

International Advanced Manufacturing  
Park Area Action Plan Examination in Public

# **Sunderland City Council and South Tyneside Council Local Planning Authorities' Responses to the IAMP AAP Inspector's Matters, Issues and Questions**

## **Matter 3- Principal Uses, the Mix of Uses and the Hub (Policies S1, S3, S4, S5 and S6)**

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## Matter 3 – Principal Uses, the Mix of Uses and the Hub (Policies S1, S3, S4, S5 and S6)

### 3.1 Is the case for the International Advanced Manufacturing Park supported by convincing evidence of need and viability?

#### Councils' response;

The Councils consider that the case for the IAMP is supported by a robust evidence base to justify that it is needed and is viable. The Commercial and Employment Technical Background Report (PSD11) draws together the evidence for the need for the IAMP. Section 2.3 (page 12) describes how the proposition for additional land to capitalise on the growth of the automotive and related supply chain activity in the North East of England was developed. Section 2.4 (page 18) describes that there is a shortage of available employment land in Sunderland and South Tyneside to accommodate such uses. Section 3.8 (page 37) describes that there have been ongoing inward inquiries for automotive and manufacturing related end users.

The Councils have worked closely with their regional partners, national government and the business sector, to establish the convincing need for the IAMP. This approach has been undertaken at three stages in the project's development and these are summarised below.

#### *The sector growth prospects for the North East*

Faced with an increasing demand from manufacturing businesses for land and premises in the south of Tyne area which could not be satisfied, in 2013 the Councils commissioned a detailed review of the key economic sectors in the North East (SD28). The purpose of this was to understand the potential for growth, and therefore demand for land, and how that should inform future planning policy and the regional economic growth strategy.

The findings of the 2013 study (SD28) suggested that the Councils should pursue the moderate growth option identified within the research. The pessimistic growth option was considered to be unrealistic given the prevailing market conditions that were already exhibiting demand from manufacturing businesses for additional land. The very-optimistic growth option was largely predicated on the presence of an additional original equipment manufacturer (OEM) in the automotive sector locating in this south of Tyne area. This was discounted on the basis that OEMs within the automotive sector do not locate in close proximity to each other, to avoid labour, supply chain and logistics challenges. The Councils, based on the sound research, therefore adopted the moderate approach and this formed the basis of the City Deal that was subsequently agreed with Government to progress the IAMP scheme.

The 2013 research (SD28) provided the baseline analysis that underpinned the concept of IAMP. It was recognised that further, market facing, analysis would be required to support future planning and funding submissions.

#### *The detailed analysis of commercial demand*

To support the AAP process, in 2016 an update of the trends and dynamics within the global automotive manufacturing sector and the role of Nissan within that was undertaken and is included within the Commercial and Employment Technical Background Report (PSD11). This work was undertaken by Richard Parry-Jones from RPJ Consulting. Richard is the former Chief Technical Officer for the Ford Motor Company and chaired the New Automotive Innovation and Growth Team established by Government to identify the issues facing the industry in the UK and how they could be overcome to ensure the long-term growth and resilience of the sector. He is an internationally respected expert within the automotive sector and has therefore been in a position to confidentially

discuss the specifics of the IAMP project with senior management within Nissan, other manufacturers and the supply chain.

Richard's work in 2016, undertaken post the referendum on exiting the EU, but before the announcement by Nissan of the new models to be manufactured at Sunderland, provided clarity on several matters:

- Since the 2013 analysis, the automotive market has moved increasingly towards consumer demand for the customisation of vehicles. To meet this market requirement, and therefore remain competitive in the UK, manufacturers and their supply chain need to be in close proximity. An extended supply chain means extended delivery dates.
- The 'near shoring' of suppliers is also required to improve efficiencies in the manufacturing process and ensure security of supply – Nissan in particular currently has an extended supply chain across the world and needs to increase the UK component content of its cars built at Sunderland to remain competitive. Logistics costs are a key component of outturn value and at present, the lack of land in the vicinity of the Nissan plant means that an extended supply chain which incurs added cost is the only option.
- The Nissan plant in Sunderland is one of the most efficient plants in the world and already produces more units each year than the whole of the Italian car industry. There was a strong business logic in securing the long-term future of the plant, through creating opportunities for the supply chain in close proximity to the factory.

This 2016 work confirmed that the baseline research undertaken in 2013 was still highly relevant and that the moderate scenario adopted by the Councils was robust in the current and future market context. It also provided further, more incisive evidence, that the automotive sector faces real competitive challenges of continuing to operate manufacturing facilities in the UK without a more locally based supply chain. All the OEMs located in the UK, not solely Nissan, will require the near shoring of suppliers to deliver customer requirements both in terms of lead-in times for customisation and more importantly on a quality and price competitive basis. This analysis was used in support of the Publication Draft of the AAP.

#### *Analysis becoming commercial demand*

There is evidence now of strong commercial demand from automotive suppliers to locate in the north east on the IAMP site. In October 2016, Nissan made an announcement to build the next generation of the Qashqai and the new X –Trail at the Sunderland plant, in addition to the previously announced new Juke model. Continuing the production of the Qashqai and the Juke and moving to production of the X –Trail from Japan to the Sunderland plant is a hugely significant vote of confidence by Nissan. This has then been followed by the largest supplier procurement process that Nissan has undertaken in its history, to identify the suppliers for producing the three new models at Sunderland. This will lift the plant's output to in excess of 600,000 units per year of which 80% are exported to Europe and across the world.

The procurement process began with a Supplier Event held in Sunderland in January 2017, which was attended by 350 executives from 154 businesses across the world that supply to the automotive sector. This process is continuing at pace. The Councils' Business Investment Teams, jointly with the Renault-Nissan Purchasing Organisation (RNPO), are liaising with a significant number of suppliers that wish to locate in close proximity to the Sunderland plant to supply the new models. To demonstrate the scale of the demand, Table 1 below presents the information within the Councils updated enquiry database post the January 2017 Supplier Event, based on the businesses that the Councils and RNPO are currently liaising with in relation to investment in the North East and at IAMP.

<b>Table 1 Current live automotive supplier enquiries</b>	
<b>Main Activity</b>	<b>Size Required (sq./m)</b>
HVAC/ECS/Electronics	10,000
Cockpit module / electronics	46,000
Navigation, Radar, sensors and electronics	tbc
Seats	tbc
Glass Assembly	tbc
Aluminium	35,000
Stamping	10,000
Seats	tbc
Exterior plastic trim	5,000
Structural body & chassis components	37,000
Front & rear lamps	tbc
Insulator-heat & metal brackets	tbc
Engines	tbc
Mirrors / Seating / other components	6,500
AC pipes & hoses / seals	1,000
Window regulators (winding mechanisms)	1,500
Stamping	10,000
Mouldings / Trims	15,000
Trim	10,000
Interior components	13,000
Pressed parts	18,000
Pressed parts	25,000
<b>Total</b>	<b>c240,000sqm (exc tbc)</b>

Table 1 sets out that, following the 2013 research, just four years later the expected level of demand for floorspace from advanced manufacturing businesses is live and real. The Councils are now liaising with the component suppliers jointly with Nissan to secure the investment to the UK and in particular to the North-East and IAMP. The case for IAMP is therefore supported by evidence of need and market viability which, given it is based on actual live enquiries that cannot be satisfied on other land, is convincing.

**3.2 Are the principal uses and mix of uses allowed for in policies S1, S3 and S4 soundly based? And in particular:**

**Are policies S1, S3 and S4 likely to be effective in preventing development which would not accord with the IAMP concept?**

**Councils' response;**

The Councils consider that the proposed modifications to policies S1, S3 and S4 provide clarity on the type of development which would and would not be acceptable.

For further clarification, the Council proposes to amend policy S1 A to replace 'businesses' to 'principal uses'. The principal uses for IAMP are clearly defined in policy S3 as production, supply chain and distribution activities directly related to the Automotive and Advanced Manufacturing sectors. Development will only be approved if it meets this definition. Policy S3 is clear that

residential development will not be permitted within the AAP boundary and retail and leisure uses are only permitted in the ‘hub’.

**Is there a need for more flexibility to allow development consistent with the IAMP concept coming forward in advance of an IAMP Development Consent Order?**

**Councils’ response;**

Policy S1 (as proposed to be amended) expresses the importance of the unified, comprehensive, development of the IAMP. It is anticipated that a Development Consent Order will be the primary route by which the IAMP will be delivered, since the IAMP is designated as Nationally Significant in accordance with the Planning Act 2008. However, the proposed modification (PM40, in PSD6) to Policy S1 allows for the consideration of other applications for planning consent, subject to criteria which seek to ensure the delivery of a comprehensive development. It should be noted that it is an offence under section 160 of the Planning Act 2008 for a person to carry out, or cause to be carried out, development for which development consent is required at a time when no development consent is in force in respect of the development.

**Is a statement in policy S4 that the majority of premises will be larger units necessary for the plan to be sound?**

**Councils’ response;**

It is not considered that a statement that ‘the majority of the premises will be larger units’ is necessary to make the plan sound. The IAMP needs sufficient flexibility to enable it to meet the requirements of all users within the Principal Uses. Evidence suggests that a range of floor plate sizes from 9,000 to 37,000 sq. m<sup>1</sup> will be required. Whilst it is anticipated that the majority of development will be taken up by large floorplate users, it is considered that it would be overly restrictive to place any requirement on the size of individual units.

**Are the modifications which the Councils have proposed (Docs PSD6/PSD7) to policies S1, S3 and S4 necessary for the plan to be sound?**

**Councils’ response;**

The modifications are not necessary for the plan to be found sound, but do provide additional clarity relating to how other applications for planning consent would be considered and to strengthen the definition of the uses acceptable on the site.

**Is policy S3 and its supporting text (para 103) consistent with policy S5 (as proposed by the Councils to be modified) in relation to the cumulative total size of retail units which would be permitted?**

**Councils’ response;**

It is recognised that paragraph 103 would benefit from a further modification to refer to ensure consistency with policy S5. It is proposed that paragraph 103 is modified as follows:

**Proposed Modification**

Paragraph 103

The IAMP’s principal use is further justified in the Commercial and Employment Background Paper. This policy seeks to satisfy demand from the automotive and advanced manufacturing sectors; protecting the IAMP AAP area from other uses such as general employment development, residential development and large scale retail or leisure uses. ~~above 1,500 sq. m gross floorspace.~~

<sup>1</sup> SD28m Sunderland and South Tyneside Strategic Employment Study (2013), PWC

**3.3 Is the concept of The Hub, and are the detailed requirements in respect of it, set out in policies S5 and S6 soundly based? And in particular:**

**Is the Hub appropriately located?**

**Councils' response;**

Section 3.2 (page 34) of the Design Technical Background Report (PSD13) sets out the rationale for locating the hub adjacent to Nissan. This is to ensure that the hub would benefit from current activity generated by existing Nissan employees as well as serving the developing IAMP. The hub in this location also augments the existing food and drink offer in the vicinity, links to a proposed network of green spaces and footpaths and reduced activity away from the River Don and sensitive habitats located here.

As set out in Section 3.2.5 (page 29) of Statement of Compliance, the 'Hub' is located to the southern part of the site to ensure that it would be of benefit to existing employees at Nissan and their supply chain businesses, creating an early customer base and to foster integration between existing and new businesses. This is consistent with Paragraph 37 of the NPPF, which states that planning policies should aim for a balance of land uses within their area so that people can be encouraged to minimise journey lengths for employment, shopping, leisure, education and other activities. Figure 1 on page 7, provides the location of the hub in relation to current public services and distances between the proposed hub and the existing Nissan site.

**Are policies S5 and S6 clear as to what ancillary uses will be permitted and where?**

**Councils' response;**

It is considered that the proposed modification to policy S5 and the deletion of policy S6 help to provide better clarity about what ancillary uses will be permitted where. Policy S5 (as proposed) sets out that a hotel, education and training facility, managed workspace, nursery and childcare facilities, small scale retail units and a multi-modal transport interchange will be acceptable uses within the Hub. In addition, part C of Policy S5 (as proposed) provides that small scale retail uses will be permitted in the Northern Employment Area and provides clarity as to the scale which would be permitted.

**Does the plan provide adequate and soundly-based guidance on the future of the North East Land Sea and Air Museums? Is the proposed modification to paragraph 91 of the supporting text of policy S1, in respect of the museums, necessary for the plan to be sound? Are similar references in policies S5 and /or S6 necessary for the plan to be sound?**

**Councils' response;**

Paragraph 91 (as proposed) of the AAP acknowledges the presence of the NELSAM on the site and that it is likely to remain (PM41 of the Schedule of Proposed Modifications). It was not proposed to include the museum on the Policies Map. However, the Council propose to make a further modification to continue to designate the NELSAM as a visitor attraction.

Sunderland's UDP (1998) proposals map identifies and designates the 'North East Aircraft Museum' (Policy WA3.1) as a Visitor Facility. Policy WA3.1 also encouraged the provision and / or improvement of visitor facilities and other works to enhance the attraction of the North East Aircraft Museum. The Councils propose to supersede policy WA3.1 with new criteria in policy D1 in the AAP. This would continue to protect the provision of the North East Aircraft Museum.

**Proposed Modification**

**Policy D1**

A vii 'have regard to the presence of the North East Land, Sea and Air Museum (as designated on the policy map) as a visitor attraction.'

The Councils consider that if the modification, as set out above, is made to refer to the NELSAM in Policy D1 and it is designated on the Policies Map, it is not considered necessary to make reference to the museum in policy S5/S6)

**Are the modifications which the Councils have proposed (Docs PSD6/PSD7) to policies S5 and S6 necessary for the plan to be sound?**

**Councils' response;**

The modifications are not necessary for the plan to be found sound, but do provide additional clarity about the scale, location and type of ancillary uses that will be permitted as part of IAMP.

**Is the restriction on retail uses as proposed by the Councils (Docs PSD6/PSD7) to a total of 1,500 sqm floorspace of A1 and A3 uses with a 250sqm maximum single unit size soundly based?**

**Councils' response;**

The [Sunderland Strategic Retail Needs Assessment](#) (2016) has assessed the need for new retail floorspace within the city over the period to 2035. The Assessment indicates that there is not a significant quantitative need for further convenience retail floorspace within the city up to 2035, as the network of existing convenience retail units and those within the pipeline will be sufficient to meet the forecast growth in expenditure.

South Tyneside's LDF Policy SA5 provides for up to a maximum of up to 500sqm net additional convenience retail floorspace outside the borough's 3 town centres, due to the limited expenditure capacity in the area. It advises that proposals for retailing provision on other sites will only be permitted where they would not adversely impact on the vitality and viability of existing facilities and allocated sites within the designated town, district and local neighbourhood centres.

Building upon this, South Tyneside Council have prepared a [Retail Topic Paper](#) (2012) and [Retail Study](#) (2012) to support the preparation of their new Local Plan 2011-2031. The Topic Paper indicates that there is generally limited growth forecast in the convenience sector in the borough and that any identified capacity is only genuinely available to support new provision that comes forward in sequentially compliant locations (i.e. within town and district centres). The Topic Paper goes on to strongly advise that there is no policy basis to justify any new retail provision in edge-of and particularly in out-of-centre locations.

On this basis, the retail development proposed on the IAMP is purely required to meet the day-to-day needs of workers on the IAMP site, and those of the neighbouring Nissan plant, and is not required to meet any wider unmet needs. The restriction on the floorspace of retail units set out within the IAMP AAP is to ensure that the scale of development proposed would purely meets the day-to-day needs of those workers and not divert trade from designated centres within the surrounding area, which should continue to be the focal point of local communities. It is considered that by allowing individual retail units larger than 250sqm on the IAMP, these would be of such a scale that they could sell a wider variety of products and therefore may compete directly with existing centres undermining their future vitality and viability.





Figure 1: Location of hub in relation to existing transport services and land uses