats**

- Rising fuel costs could exasperate Hartlepool's peripheral location issue as journey costs would be likely to rise
- Limited public transport, pedestrian and cycle provision limits access to the SBZ for those without private transport potentially creating difficulties in recruiting staff, retaining staff and optimising market / customer reach.





## 9.0 Business Support Appraisal

---

### 9.1 Introduction

This chapter relates to an appraisal of the level and quality of business support available to companies in the SBZ along with an assessment of the take up and satisfaction levels of this support. Helping existing SBZ businesses to grow will be an important way to improve the area as growth among existing firms will be key to increasing the levels of demand for premises and sites within the zone in the future.

The present business support offer in the SBZ is supplied by a range of public sector organisations including Business Link, Hartlepool Borough Council, the local Chamber of Commerce as well as the Joint Strategy Unit and regional universities. Between them they provide a range of support to the SBZ business community on issues as far ranging as workforce development, business planning, accessing grants and loans as well as advice on operational management.

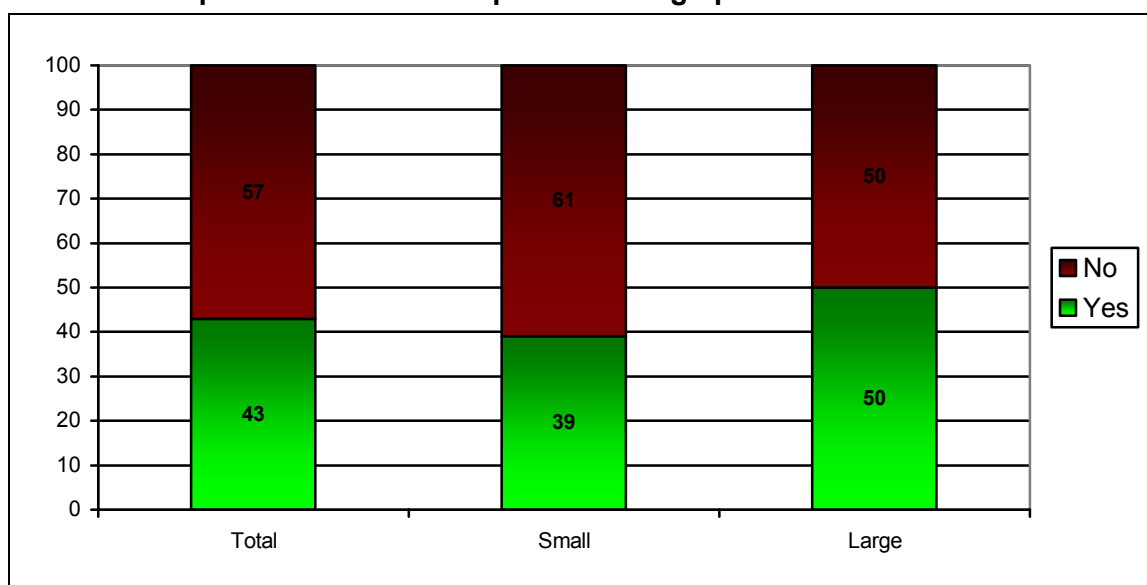
### 9.2 Headline Findings

- SBZ businesses tend to have a high awareness of the current business support offer and the levels of usage of the existing support services is comparatively high.
- Smaller companies in the SBZ tend to take up business support services less than their larger counterparts.
- 68% of the SBZ business community use Business Link services when seeking advice whilst Hartlepool Council and the Chamber of Commerce were also key sources of support information for SBZ businesses.
- 69% of businesses rated the support they received from the aforementioned organisations as high quality.
- Most businesses in the SBZ would like to receive more support on funding and grants as well as environmental compliance.
- Advice for pre-start ups and new businesses in the SBZ was perceived to be lacking in relation to the intensity of the advice given with more prolonged support being needed to truly help local people start up their own business.

### 9.3 Take Up and Satisfaction of Business Support

As the chart below shows, an average of 43% of businesses in the SBZ have sought advice from either Hartlepool Council, Business Link or the local Chamber of Commerce. This figure is relatively high in terms of the penetration of public sector enterprise support and shows that the awareness and knowledge of these organisations is relatively widespread in the SBZ. It is worth noting however, that smaller companies in the zone tended to take up support less than their larger counterparts.

**Table 9.1 Proportions of SBZ Companies Taking up Business Advice in the Last Five Years**



The table below shows which organisations the SBZ business community seeks advice from and demonstrates that the local Business Link is the most popular source for support. Hartlepool Borough Council and the Chamber of Commerce are also key business support providers in the SBZ while only 16% of companies in the area use the LSC. As identified earlier in this report, a key barrier to growth for companies in the SBZ related to skills shortages meaning it would perhaps of been expected that the level of interaction between businesses and the LSC would have been higher. Other support agencies referred to by companies in the SBZ included Hartlepool First, the local New Deal for Communities, the Joint Strategy Unit, Hartlepool College and the University of Tesside.

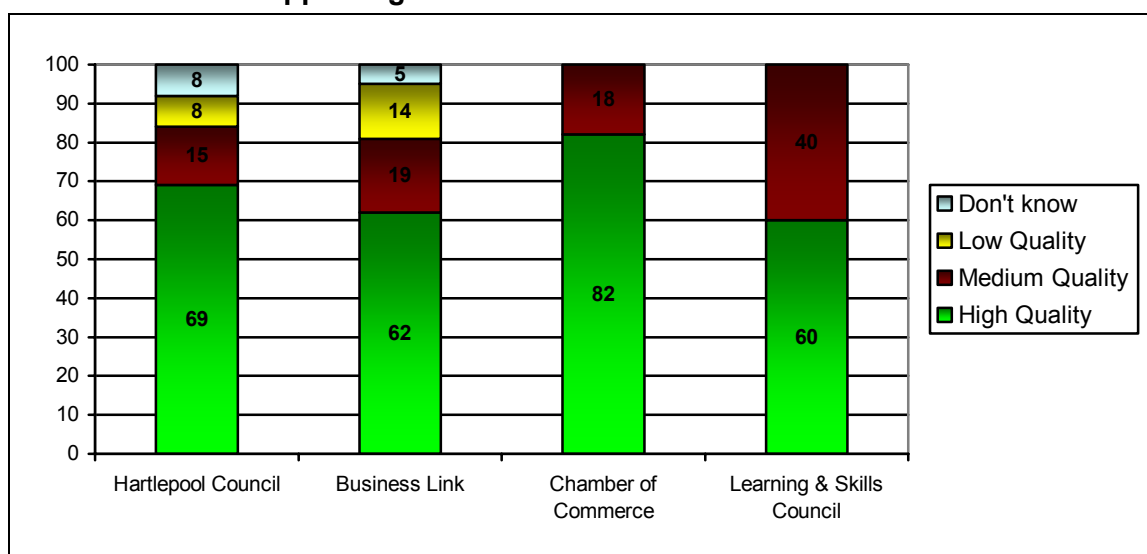
**Table 9.2 Which support agencies SBZ businesses access**

Organisation	% response
Business Link	68
Hartlepool Council	42
Chamber of Commerce	36
Learning and Skills Council (LSC)	16

*ECOTEC Business Survey*

SBZ companies using business support organisations in the last five years were also asked to rate the quality of the support they received and their overall levels of satisfaction. The graph below shows that a fairly large proportion of them rated the support as high quality while only a small proportion saw the support as low quality. The Chamber of Commerce and the LSC had no SBZ companies rating it as poor although the LSC's sample size is relatively small.

**Table 9.3 Which Support Agencies have SBZ Businesses Accessed?**



The table below shows the type of support which SBZ businesses would most like to receive and which would be most helpful in helping them to grow in the future. As would be expected, most SBZ businesses would like more access to advice and support linked to grants and funding advice with most of these stating that they would like financial assistance with either training and capital expenditure including equipment and improvements to their premises. Those businesses found on Usworth Road Industrial Estate were most likely to feel they needed support with funding and grants with 71% of them feeling that this subject was their greatest need.

Interestingly, the second most popular type of support which businesses in the SBZ would like to see more of relates to environmental compliance. Many of the SBZ firms would like to see more of this type of advice because a fairly large proportion of SBZ businesses work with hazardous waste/ products.

**Table 9.4 What Sort of Advice would SBZ Businesses Benefit From**

Type of Support	% Response
Funding/grants advice	42
Environmental compliance	21
Finance, taxation and accounting	13
Staff training	10
Legal advice	10
Sales and marketing	8
ICT/ web design/ e-commerce	8
HR Management	7
New product development	6

General Management	4
Research and development	4
Operational management	3
International trade	3

Source: ECOTEC Business Survey

None of the subject areas which businesses stated they needed the most support with are not already provided by an existing business support organisation. However, businesses felt that the existing advice which was available on these subjects was sometimes too generic but also not as intensive as they had necessarily required. Companies therefore felt that support would benefit from being more long term, delivered over a prolonged period of time compared to a single days training session on e-commerce for example. In addition, the fact that some training sessions from organisations such as Business Link were generic in nature (and not specific to either their sector or exact company needs) meant that the impact of this support on the competitiveness of their company was sometimes lacking.

Finally, companies were asked to state which organisation they used to help them recruit new staff. As was stated earlier in this report, recruiting the right staff who had the most appropriate skills was seen as a key barrier to their future growth. The table below shows that over half of companies in the SBZ recruit through using word of mouth followed by Job Centre Plus which 39% of companies used to find new staff. Companies in the SBZ tended to use a mixture of methods to find recruits but did tend to rate using their own networks via word of mouth as the most effective way in which to fill any vacancies they had. Companies in the chemicals and related industry tended to use recruitment agencies to for new staff mainly because they had to look nationally for people with the right skills.

**Table 9.5 How do SBZ Businesses Recruit staff**

% Total	
Word of mouth	53
Job Centre Plus	39
Local Newspaper	28
Recruitment Agency	14

Source: ECOTEC Business Survey

## 9.4 Advice for Pre and New Start Ups in the SBZ

A key way in which to increase the demand for premises and space in the SBZ and increase the overall size of the SBZ business community is to increase the number of new businesses starting up in the zone. As the business survey only consulted with existing businesses in the SBZ there was no views collected on the level and quality of support for pre-start up businesses (i.e. those

people wishing to start up a business in Hartlepool). However, the business survey did include consultations with a small number of very new companies who had recently started trading and a number of consultations were done to collect the opinions of business support organisations themselves including Business Link and the Chamber of Commerce.

The views on the level and quality of advice provided to those wishing to start up their businesses on the SBZ was as follows:

- Although practical advice from organisations such as Business Link was seen as being important it was mainly a need to provide incubator space or premises with flexible leases that was seen as the biggest need for pre- start up businesses in Hartlepool.
- The SBZ was seen as a relatively good place to start up a businesses because the rental prices were relatively low meaning the overheads of new businesses would be comparatively small.
- The nature of advice from existing business support organisations was sometimes seen as being limited for pre-starts who required a relatively large amount of support in the early days of establishing their enterprise. There was a lack of intensive and prolonged support for pre start ups, with the existing offer being focussed on 'volume rather than quality' (i.e. focussed on helping a large number of pre-start ups briefly rather than a smaller number more intensively).
- The pre-start up business support offer was felt to be biased towards companies in high growth sectors whilst not catering for those individuals who wanted to start up in more traditional areas. It was felt that Hartlepool's population would be more likely to start-up a business in slower growth sectors which meant that they were perhaps disadvantaged in relation to accessing more intensive and targeted support available to those starting in high growth sectors.

## **9.5 Conclusions**

The strengths, weaknesses, opportunities and threats coming from an appraisal of business support in the SBZ are as follows:

### **Strengths**

- 43% of businesses in the SBZ have sought advice from either Hartlepool Council, Business Link or the local Chamber of Commerce. The awareness and knowledge of these support organisations is therefore relatively widespread in the SBZ.
- A fairly large proportion of the SBZ business community rated the support they received from business support organisations as high quality while only a small proportion saw the support as low quality.

## **Weaknesses**

- Smaller companies in the SBZ tended to take up existing business support less than their larger counterparts which means that awareness and usage of this cohort may need to be addressed in the future.
- Only 16% of companies in the SBZ use the LSC for advice despite the fact that skills is a major issue and barrier to growth for SBZ companies.
- Again there seems to be a relatively large difference on the level of take up of enterprise support by businesses across the SBZ with some estates being much less aware of organisations such as Business Link and the Chamber of Commerce that the average business found elsewhere in the zone.
- Existing business support provision is too generic and lacks the intensity required by some businesses to truly help them overcome the barriers that they face.

## **Opportunities**

- Because of the relative cheapness of the SBZ in terms of rental values, the area is a good place to encourage new start up companies to locate. As most new companies need to reduce their overheads as much as possible then with the right accommodation the zone could become a prime area for new businesses to be located.

## **Threats**

- The current offer provided to pre-start up businesses is lacking and the intensity and scope of this existing support may not help the majority of people in Hartlepool who want to start up their own business.
- The present business support offer tends to be targeted at high growth sectors in relation to where their resources are prioritised. This may well disadvantage those people in Hartlepool who wish to start up their own business because the perception was they would be more inclined to start up a business in a more traditional sector.

## 10.0 Economic Forecasts

---

### 10.1 Introduction

This section provides an analysis of the prospects for the local economy, based largely on an assessment on economic trends at the global/national, regional, sub-national and local level. The aim of this analysis to identify what the growth sectors are likely to be over the next few years, particularly at the sub-regional level, and how the SBZ can position itself to take advantage of these economic developments. The section also seeks to identify how that 'positioning' can also reflect, and reinforce, the priorities of local strategies, particularly the regional development strategy and the Tees Valley City Region Development Programme.

### 10.2 Economic Trends and Prospects

#### 10.2.1 National

Since 1992 the UK has enjoyed 15 years of uninterrupted of economic growth, averaging over 2% a year over that period (Office for National Statistics, Regional Accounts, 2007). The movements on every key economic indicator during that period has been positive including employment rates, unemployment rates, business start ups, entrepreneurial activity, skill levels and investment rates.

However, growth has slowed sharply in recent years, from 2.9% in 2003/2004 to 1.8% in 2005/2006. The forecasts for the next 3 years range from 2-2.5%. The current climate, with the problems in the global financial sector, the 'credit crunch' and the possibility a looming US recession, have perhaps created the most negative economic climate since the early 1990s.

#### 10.2.2. Regional Economic Trends

The absolute economic decline suffered by the North East in the 1980s early 1990s, caused primarily by the collapse of heavy industry in a region heavily dependant on traditional industries, has been reversed as the economy has slowly been redeveloped and diversified. The region has enjoyed uninterrupted growth since 1992 of between 0.6 and 3.8%.

However, the North East continues to lag behind other regions in the UK, as a result of which the gap between the north east and the rest of the country continues to grow. Between 1989 and 2001 the north east grew by 4%, compared to 5.4% in all other regions

and 6.3% in the South East. Then table below shows how the north east performed relative to other regions and the country as a whole, between 1995 and 2003.

**Table 10.1 The UK's Regional Economic Disparities 1995-2003 (GVA/head, UK average = 100)**

1995	1997	1999	2001	2003
North East	84	81	79	79
North West	91	90	89	88
Yorkshire and Humber	90	90	88	88
East Midlands	94	94	92	91
West Midlands	93	93	92	91
East of England	97	96	95	96
London	146	148	152	151
South East	103	105	108	109
South West	92	93	93	93
Scotland	101	99	96	95
Wales	84	81	79	79
Northern Ireland	81	81	80	80

*Source, National Statistics Website.*

Some of the causes of the poor performance of the regional economy, in relative terms, are revealed by looking at some of economic indicators;

## **Employment**

The regional employment rate, which was 66% in 1992, has increased to 71.9%, still the second lowest in the country and significantly below the English average which was 71.6% in 1992 and 74.9% in 2007.

## **New Business Formation**



VAT registrations for the north east per 10,000 of adult population were the lowest in England in 1994 at 22, and in 2006 the figure had not increased. Over the same period the national rate increased slightly from 38%-39%. Hence in 2006 the north east business start up rate was only just over half the national average.

## **Unemployment**

Unemployment has been falling steadily in the region over the last 15 years, from 12.2% in 1992 to 5.6% in 2007. Although it remains the third highest figure in England, the unemployment rate in the north east is not significantly above the English average of 5.2%.

## **Skills**

The proportion of the population educated to NVQ level 4 or above was 24.4 % in the north east in 2007, a marked improvement on 1997 when it was 19.2 %, but still significantly below the English average of 30%. However, the region is much closer to the national average on people educated to level 2 or above. In 200y the regional figure stood at 69.4%, very close to the UK average of 69.6%.

### **10.2.3 Economic prospects for the north east**

The preceding section demonstrates the difficulties the north east has faced in 'plugging the gap' with the more prosperous regions. On most economic indicators the region has under performed in relation to the national economy over the last 15 years. On all the key components of dynamic economic development and productivity; enterprise, investment, innovation, competition and skills, the north east is below the national average, and frequently the worst performing region in the UK.

However, in absolute terms there are some parts of the north east economy which can be viewed as a success story. The region has enjoyed 15 years of uninterrupted growth from 1992 to 2006, of between 0.6 and 3.8%, with growth averaging 2% per year during that period. Whilst for most of that period other regions have been doing even better, causing the gap, and the region's relative position to deteriorate, the most recent figures suggest that gap may finally be closing. Between 2002 and 2006 the regional economy actually out performed the national economy, growing by 2.9%, compared to the 2.2% growth of the national economy.

A report commissioned in 2007 by the North east Assembly, 'Positive Scenario's and the Regional Spatial Strategy' (RSS), provides a detailed assessment of the historical performance and future prospects for the North East economy. Using new economic information, CEBR found that the predicted 2.8 per cent economic growth rate for the

region is still viable. It also suggests that recent performance of the North East economy indicates that the region will be able to achieve the 2.8 per cent annual growth rate target for the period 2004-2021. According to the North East Regional Economic Strategy the economy of the North East is set to grow strongly over the next decade (2006-2016) with GVA set to increase from £33.3bn to £39.5bn over the period.

There is therefore a strong suggestion, backed up by some very impressive growth figures and forecasts, that the restructuring, diversification and modernization of the north east economy has accelerated in recent years and consequently the gap between the region and the UK average may finally be narrowing.

### 10.3 Sub-Regional/City Region Economy

The sub-regional economy has been traditionally dependent on heavy manufacturing and engineering, with chemicals, steel and shipbuilding being the biggest and most important industries. Between 1971 and 2004 there has been a fundamental restructuring of the sub regional economy, with 93, 000 jobs being lost in the manufacturing sector, whilst during the same period there was a growth of 86,000 jobs in the service sector.

Since 1995 the sub-regional economy has grown, but at a slower rate than the regional economy, which in turn has been growing at a slower rate than the national economy. This relative decline is reflected in a gross domestic household income (GDHI) which was 16% lower than the national average in 2003, a gap that has been growing since 1995. Tees Valley actually has the lowest GDHI of any similar area in the country making it, arguably, the least prosperous part of the UK.

The relative poor position, and performance, of the sub-regional economy, is reflected in a number of indicators; population decline (the population of the sub region fell from 665,000 to 652,000 from 1981 to 2001), very low business formation levels (less than half the national average in 2003), low levels and entrepreneurialism (the lowest proportion of self employed people in the country) and qualification and skill levels significantly below the national average (the sub region has 34.7% of the population having no qualifications, compared to 29.1% nationally).

### 10.3 Potential growth sectors

The conclusion from the previous section, i.e. that significant economic growth is likely to be achieved at the regional, sub-regional and local level, is only part of the economic analysis that could prove vital to the prospects of the SBZ. The following section looks in some detail of where, in sectoral terms, that economic growth is likely to occur. This

analysis could play an important role in helping the SBZ position itself in order to maximise the possibilities of benefitting from that growth.

#### 10.4.1 Potential regional growth sectors

In broad terms the regional economy is, and has been for over 20 years, moving away from the traditional dependence on manufacturing and the public sector towards the sectors of finance and business services. Whilst this process has been happening for some time, it appears to be accelerating.

Extensive research into where that growth may occur has been carried out the North East Regional Information Partnership (NERIP). NERIP commissioned Cambridge Econometrics to produce forecasts of Gross Value Added<sup>1</sup> (GVA) in the North East for each sector (and sub-sector) between 2005 and 2015 (see table below). The table identifies in which sectors the anticipated economic growth will occur in the north east over the next 10 years.

	North East						UK		
	2005 (£2001 mill)	2010 (£2001 mill)	2015 (£2001 mill)	2005- 2010	2010- 2015	2005- 2015	2005- 2010	2010- 2015	2005- 2015
Primary	370	381	392	3.0%	2.9%	5.9%	1.4%	0.2%	1.6%
Agriculture etc	175	185	191	6%	3%	9%	5%	3%	8%
Mining & quarrying	195	196	201	1%	3%	3%	-7%	-8%	-15%
Coal	17	12	8	-29%	-33%	-53%	-32%	-34%	-55%
Oil & natural gas etc	38	32	25	-16%	-22%	-34%	-16%	-20%	-33%
Other mining	139	153	168	10%	10%	21%	4.3%	2.9%	7.3%
Manufacturing	6,370	6,936	7,535	8.9%	8.6%	18.3%	8.2%	7.6%	16.4%

	North East							UK	
Food, drink & tobacco	774	803	795	4%	-1%	3%	5%	1%	6%
Text., cloth. & leather	151	121	121	-20%	0%	-20%	-16%	-3%	-18%
Wood & paper	326	323	319	-1%	-1%	-2%	1%	0.2%	1%
Printing & publish.	288	305	325	6%	7%	13%	8%	7%	15%
Manufactured fuels	76	86	97	13%	13%	28%	12%	10%	23%
Chemicals & MM fibres	1,033	1,257	1,520	22%	21%	47%	23%	20%	48%
Rubber & plastic products	423	451	473	7%	5%	12%	8%	4%	13%
Non-metallic mineral products	185	172	156	-7%	-9%	-16%	-4%	-7%	-11%
Basic metals & metal prod.	850	907	964	7%	6%	13%	4%	3%	8%
Mechanical engineering	721	760	814	5%	7%	13%	4%	5%	10%
Electronic, electrical, instrument engineering	508	599	687	18%	15%	35%	13%	13%	28%
Motor vehicles	379	431	478	14%	11%	26%	10%	9%	20%
Other transport equip.	393	434	480	10%	11%	22%	10%	12%	24%
Other manufacturing	263	288	306	10%	6%	16%	13%	10%	24%

	North East							UK	
Electricity, gas & water	886	959	1,044	8.2%	8.9%	17.8%	5.6%	5.7%	11.7%
Construction	2,142	2,276	2,474	6.3%	8.7%	15.5%	5.9%	9.3%	15.7%
Services	20,025	22,373	24,716	11.7%	10.5%	23.4%	15.0%	14.0%	31.1%
Distribution	1,716	1,868	2,056	9%	10%	20%	13%	12%	27%
Retailing	2,078	2,265	2,459	9%	9%	18%	11%	10%	23%
Hotels & catering	1,074	1,161	1,221	8%	5%	14%	11%	8%	20%
Transport & comms.	2,304	2,728	3,215	18%	18%	40%	19%	19%	41%
Banking & finance	664	742	810	12%	9%	22%	14%	11%	26%
Insurance	143	153	163	7%	7%	14%	10%	9%	20%
Other business services	3,468	3,879	4,323	12%	11%	25%	18%	19%	40%
Public admin. & defence	1,920	2,122	2,324	11%	10%	21%	12%	10%	23%
Education & health	5,275	6,004	6,588	14%	10%	25%	17%	12%	31%
Other services	1,383	1,451	1,558	5%	7%	13%	9%	8%	18%
Total GVA	31,755	35,128	38,660	10.6%	10.1%	21.7%	13.0%	12.4%	27.0%

Source: Cambridge Econometrics; Regional economies subscriber service, July 2005

According to the forecasts set out in the table, the biggest growth sectors, in % terms, within the manufacturing sector, between 2005 and 2015 are anticipated to be:

- Chemicals (47%)

- Manufactured fuels (28%)
- Electronics (35%)
- Motor vehicles (26%)

According to the forecasts set out in the table, the biggest growth sectors, in % terms, within the service sector, between 2005 and 2015, are anticipated to be

- Transport and communications (40%)
- Distribution (20%)
- Other business services (25%)
- Education and health (25%)
- Banking and finance (22%)
- In broader terms, the service sector is forecast to see most growth in GVA of any broad industrial sector, with 23.4% growth anticipated over the period (2005-15). The service sector is also anticipated to generate the highest levels of GVA in 2015, contributing £24.7bn to a regional total of £38.6bn or 64% of the total. The manufacturing sector is also going to be an important source of economic growth in the north east over the next few years. Between 2005 and 2015, the GVA that manufacturing produces is expected to grow 18% from £6.3bn (2005) to £7.5bn (2015).

#### 10.4.2 Potential sub-regional growth sectors

The Tees Valley City Region Development Programme identifies 7 economic drivers for the future, the first of which is the chemical industry.

##### **The Chemical and Process Industries**

The chemical industry is a vitally important part of the regional economy, representing a quarter of the North East's entire industrial base, employing over 34,000 people and with a further 200,000 people working in support companies. At the sub-regional level the chemicals industry is the largest industry, employing 12,000 people and is, arguably, the only world class economic cluster in the north east. The cluster is centred on Wilton, Seal Sands, Redcar and Billingham. The area has a number of comparative advantages including the availability of water, cheap land----

The Centre for Process Innovation (CPI), at Wilton houses One North East's Centre of excellence for the Process industries, the largest privately funded Research and Development Facility in the region. CPI is also home to the newly-opened £12m National Industrial Biotechnology Facility (NIBF). A recent DTI funded study concluded that the

chemical cluster in the region has a positive long term future with significant growth prospects.

## **Tourism**

‘Coastal Arc’, which runs along the coast from Hartlepool to Redcar, is an economic regeneration priority for the Tees Valley City Region Development Programme, and is identified within the Regional Spatial Strategy as a key sub-regional spatial development priority. The focus is on establishing a critical mass of facilities to benefit the sub-region and wider North East region and to promote a range of economic development priorities such as creating and supporting new business investment to revitalise the economies of coastal towns.

## **New energy**

This sector is also identified as a priority in the Tees Valley City Region Development Programme. The sector is also a priority at the regional level (see section 10.5 below).

### **10.4.2 Sectoral priorities for the region and sub-region**

The Action Plan for the SBZ also needs to acknowledge, and reflect, the priorities for the region a set out in the Regional Economic Strategy (RES) which is a vital part of the policy framework in which the SBZ is operating. The RES has identified 9 sub sectors (see chapter 3 ) 5 in manufacturing and 4 in services, which could be the drivers for economic growth in the region over the next 10-15 years and as such will be priorities for intervention.

As mentioned above, the Tees Valley City Region Development Programme has identified a number of sectors with significant economic growth potential, and as such are likely to be the focus of efforts to regenerate the sub-regional economy.

The table below sets out those economic sectors forecast in the NERIP report to have the highest growth potential over the next 15 years. The additional columns provide a summary as to how well positioned the SBZ is to benefit from that growth, in terms of comparative economic advantages, and also which of those sectors has been identified as a priority at the regional and sub-regional levels.

**Table 10.2 SBZ and potential growth sectors**

Manufacturing sector				
Growth sector	Potential relevance to SBZ	Comparative advantage/constraints	Regional priority	Sub-regional priority
Chemicals (47%)	High-there is a major chemical industry on the site and the sub-region has a world class chemical cluster	<ul style="list-style-type: none"> <li>- Availability of affordable land</li> <li>-Distance from residential areas</li> <li>-Existence of the sub-regional chemical cluster</li> <li>-major chemical sector employers on site</li> </ul>	Yes	Yes
Manufactured fuels (28%)	Currently low, yet the region, and the coast in particular, is set to be a major beneficiary of anticipated growth in the new energy sector.	<ul style="list-style-type: none"> <li>-Proximity to coast</li> <li>-Availability of land</li> <li>-Proximity to port</li> </ul>	Yes	Yes
Electronics (35%)	Low	Low	No	No
Motor vehicles (26%)	Low-no major operators in this sector, with the exception of a handful of car showrooms	Low	Yes	No
Service sector				
Transport and communications	Low	Low		No
Distribution (20%)	Low	Low	No	No
Banking and finance (22%)	Medium- Existing and new phases planned on Queen's Meadow site	-Availability of land for further development	Yes	Yes
Other business	Medium - Existing and new phases planned on	-Availability of land for		yes



Manufacturing sector				
services (25%)	Queen's Meadow site	further development  -Lack of basic skills in local labour market could be a constraint		
Education and health (25%)	Low	Low	No	No

## 10.5 Other potential growth sectors

Forecasting which economic sectors are likely to deliver what level of economic growth over the next 10-15 years is not an exact science. The SBZ Action Plan needs to take into consideration other forecasts, trends and initiatives at the regional and sub-regional level that could help inform where investment should be targeted, now or in the future. These include;

### **Renewable Energy**

The North east is becoming an increasingly popular choice for the development and generation of renewable energy, witness Clipper Windpower's decision to develop a new generation of offshore wind turbines in the North East. A recent report from Ernst & Young showed that the UK has moved up from fifth to second in the world for attractiveness in new renewable investment. Behind this is the Government's determination to bring down planning barriers and target support at marine and emerging renewables. By 2015 there is expected to be a threefold increase in green energy feeding into the grid."

### **Nanotechnology and digital media**

Two key sectors in the north east supporting a knowledge-led economy are nanotechnology and digital media. The Centre of Excellence for Nanotechnology, Micro and Photonic Systems based in North Tyneside has helped attract more than £40 million worth of new investment into the region – exploiting emerging small-scale technologies.

A team has been launched which will champion the North East's growing role in the

lucrative £2.4 billion digital media sector.

### **‘Three Pillars’ of life**

One NorthEast has identified three sectors of existing world class strength which will spearhead new growth in a knowledge-led economy. These ‘Three Pillars’ of life are healthcare sciences, new and renewable energy and process technologies, each having the potential to generate £2 billion worth of economic growth over the next ten to 15 years.

## **10.6 Conclusions**

1. The regional, sub-regional and local economies have grown in real terms for a number of years. However, the region and sub-region have fell further below the national average during that time as other areas have grown even more strongly.
2. The regional and sub-regional economies are forecast to continue to grow, and there are signs that the regional economy has successfully restructured following the erosion of its manufacturing and heavy industrial base, and future growth could exceed that at the national level.
3. Any actions, interventions or investment in the SBZ needs to fully consider, and be in line with, the economic trends, sectoral growth forecasts and the regional and sub-regional priorities (contained within the Regional Economic Strategy and Tees Valley City Region Development Programme respectively) identified in this chapter.
4. Of the sectors that are forecast to grow, generate the most employment opportunities and have been designated priorities at the regional and sub-region level, the SBZ is particularly well placed to benefit from growth in the Chemicals and Process industries, Financial and Business Services and, possibly, the renewable energy sector.
5. The potential of the SBZ to grow could be significantly enhanced by the implementation of actions and interventions targeted specifically at growth sectors.

# 11.0 Conclusions

---

## 11.1 Introduction

This chapter looks to conclude the report and starts with an overview of the main strengths, weaknesses, opportunities and threats drawn from the findings of all the previous chapters of this report.

### Strengths

- The regeneration and improvement of the SBZ is a key priority at the Local Hartlepool level and appears as a key objective in all Borough wide strategy documents. Improving the SBZ will also help achieve many of the sub-regional and regional objectives associated with improving the economic competitiveness of the north east. Because of the scale of the SBZ, the level of economic benefits which will be generated from improving the zone will be significant and will help achieve many targets linked to jobs, enterprise growth, economic diversification and brownfield land.
- The SBZ business community are buoyant about their future and a large majority of them predict increases in their turnover, profits and employee numbers. This will mean that the demand for premises, land and also new employees in the future by the SBZ indigenous business community will be strong.
- Inter trading within the SBZ is generally high and the internal market of goods and services within the SBZ is generally strong.
- SBZ businesses tended not to sight any major barriers to their growth other than more macro-economic issues associated with interest rates but also those associated with a fall in demand for their product or service. This means their physical environment and the quality of their premises are not necessarily restricting their future growth potential.
- Local and Regional public sector support for economic development through property development is positive and proactive, particularly in relation to the support provided by Hartlepool Council.
- Queens Meadow demonstrated that there is clear latent demand for higher quality, higher value property within the SBZ with developers undertaking speculative schemes and occupiers taking units.
- Local accessibility to and from the SBZ by road is good with the A19 being 10 minutes away.

- Excellent access to port facilities and the nearest airport is 22 miles away providing increasing transport modes locally available to occupiers / visitors and suppliers to the SBZ
- No reported congestion, parking, rat running or traffic accident problems within the SBZ
- 43% of businesses in the SBZ have sought advice from either Hartlepool Council, Business Link or the local Chamber of Commerce. The awareness and knowledge of these support organisations is therefore relatively widespread in the SBZ.
- A fairly large proportion of the SBZ business community rated the support they received from business support organisations as high quality while only a small proportion saw the support as low quality.

## **Weaknesses**

- The Hartlepool economy is comparatively weak in terms of its size, dynamism and structure. Many of the indicators to measure the state of the economy show Hartlepool being below the North East and national averages meaning a significant push to increase the competitiveness of the local economy through improving the SBZ offer.
- The main sectors that make up the zone are generally the traditional sectors of manufacturing, wholesale and construction. Although this does not mean that the zone has a disproportionate number of companies found in declining sectors it does show that the zone lacks a very diverse economic base from which to build upon.
- Smaller companies in the SBZ are less confident about their future compared to their larger counterparts whilst they are also less likely to access business support provision currently available to them.
- Property demand is largely limited to local firms making the market relatively inward facing meaning inward investors and in-moving occupiers are not on hand, and can not be relied upon, to absorb the current supply volumes
- Cost – low values deter developers from undertaking speculative schemes as the build costs exceed the completed scheme's end value
- Over supply of large, aging units and employment land within the SBZ, the sub-region and the wider region which is unsuited to current (and possibly future) market requirements
- Accessibility to national markets by road is constrained by Hartlepool's relatively peripheral location and its relative distance from the national motorway network

- Public transport, pedestrian, cycle infrastructure is limited through the SBZ and at individual estates
- Existing business support provision is too generic and lacks the intensity required by some businesses to truly help them overcome the barriers that they face.

## **Opportunities**

- Because many SBZ businesses predict a rise in their employee numbers in the next five years this will mean a rise in the number of new job opportunities for local people to take advantage of which in turn will help boost the overall economic performance of the area.
- There is potential to raise values and create higher value 'sub-markets' within the SBZ such as that forming at Queens Meadow through further growth of Queens Meadow or development / redevelopment elsewhere with the SBZ – possibly at the near town centre locations of Longhil, Sandgate, Park View and Usworth Road where property and business use is relatively diverse and proximity to the centre might attract occupiers who might favour a town centre location
- Opportunity to attract in new occupiers leading to additional occupier demand to support a potentially expanding local supply chain that could arise in light of the forthcoming expansion of the Abel UK ship yard and any future development / decommissioning of the Nuclear Power Plant
- A new train operator has launched a new Hartlepool to London direct service – opportunities to increase the frequency of the services and to provide additional new services in the future may exist
- Prominent signage to estates and clear estate plans could be introduced to improve navigability around the SBZ
- Pedestrian and cycle infrastructure should be improved at new development / redevelopment within the SBZ as planning policy requires provision to be made for alternative transport in new schemes.

## **Threats**

- 13% of SBZ businesses want to move from their present premises and although all wish to stay within Hartlepool, if they cannot find suitable premises in the SBZ then they will be forced to look further afield, outside of the Borough.

- Although local SBZ companies predict they will need more staff in the future there is no guarantee that these jobs can be filled by local residents who at present seem to lack the skills which local employers require.
- Large land ownerships by a small number of occupiers – e.g. Huntsman, Corus, Abel UK and the Nuclear Power Plant – means that if these businesses were to close or relocate (although there is no information at present to suggest this is a near future possibility) very large sites would become vacant significantly worsening the over supply situation and their future re-use would appear limited in at least the medium term.
- Public funding for direct and indirect support is reducing meaning gap funding for projects such as Queens Meadow is less likely than previously.
- The present business support offer tends to be targeted at high growth sectors in relation to where their resources are prioritised. This may well disadvantage those people in Hartlepool who wish to start up their own business because the perception was they would be more inclined to start up a business in a more traditional sector.

## 11.2 Key Issues for Consideration in Phase 2

This first phase report has provided a thorough assessment of the present SBZ offer and highlighted a number of issues which the actions and vision of phase 2 need to take into consideration. As would be expected, some of the key strengths and opportunities of the zone including cheap rent and land values coupled with a large availability of vacant sites for development are also some of its major weaknesses.

In considering phase 2 a number of issues should be taken into consideration:

- The need to improve the SBZ in order to increase the scale and competitiveness of the overall Hartlepool economy is significant. Hartlepool is not performing to the levels of its neighbours in relation to almost all measurements of economic prosperity and improvements to the SBZ will be the key way in which to help improve the economic conditions of the local area.
- The scale of improvements needed for the zone should not be underestimated. This means there is a need to prioritise during phase 2 so that projects which make the largest difference should be at the forefront of the action planning process.
- The improvements planned for the SBZ will need to be holistic in nature and not just related to physical and environmental change. Support to help the indigenous business community to grow and prosper are of equal importance to physical regeneration projects.
- Because the zone is largely in multiple private sector ownership there is a danger that adhoc and piece meal improvements will occur in the future. The business survey also showed that

local firms do not tend to see the quality of their premises or surrounding industrial estate as a key problem or barrier to their growth which means their propensity to invest in their own premises may well be low.

- Developer interest will be hard to encourage into the zone because of low rental values. It is perceived to be very difficult for developers to build schemes cheap enough so that low rental and sales values are sufficient to cover costs and provide a return. Again, a key issue for phase 2 of this study will be to develop projects which move the SBZ out of a cycle of low rental values and low investor interest.
- The current property offer in the SBZ is dominated by medium to large industrial units offering fairly basic accommodation. There is limited availability for smaller units (only 2 are available under 1,000 sq ft) and office accommodation is very restricted. If the zone is to truly encourage more investors then it will need to broaden its accommodation offer much more than it is at present.
- Almost all demand for land and premises in the SBZ are generated from existing firms within the SBZ. Property agents get very few enquiries from investors or companies located outside of Hartlepool which means that if the SBZ is to see a step change in its fortunes it will need to capture demand from the wider property market and therefore compete effectively with its neighbouring markets.
- There are a small number of landowners who own sizeable sites within the SBZ. Some of these sites have large vacant or underused land which could be used to bolster the SBZ offer in terms of, for example, office accommodation or higher quality smaller industrial units. Working with these landowners to possibly develop out their sites will be a key way in which to stimulate positive change within the zone.
- Although the zone is seen as a single entity, its development and improvement will need to be tackled at a smaller geographical level. Most stakeholders felt that there are three distinct parts to the SBZ with each of them needing their own specific approach. The three broad parts are Queens Meadow (and its surrounding area), the area to the east of this including Usworth Road, Park View, Tofts Farm and Graythorp and finally the Longhill Industrial Estate in the north of the zone.
- A key issue for phase 2 is to recognise a reduction in funding from the public sector in terms of helping finance planned improvements. Although gap funding projects (to make them financially viable) will need to be considered, One NorthEast are more likely to fund projects that improve the quality of a development rather than supporting a project which would not go ahead without public sector intervention.

### 11.3 Next Steps of Study

The next key stages in this study are as follows:

- Presentation with the steering group to discuss the main findings of phase 1 and highlight key considerations for phase 2.
- Sign off of the phase 1 report.
- Meeting with client for inception meeting of phase 2.
- Organisation of further consultations including key players not consulted with during phase 1.
- Development of overarching strategic vision for the SBZ including roles and function of the zone.
- Development of improvement plan for different parts of the zone and engagement of stakeholder to establish development and buy-in of these proposals.
- Drafting of overarching visioning and action plan document.
- Presentation to Steering Group to review progress and agree priority projects.
- Consultation of first draft of SBZ vision and action plan with stakeholders.
- Presentation of draft document to potential funders.
- Redrafting of report.
- Final sign off of document and launch (if deemed appropriate).