

## SUNDERLAND ARC ANNUAL REPORT 2008-2009 for Homes & Communities Agency and Communities and Local Government

<b>Date Established</b> May 2002
<b>Core Partners</b> Sunderland City Council, One North East, Homes and Communities Agency
<b>Board members</b> John Anderson QA CBE (chairman), Kevan Carrick, Prof. Peter Fidler MBE, Steve Gawthorpe (HCA), Sir Geoffrey Mulcahy, Jocelyn Maxfield, David Cramond (ONE), Michael Stephenson OBE MBE, Cllr Paul Watson (SCC), Dave Smith (SCC).
<b>Chair</b> John Anderson QA CBE
<b>Chief Executive</b> David Walker
<b>Staff Numbers</b> 16 (including Sunnyside Partnership)
<b>Business Plan Period</b> April 2008 - 09
<b>URC Area (ha's)</b> 306
<b>Population</b> 2,000



### General Overview

- Chairman's Review – John Anderson QA CBE

While the last 12 months have seen an inevitable slow down in development, the need to maintain and push forward with regeneration activity has never been so important. The arc recognises this and is working harder than ever with its partners to ensure we keep things moving and maintain levels of confidence and investment in a city that is more than well-placed to weather the current economic storm.

Sunderland has already experienced hard times and is ready to meet the challenges it faces now, something acknowledged by Professor Michael Parkinson in his recent review of Sunderland arc. The independent review, which was published in August 2008, concluded that although there was still much to be done, the arc had set the right regeneration framework for the city and had succeeded in raising Sunderland's profile, attracting prestigious, national developers who had not previously contemplated investing in the city. Now there is a real commitment from everyone involved to see the preparation pay off.

Cllr Paul Watson, Leader of Sunderland City Council, recently reaffirmed the authority's support by saying: "The arc has an important role in the work that is moving Sunderland forward. Though there may be challenging times ahead, Sunderland City Council is supportive and committed to working alongside the arc and partners One North East and the Homes and Communities Agency in expanding and improving economic opportunities in Sunderland."

We continue to work with our partners One North East (ONE), the Homes and Communities Agency (HCA) and Sunderland City Council (SCC) to secure the best way forward for the long-term regeneration of Sunderland. We have a substantial level of approved funding from ONE remaining and HCA continue to provide financial support across our projects. The arc and SCC are also collaborating to prepare a Single Programme Investment Plan for Sunderland which will draw together the funding requirements of ONE, HCA and SCC and identify resources required to deliver regeneration proposals in the city and will be used to support future funding applications.

Challenges to delivery are greater than ever so we are constantly reviewing and modifying our priorities to reflect current circumstances and ensure momentum is maintained. Sunderland still offers a great deal of opportunity and we are encouraged by the continued level of interest from the private sector who recognise the benefits of investing in quality projects that will be coming out of the ground in a few years time – ready to hit a rising market.

The arc's search for a developer for our flagship scheme – Vaux – has attracted great interest and we look forward to announcing the chosen candidate in summer 2009. Ambitious £180m plans for the Holmeside retail triangle are well advanced and the up and coming area of Sunnyside continues to attract high levels of public and private investment, most recently winning a string of awards for the newly opened arts and business centre thePlace.

On behalf of Sunderland arc and its partners I would like to take this opportunity to thank former Chairman Bryan Sanderson for the integral part he has played in this progress. From taking on the role in 2002, Bryan led the arc with strength and tenacity. I have enjoyed working with him over the past few years and I look forward to building on the good work he has done. From my longstanding association with Sunderland, in particular the Business and Innovation Centre, which has to date created 7,000 jobs, I am aware of the pride and ambition in the city. Working closely with our public sector partners and high quality private sector partners, Sunderland arc can continue to help create the jobs and opportunities that will make this a truly prosperous city.

- **Chief Executive's Review**

The last year has been one of steady progress and one that is building up to plenty of positive changes for the City of Sunderland. The projects that have been completed over the past 12 months have been recognised as among the best in the country, from the region's only Olympic-sized swimming pool – Sunderland Aquatic Centre on Stadium Village – to the multi award-winning business and arts centre – thePlace in Sunnyside.

Behind the physical changes evident in the city, we have been working tirelessly with our partners to ensure that other, important schemes do not lose momentum during these difficult economic times. Key to our success will be flexibility and innovation without a compromise on our commitment to quality. Most important is the continued support from our partners, in particular Sunderland City Council, One North East and the Homes and Communities Agency, to whom we are extremely grateful.

Our priorities for Sunderland, including our focus on commercial led regeneration, remain the same and we will continue to put the pieces in place to ensure that projects are in the right position to benefit from economic recovery.

We have pushed forward with our plans for Vaux and launched our search for a development partner at a highly successful event at The Stadium of Light in September where our guest speaker was SAFC Chairman Niall Quinn. More than 80 interested developers and investors attended from across the UK. In the meantime we are hopeful that formal negotiations to acquire the site from Tesco will soon reach a positive resolution.

As well as an exciting new venue – thePlace – opening in Sunnyside, a new Joint Business Forum has been established to provide businesses with support and networking opportunities. They have also been consulted on plans for further public realm improvements, which will build on the success of Sunnyside Gardens. The Explore Sunnyside marketing campaign has also been launched in the last 12 months to promote all that is on offer in this beautiful part of the city centre. On top of this we now have a planning and design framework in place to help guide and promote redevelopment in the eastern part of Sunnyside, and planning applications have been approved for two new hotels in the area.

Public engagement has featured heavily on our agenda over the past year. As well as consultations on Sunnyside, Holmeside and Stadium Village, the arc took part in a week-long community road show at The Bridges Shopping Centre and held its second, well attended regeneration networking event at thePlace in November. In September we were involved in the city council's largest ever consultation over proposals for a new, landmark bridge for Sunderland. This followed the announcement that £98m would be made available from the Department for Transport towards the scheme, which features high on our agenda.

An Economic Masterplan is now a priority for the city and we are working closely with the City Council to formulate a plan that will build on the work done to date and guide the city's economic growth over the next 10 to 15 years, in turn shaping our priorities for the future regeneration of the city.

To quote Professor Parkinson's in his assessment of our organisation: "there is still much to be done but the years of preparation are bearing fruit. The best years of the arc lie ahead."

I'm hopeful that 2009/10 will see great changes for Sunderland. It will not be an easy journey but I am confident that this city will come out of the recession better and stronger than most.

Finally thanks must go to our partners, Board and Executive Team for their relentless effort and determination.

## **Area of Operation**

- **Strategic Framework Overview**

The Strategic Investment Framework sets out a 15-year vision for Sunderland arc. The strategic objectives outlined in the framework are:

- To accelerate the revival of Sunderland, integrating major physical redevelopment with comprehensive social regeneration in support of the government's National Strategy for Neighbourhood Renewal and the Urban White Paper.
- To accelerate redevelopment of the former Vaux, Holmeside and Farringdon Row sites ensuring that end uses support Sunderland arc's four strategic programmes – raising aspirations, creating sustainable neighbourhoods, developing ICT and the promotion of key development sites within the relevant planning framework and in support of the rest of the city.
- To pursue sustainability of the environment and development of community assets to underpin regeneration in active support of Local Agenda 21 and forthcoming Local Area Agreements.
- To support the Deputy Prime Minister's major initiative and pilot exciting new ways of promoting 'joined up' service and regeneration delivery, including neighbourhood management and effective local consultation following the very successful community visioning exercise.
- To develop innovative delivery mechanisms, which will maximise the impact of public and private investment in the heart of Sunderland over a 15-year period.

Key projects within the strategic priorities		
Project Name & Description	Current Position on Previous Milestones as at 31 <sup>st</sup> March 2009	Project Milestones 1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2010
<p><b>VAUX</b> The former Vaux brewery site is a prominent 10.44 ha city centre site, situated on the banks of the River Wear. It has the potential to become an exemplar of sustainable, mixed-use development, creating a vibrant and attractive city quarter of regional, national and even international significance. Sunderland <b>arc</b>'s plans comprises new homes, substantial office space, new hotels, ancillary leisure and retail space, high quality public realm improvements and civic spaces.</p>	<p>The Secretary of State (SoS) for Communities and Local Government approved Sunderland <b>arc</b>'s outline planning application in March 2007. This was further endorsed by the City Council's adoption of the Unitary Development Plan (UDP) Alteration No. 2 Central Sunderland in October 2007.</p> <p>The <b>arc</b>'s planning consent and the Council's adoption of the UDP are both the subject of legal challenges by Tesco, the current site owner. These challenges have been adjourned for the time being pending determination of an outline planning application for a 22,355 sq m Tesco superstore at Sunderland Retail Park (to the north of the River Wear).</p> <p>Formal negotiations to acquire the site from Tesco, which began in November 2007, continue. In light of Tesco's recent interest in Sunderland Retail Park, the <b>arc</b> is cautiously hopeful of a resolution.</p> <p>In the meantime, the selection process to appoint a lead developer partner to deliver a comprehensive, employment-led mixed-use scheme, commenced in October 2008.</p>	<ul style="list-style-type: none"> <li>• Appointment of preferred developer in autumn 2009.</li> <li>• Reach a satisfactory negotiation with Tesco over the acquisition of the site.</li> <li>• Developer to prepare an outline planning application for the whole site.</li> </ul>
<p><b>Farringdon Row</b> Complementing the Vaux site is the highly prominent area of Farringdon Row. Lying west of Galley's Gill park, this 5 ha (12.35acre) site offers the perfect opportunity for a high quality living and working environment, overlooking the River Wear at an important gateway to the city centre. The plans for this site include new homes, commercial space, retail and leisure facilities and a hotel. It is proposed that the scheme will be delivered over a period of approximately 10 years and comprise of up to three phases.</p>	<p>Developer CTP Ltd was appointed as preferred developer to deliver the first phase of Farringdon Row. The site has been cleared and assembled, with pylons now removed and a replacement underground electricity supply installed.</p> <p>Detailed planning consent has been obtained to provide a 124- bed hotel, 6,500 sq m offices and 124 apartments. The overall financial viability of the scheme is under review in light of current market conditions. The <b>arc</b> and its partners will continue to explore deliverable, comprehensive development options.</p> <p>Phase 2 (2.4 ha) is earmarked for housing. Preparations for marketing have been undertaken. However, following extensive soft market testing in mid-2008; it became apparent the site would be unlikely to generate significant interest. It was therefore decided to defer offering the site for sale until residential market conditions improve.</p>	<ul style="list-style-type: none"> <li>• Continue to monitor the housing market and respond accordingly in relation to Phase 2.</li> <li>• Review viability/deliverability of Phase 1 scheme and consider all development options.</li> </ul>
<p><b>Holmeside Triangle</b> Situated adjacent to Sunderland's transport interchange, Holmeside extends to approximately 2.94 ha (7.26 acres). Its central location and proximity to the Bridges Shopping Centre creates an opportunity to add a new dimension to Sunderland's retail core. It is proposed to redevelop this site for retail, food and drink, leisure and possible residential. Car parking is also envisaged.</p>	<p>An Exclusivity Agreement exists between appointed developer Thornfield Properties Plc, the <b>arc</b>, ONE and HCA. A Joint Venture Agreement is also in place. Over the past 12 months the <b>arc</b> has been working closely with SCC in reviewing how to create the conditions necessary to make the scheme a success and ensuring a separate Exclusivity Agreement is in place between the council and Thornfield to allow this to happen. A Development Agreement has been negotiated and will be signed upon exchange of the Exclusivity Agreement between Thornfield and SCC.</p> <p>The Development Framework was subject to stakeholder consultation in autumn 2008.</p>	<ul style="list-style-type: none"> <li>• It is anticipated that the Exclusivity Agreement between Thornfield and SCC will be approved by Cabinet in June 2009. Subject to this approval a Development Agreement will come into operation.</li> <li>• Council endorsement of the Development Framework.</li> <li>• Submission of a planning application in 2010.</li> </ul>

	<p>Sunderland arc and its partners have to date managed to secure approximately 50% of the site, with freehold vacant possession and a further 24% freehold subject to a number of leases. Negotiations are continuing with parties who hold a property interest in the site. The feasibility of relocating some of the existing businesses into the new development continues to be explored.</p>	
<p><b>Stadium Village</b>  Located on the north bank of the River Wear, Stadium Village will take advantage of the wealth of opportunity that surrounds Sunderland's magnificent premiership stadium. Stadium Village will form the initial phase of a combined mixed-use leisure led development, which extends to a total area of 25 ha (62 acres), excluding the 48,000-seater Stadium of Light and Sheepfolds area. Plans include sports and leisure facilities, a hotel, new homes and offices.</p>	<p>Sunderland Aquatic Centre, which comprises a 50m swimming pool and wellness centre, opened at Stadium Village in April 2008. The building has already won several awards and has been shortlisted as a potential training camp for the 2012 Olympics.</p> <p>A draft Development Framework was subject to widespread public consultation in early 2009. It is due to be formally adopted by SCC as a Supplementary Planning Document in summer 2009.</p> <p>An economic case for the Complex dry sports facility has been completed and is ready to submit to ONE.</p> <p>Site assembly is ongoing; a significant site acquisition was completed in November 2008 to assist delivery of development proposals, and negotiations are also progressing with other acquisitions in the area.</p> <p>In the meantime Sunderland arc is in discussions with several interested leisure operators with a view to securing a major sports facility within Stadium Village.</p>	<ul style="list-style-type: none"> <li>• Economic case for the Complex submitted to ONE.</li> <li>• Development Framework to be formally adopted by Sunderland City Council in summer 2009 .</li> <li>• Further site acquisitions and discussions with developers will be progressed.</li> <li>• Continue to liaise with SAFC regarding their aspirations for Stadium Village.</li> </ul>
<p><b>Sunniside</b>  This is a prominent, tight knit, urban area in the eastern part of the city centre, containing many historic buildings. Great progress has already been made towards restoring the area to its former glory, with new public spaces, offices, stylish homes, artist's studios as well as niche shops, bars and restaurants, helping to establish Sunniside as a thriving fashionable and creative quarter of the city.</p> <p>Sunniside Partnership was set up by Sunderland arc, Sunderland City Council, One North East, the Homes and Communities Agency (formerly English Partnerships), in 2003 to oversee and co-ordinate the implementation of a portfolio of projects to achieve the regeneration of Sunniside under the direction of a dedicated Project Director.</p>	<p><b>thePlace</b> – <i>arts &amp; business centre comprising 10,000 sq ft of office accommodation, art gallery, performance space and café.</i></p> <p>Completion and handover to Sunderland City Council achieved in May 2008. The council is now responsible for the letting management and operation of the building. Sunniside Partnership continues to support and market the venue, which was officially opened in November 2008. It is now home to a diverse range of creative businesses (60% occupied) and is hosting a series of innovative exhibitions.</p> <p>thePlace was named Best Office Development at the region's Journal Landmark Awards in October 2008 and received a Commendation at the national Civic Trust Awards in March 2009. It has also been shortlisted for several other prestigious awards, due to be announced during the course of 2009.</p> <p><b>Sunniside Gardens</b>  Sunniside Gardens were completed in March 2007. It has received several awards including the RICS North East Renaissance Award 2008 in the category of regeneration.</p> <p><b>Sunniside Public Realm Project</b>  Businesses have been consulted on plans to extend public realm improvements along the principal city centre routes into Sunniside. Funding has been secured and works are scheduled to begin in July 2009. International artists have been commissioned to create art installations as part of the improvements.</p>	<ul style="list-style-type: none"> <li>• Continue to provide appropriate support to thePlace, particularly in relation to marketing of the building.</li> <li>• Ongoing maintenance</li> <li>• Support and promote it as a location for outdoor entertainment and events.</li> <li>• Appoint Principal Contractor</li> <li>• Agree programme of works</li> <li>• Start on site summer 2009</li> <li>• Completion March 2010</li> </ul>

	<p><b>Sunniside Commercial Property Grant Scheme</b> – <i>offering grant assistance to bring vacant properties into use and improve existing commercial properties to make business more viable and to create employment opportunities.</i>  To date grants totalling almost £1million have assisted 26 projects, creating more than 70 jobs. The grant scheme will continue for a further year. The scheme is being actively marketed in order to take full advantage of remaining funds.</p> <p><b>Safeguard Grant Scheme</b> – <i>grant scheme for shop front and security improvements to commercial properties in the Back on the Map area.</i>  Funding has now come to an end. This successful scheme ran from 2005 to 2009 and a total of £234,000 was awarded to 52 properties.</p> <p><b>Sunniside Planning &amp; Design Framework</b>  The Sunniside Planning and Design Framework, which was produced to guide and promote the comprehensive development of the eastern edge of Sunniside, was adopted as a Supplementary Planning Document in summer 2008.</p> <p><b>Strategic Site Acquisitions</b>  With support from ONE, strategic sites have been and continue to be acquired, which is enabling Sunniside Partnership to actively engage with private sector developers to achieve delivery of this masterplan. Sites are being prepared for redevelopment. Derelict buildings will be demolished and difficult ground conditions dealt with.</p> <p><b>Hostel Strategy</b>  The Partnership is working closely with SCC to implement a carefully managed programme to relocate hotel accommodation and support services.</p> <p><b>Artist's Exhibitions</b> – <i>temporary artist's exhibitions held within vacant properties awaiting development or within existing business premises.</i>  Assistance has been given to support and embed artists groups through a series of residencies together with a number of events in the area, including the nationally reported 'Fold Up' project held in Sunniside Gardens during summer 2008. Together with the installation of a striking sculpture in Sunniside Gardens and the commission for the artwork covers at thePlace, these projects have generated widespread interest in the area which will continue with the incorporation of arts installations and lighting as part of the next phase of public realm improvements. We will also continue to encourage the use of vacant properties as temporary artist studios and exhibition space as well as promoting and supporting creative/artistic use of thePlace.</p> <p><b>Supporting Business Enterprise</b> – <i>offering support to existing businesses and assistance to developers and</i></p>	<ul style="list-style-type: none"> <li>• Encourage grant applications and work with applicants to complete projects before March 2010.</li> </ul> <ul style="list-style-type: none"> <li>• Further site acquisitions will be progressed</li> <li>• Support private sector interest in the area</li> <li>• Promote high quality development proposals</li> <li>• Prepare sites for redevelopment</li> <li>• Secure acquisition of further hostel in Tavistock area.</li> <li>• Seek funding to support further hostel acquisitions.</li> <li>• Continue to support artistic projects in the area.</li> <li>• Seek funding for further cultural activity.</li> </ul> <ul style="list-style-type: none"> <li>• Continue to hold and support regular Business Forums.</li> </ul>
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	<p><i>entrepreneurs who want to locate in Sunnyside.</i> The Partnership continues to offer advice and support to businesses, developers and entrepreneurs. A Sunnyside Business Forum was established in September 2008 by Sunnyside Partnership and City Centre Management. The Forum is designed to support local businesses during the current economic climate.</p> <p>Over the past 12 months a further 11 new bars, restaurants and cafes have been established in Sunnyside as well as a new ten-pin bowling alley and apartments, proving there is a growing confidence in the area. The high standard of the businesses is helping to promote Sunnyside as a place of real quality.</p> <p><b>Sunnyside Marketing</b> An 'Explore Sunnyside' marketing campaign was launched at the end of 2008 in a bid to raise the profile of the area. Activity to date includes a Sunnyside discount card, window vinyls, car park maps, radio, press and metro station advertising. The campaign will be rolled out as further funding is secured.</p> <p><b>Developer Interest</b> A new ten-pin bowling alley and residential project in High Street West, led by Gentoo/Helios, was completed in November 2008.</p> <p>Since early 2009 planning permission has been granted for a 60-bed hotel at High Street West, and a 120-bed budget hotel at Joplings department store.</p>	<ul style="list-style-type: none"> <li>• Continue the Sunnyside Assist programme – acting as a one-stop-shop for businesses, entrepreneurs and developers.</li> <li>• Secure funding for further marketing activity.</li> <li>• Monitor hotel interests as part of city wide strategy.</li> </ul>
<p><b>Sunderland Strategic Transport Corridor</b> Renewal and enhancement of the infrastructure of the City of Sunderland, including a New Wear Crossing is seen as a key component of Sunderland's wider renaissance. The project is led by Sunderland City Council, in its role as Highways Authority, with the arc supporting the initiative. The success of the project is seen as key to reducing or minimising potential barriers to entry for private sector developers investing in Sunderland.</p>	<p>In August 2008 the Department for Transport (DfT) confirmed funding of £98m towards the first phase of the scheme – a new road bridge. The whole corridor is to be built over a 15-year period, though private sector partners may provide sections of the corridor in advance of this timetable.</p> <p>In autumn 2008 SCC undertook its largest ever public consultation exercise to gauge public attitude towards the options of a standard road bridge or landmark bridge and how the additional costs should be funded. The consultation attracted overall support in favour of a landmark design but with the opinion that the impact on council tax should be kept to a minimum.</p> <p>The desire for a landmark bridge was identified as early as 2003 by Sunderland arc in its Investment Strategy as a means of contributing to the regeneration of the area and the development of an enhanced gateway for the city.</p> <p>In December 2008 Cabinet approved the development of the iconic design provided sufficient confidence on cost, risk and technical aspects could be gained. A further report is to be provided to Cabinet setting out the estimated total costs and the risks relating to the project in order to inform the decision. In the meantime, SCC is continuing to review the sources of funding for the landmark bridge.</p>	<ul style="list-style-type: none"> <li>• Work closely with SCC on the design development of the new bridge and approach roads.</li> </ul>

<p><b>Former Glassworks</b> The glassworks site constitutes the majority of the Lisburn Terrace Triangle redevelopment area allocated in the UDP for mixed-use development. The proposal is for a housing-led, mixed-use scheme with an emphasis on family housing.</p>	<p>This site at Millfield previously fell into the ‘windfall site’ category. However, in accordance with the project prioritisation in our Business Plan, the project has been advanced to ‘priority one’ status.</p> <p>Sunderland <b>arc</b> is working closely with site owner St. Modwen Developments Ltd to ensure the plans brought forward are in line with the city’s aspirations for the site. The <b>arc</b> is also assisting St. Modwen to formulate a strategy to ensure adjacent landholdings outside their current ownership can be incorporated in the future as part of a comprehensive redevelopment of the area.</p>	<ul style="list-style-type: none"> <li>• A planning application is expected to be submitted in 2009 with a start on site in 2010.</li> </ul>

## Value For Money

### Objectives

The following objectives have been established for Sunderland **arc** over its lifetime and are set out in its Business Plan:

- securing a “step change” for Sunderland through the imaginative use and transformation of the land within its boundary;
- restoring private investor confidence in the opportunities in the **arc** area and creating the basis for long term, sustainable economic growth;
- delivering economic outcomes which will be key drivers at a sub-regional level in the North East, concentrating on knowledge driven investment in line with the Regional Economic Strategy (RES) and the City Region Investment Plan;
- providing quality housing, leisure and lifestyle infrastructure, which helps to attract and retain the population;
- providing a new quality of urban design, commensurate with the best practice comparators of the 21st century, including strong spatial connections to the rest of the city;
- engaging key stakeholders from the community and business so that projects are imbued with a renewed sense of cross community confidence;
- integrating physical with economic, cultural and social renewal, so as to achieve comprehensive regeneration of the area, maximise the accessibility of new employment opportunities; support social inclusion and promote sustainability of the environment.

### Achievements to date

The years leading up to the **arc**’s inception were showing promising signs of reinvention for the city as it emerged steadily from industrial decline. However, it still had a long way to go in terms of regeneration. The **arc** and partners were starting at a much lower base, facing much greater economic and physical challenges than some of the bigger cities such as Liverpool and Manchester.

Over the past few years Sunderland **arc** has worked hard to put the building blocks in place for regeneration on a major scale, something highlighted in an independent, mid-term review of the **arc** carried out by the European Institute for Urban Affairs last summer.

In the review regeneration expert Professor Michael Parkinson concluded that the **arc**’s business plan stressed the right priorities and projects were well justified, integrating with wider planning policies such as the RES and Regional Spatial Strategy (RSS). He also praised the **arc**’s commitment to promoting high quality urban design and environmental sustainability.

“**Arc**’s commitment to masterplanning has encouraged the best use of sites, provided a coherent basis for servicing and infrastructure planning and provided developers with certainty about future intentions.”

“The **arc** has espoused the place agenda from the outset and commissioned well-known architects and urban designers to design iconic structures and buildings. It has bolstered the cause of those pressing for quality buildings and excellence of urban design despite the pressures to accept lower standards given low land and property values.”

One of the most important roles the **arc** has played has been in de-risking projects in order to make them more attractive to potential investors. This has been achieved by masterplanning, property acquisitions, site assembly, de-contamination and marketing.

As a result the **arc** has attracted prestigious, national developers who, in Professor Parkinson’s words “had not previously contemplated

investing in the city”.

“Before the arc started Sunderland was off the radar for major investment.”

Appointed developer for the Holmeside project, Thornfield Properties, has said Sunderland arc provided the infrastructure and support needed to enable them to take a significant stake in the city centre. Similarly, the careful and complex site acquisition programme that is taking place on Stadium Village has encouraged interest from several leisure operators.

Mike Capocci, chief executive of Thornfield Properties, said: “Having an organisation such as Sunderland arc to work with has made it easier for us to commit to investing in this city. The arc and its public sector support was a crucial factor for us. They have provided certainty and focus in a complex regeneration process.”

In the last 12 months Sunderland arc has also played a crucial part in bringing forward appropriate plans for the former Glassworks site, namely by accelerating the site as a priority and assisting in producing a development framework.

Along with its partners, the establishment of a dedicated organisation to lead on the regeneration of Sunnyside has proved a major success story. The area was previously neglected and no longer recognised as a significant part of the city centre. Since the inception of Sunnyside Partnership the area has attracted more than £90m of private investment, bringing this historic quarter back to life. It now boasts a thriving leisure and business community, stylish new homes and high quality, award-winning public realm and buildings. An independent review of Sunnyside Partnership by Roger Tym & Partners, which took place earlier this year, summarises that the Partnership has made considerable progress towards reaching a number of the targets set for Sunnyside’s regeneration and in some areas has already exceeded the targets after only five years.

Although its other priority projects are less advanced in terms of outputs, the preparation and assembly of these schemes mean that once realised they will transform the quality of the city’s retail, office and leisure offer. Most are now on the verge of delivery, namely Farringdon Row, Holmeside, Vaux and the former Glassworks.

The Mid-Term Review states that Sunderland arc has provided leadership in setting out and pursuing an integrated set of schemes which address the main shortcomings of the central Sunderland area. Since 2003 employment in the arc area has grown ahead of city, regional and national trends.

“The arc made people and developers recognise the potential economic significance of the city centre and identified the opportunities for quality office, retail and residential development.”

As well as securing major private sector investment, Sunderland arc has lobbied hard for projects to receive priority and funding from the public sector. By aligning its priorities with those of its key funders it has increased partner backing and additional resources.

Sunderland arc’s spending plans are consistent with the national agenda in terms of level of public spending and expected leverage of private finance.

This is backed up by the findings of the Mid-Term Review which states: “Arc has frequently benchmarked its spending against pilot URCS and comparators to ensure that it’s spending plan and leverage ratios are consistent and offer value for money.

“Arc has operated well in terms of financial management.”

The arc’s role as a one stop shop – offering advice and information to potential investors and developers - has ensured efficiency and co-ordination of the city’s regeneration programme and given confidence to those looking to take a stake in Central Sunderland. In this capacity the arc is currently working hard with its partners to secure a major public sector investment for the city.

Engaging with key stakeholders is one of Sunderland arc’s main objectives and this area has been greatly stepped up over the past two years, as recognised in the Mid-Term Review. Engagement and regular communication is achieved through a variety of different methods including public consultation; monthly project review groups (involving all Founder Member organisations); bi-annual updates to the council’s scrutiny committees; regional and national media coverage; project updates via Sunrise magazine (a council publication which goes to all households in Sunderland) and SCC’s weekly e-news bulletin to members; website (both arc and partners); newsletters; publications such as the annual report and glossy arc regeneration magazine, which are distributed widely.

In the past 12 months public consultations have taken place relating to Stadium Village, Holmeside and Sunnyside. The arc was also involved in a week-long community road show in Sunderland and has been working with local schools to create unique artwork on hoardings for key development sites in Sunderland.

A Sunnyside Business Forum is held every two months and the arc regeneration networking events attract more than 100 attendees from partner organisations, developers, consultants, potential investors and other interested parties. The arc is also a regular exhibitor and attendee at regional and national regeneration events including the Northern Regeneration Summit & Conference in Manchester

and the Tyne & Wear Commercial Property Show.

The arc is an active member of the Local Strategic Partnership, Sunderland Marketing Group, and NewcastleGateshead Initiative. It also a strong supporter of SAFC Foundation and Grace House North East Children's Hospice Appeal.

### **Future Goals**

An Economic Masterplan is now a priority for the City of Sunderland and one of the arc's future goals is to continue to play a vital part in its creation.

The arc will continue to progress its priority schemes in order to achieve anticipated outputs and a step change for Sunderland; crucial to this will be the acquisition of the Vaux site.

As well as protecting levels of investment to date the arc will continue to work with its partners to explore and access other public sector funding sources.

### **Good News Opportunities For The Year Ahead**

- Announcement of preferred developer for Vaux
- Possible conclusion to negotiations with Tesco and acquisition of the Vaux site
- Progress on development at Farringdon Row
- Commencement of public realm improvements and high profile art installations in Sunnyside
- Further industry awards for Sunnyside, i.e. thePlace
- Plans for Holmeside drawn up
- Possible Leisure operator secured for Stadium Village
- Decision on new bridge option
- Progress on Economic Masterplan for Sunderland

**Links to Other Programmes** ERDF Programme; Neighbourhood Renewal; New Deal for Communities; Heritage Lottery Fund; Big Lottery and National Lottery (Sports Council Funding), etc.

### **Evaluation and Succession Planning**

#### **Mid-Term Review**

In January 2008 the European Institute for Urban Affairs (EIUA), headed by Professor Michael Parkinson CBE, was appointed to undertake a thorough review of the arc. Its main findings in terms of added value are set out under the 'Value for Money' category.

In relation to next steps and succession planning, the arc and its partners have agreed to take forward the following actions:

- Production of an Economic Masterplan for Sunderland, led by Sunderland City Council, with the arc playing a significant role in its development.
- Align the priorities of the arc and Founder Members as closely as possible with the Economic Masterplan.
- During the next two years partners to monitor and decide whether the boundaries of the arc should be expanded to match those of the local authority, whether the arc Executive Team should be expanded, and whether the arc should transform into an Economic Development Company.
- Delivery expectations of the arc and its partners covering at least the next two years to be clarified and agreed.

Actions already taken:

The arc has recently been involved in the appointment of consultants to prepare the Economic Masterplan, which is due to be completed by May 2010. This will prompt consideration of the appropriate mechanism for delivery of regeneration across the city.

Work on delivery expectations has already commenced to identify predicted delivery milestones in relation to all major city centre projects, not just those being led by the arc.

#### **Business Plan Review**

Over the last 12 months the arc has undertaken a full scale review of the Business Plan, building upon the investment achieved to date and aligning future funding priorities, taking into account the current period of economic uncertainty. As a result there has been a recent adjustment in priorities, primarily to reflect changing circumstances surrounding certain private sector led residential schemes.

The city centre and former Glassworks site have now been brought forward as priority one projects with Grove (a largely residential scheme proposed by a private developer) moving down to priority three to reflect prevailing market conditions.

Direct Output	Lifetime	Achieved up to 31/3/09	% of lifetime outputs
Public Sector investment (£m)	319.2	89.7	28.1
Private Sector investment (£m)	1,318	98.8	7.5
Commercial Floor Space (sq m)	364,777	25,628	7.0
Jobs Created	13,651	626	4.6
Housing Units	3,833	364	9.5
Land brought back into use (ha)	306.5	0.4	0.13

Lifetime gearing 4.1

Brokered Output	Lifetime	Achieved up to 31/3/09	% of lifetime outputs
Public Sector investment (£m)	Uncertain	44.5	Uncertain
Private Sector investment (£m)	Uncertain	16.0	Uncertain
Commercial Floor Space (sq m)	Uncertain	21,829	Uncertain
Jobs Created	Uncertain	65	Uncertain
Housing Units	Uncertain	728	Uncertain
Land brought back into use (ha)	Uncertain	2.3	Uncertain

## Finance

Income & Expenditure account for 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009

	Budget Annual £000	Budget YTD £000	Actual YTD £000	Forecast Outturn £000	
<b>Income/Funding</b>					
EP	360.0	360.0	360.0		
RDA	360.0	360.0	360.0		
Council	360.0	360.0	360.0		
ERDF					
Other	12.0	12.0	17.3	(5.3)	
	<b>1092.0</b>	<b>1092.0</b>	<b>1097.3</b>		
<b>Expenditure</b>					
Staff Costs	637.9	637.9	624.6	(13.3)	58
Offices/Premises Costs	159.6	159.6	157.6	(2.0)	14
Traveling/Transport	30.1	30.1	28.8	(1.3)	3
Consultants PI/Proj	8.5	8.5	7.0	(1.5)	1
PR/Marketing	34.8	34.8	28.0	(6.8)	2
Other	209.6	209.6	239.0	29.4	22
	<b>1080.5</b>	<b>1080.5</b>	<b>1080.5</b>		
Surplus/(Deficit)	<b>11.5</b>	<b>11.5</b>	<b>12.3</b>		
<b>%Exp÷ Total EXP</b>					

Average No. of Staff

16

Comments

