

Swan Hunter site

**Economic Prosperity Committee,
28 September 2021**





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North Tyneside Council

Swans – a brief history

- Important part of North Tyneside's economy since 1842 when the Wallsend West Yard was opened
- Lasting global legacy of Swan Hunter in shipbuilding with famous vessels such as the Mauretania, the Ark Royal and the 'supertankers' of the 1970s
- Swan Hunter acquired from receivers by Jaap Kroese in 1994 and ship repair and conversion projects progressed, by 2008 the business was focused on ship design



Photo credit: Derek Henderson

Swans – a brief history

- Lyme Bay contract difficulties led the owners to put the site up for sale in 2006
- Cranes dismantled and sold to an Indian shipyard in 2007
- Cranes on West Quay blown up in 2010
- Swan Hunter continues as a subsea equipment design, build and project management business with offices in the Swans CFI and in the Netherlands



Swans – the NTC history

- 2006/07 Discussions with the Regional Development Authority about the site's future
- 2009 Acquired by the Authority in September 2009
- 2012 Enterprise Zone designation
- 2012-14 External funding secured for infrastructure and CFI Phase 1
- 2013 Kier Property appointed as development partner
- 2014-16 Infrastructure, dredging, demolition and CFI Ph.1 works carried out
- 2017 Kier Property development partner agreement ended
- 2018 Review of future options for site commenced
- 2019 Site put up for sale
- 2020 Sale to Shepherd Offshore completed on 23 December (and the East Quay sold to WD Close on the same day)



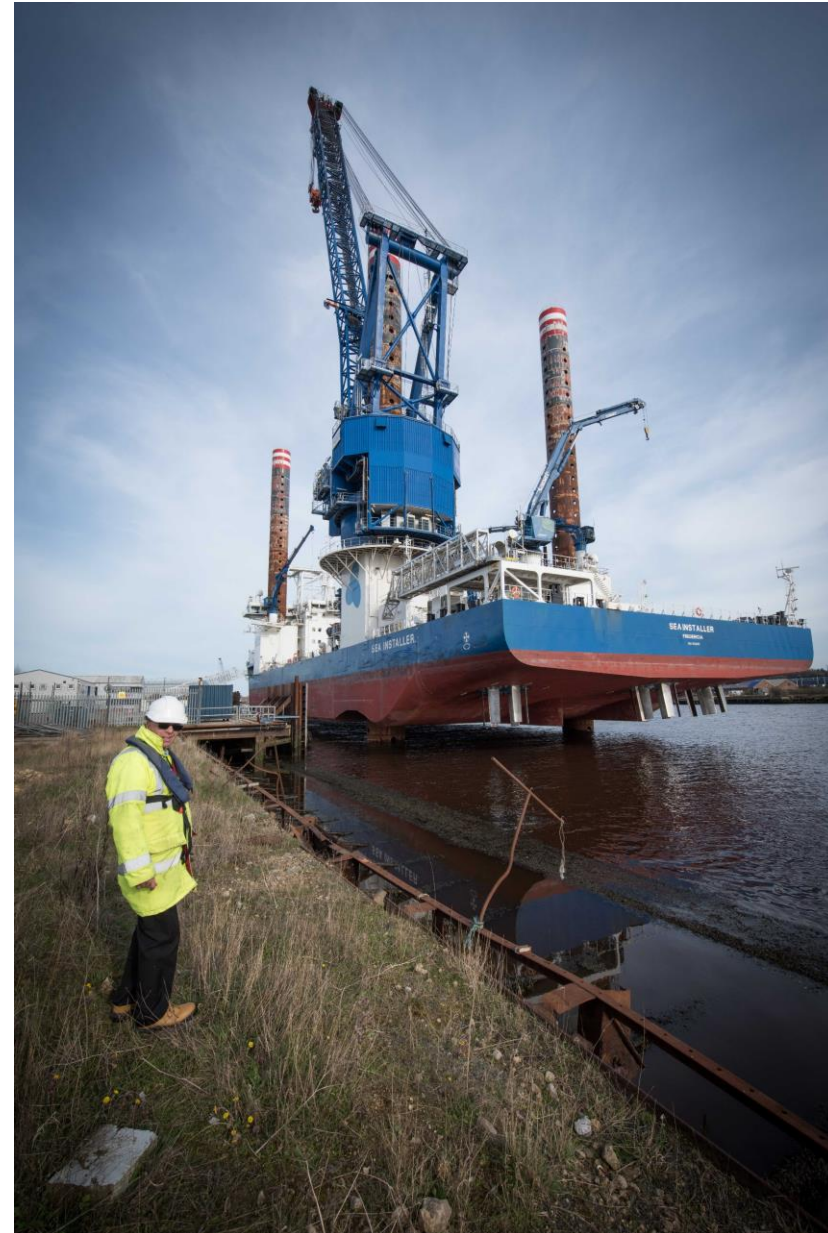


Swans – achievements

- Acquisition safeguarded 17 ha employment site for offshore energy sector
- Cleared most buildings on site
- Provided new utility services and access roads including access from Oceana Business Park

Swans – achievements

- Leasehold sale of site to WD Close in 2011 enabled growth of a local business and diversification into offshore energy market
- Quay feasibility studies confirmed the loading capacity of the quays and identified engineering design options and budget cost estimates
- Wet berth infill feasibility study provided engineering design options and budget cost estimates



Swans – achievements



- Initial quay repairs carried out
 - Dredged 400m of berth in 2015 and 2016
- ...these works enabled...*
- More load outs for offshore businesses to progress e.g. there were ten in 2017-18 serving offshore businesses such as SMD, WD Close and Osbit

Swans CFI



- Five storey “North Block” converted into modern office space
- Provides 1,700 sq m lettable office space plus a conference suite and meeting rooms
- Has accommodated 15 tenants since opening in 2016
- Currently has five tenants – Walker Subsea Engineering, AMDP, Swan Hunter, Quick Start Recruitment and Mary Glindon MP
- Largely externally funded (£3.501m) plus NTC match (£0.305m)

Swans Centre for Innovation

The achievements

- Phase 1 was fully occupied until October 2018
- Signed up anchor tenant Bibby Offshore (subsequently acquired by Rever Offshore and most recently Boskalis who has relocated to their Teesside office)
- Enabled growth of new businesses most notably Jackson Hogg (high growth recruitment business now on Neptune Energy Park) and Walker Subsea Engineering
- Refurbishment of an existing building to modern standards
- CFI Phase 2 (Surgo Construction) Shortlisted in public-private collaboration category award in *Insider Media's* North East Property Awards 2021

The opportunities

- Securing new tenants to give critical mass
- Retaining tenants during demolition works on the main Swans site
- Developing a culture of collaboration between tenants
- Catering mainly for offshore sector tenants but remaining financially viable
- Providing flexible terms to attract tenants
- Generating sufficient income from rents, meetings and events to fund future planned maintenance
- Security next to a derelict site
- Provide 24/7 access to car park



Evaluation – outcomes and partnerships

Since acquiring the Swan Hunter site the Authority's efforts concentrated on

- Ensuring the site was not broken up or moved to purposes that would not support the local economy;
- Contributing to the skills and capabilities of the world class offshore and subsea businesses along the Tyne;
- Enabling existing business and attracting new investment; and
- Creating jobs and having a positive impact on the communities around Wallsend.

Three were three significant partnerships to secure those outcomes

- The first was work with One North East, the RDA. This partnership secured Government funding and support to acquire the site in 2009 and its designation as an EZ in 2012.
- The second followed a procurement process and led to the Authority working with Kier Property to act as the private sector developer.
- The third was work with the NELEP who provided grant for infrastructure works.



Evaluation – investment in infrastructure

Since 2009/10 the following has been delivered:

Project	Total investment	Investment by NTC
Site acquisition (includes Ship in the Hole)	£11.305m	£4.683m
Site redevelopment	£2.174m	£2.174m
Site utilities	£3.900m	£0.344m
New roads	£7.005m	£1.173m
Quay works	£3.168m	£0.154m
Riverbed dredging	£5.217m	£1.896m
Swans Centre for Innovation Phases 1 & 2	£3.501m	£0.305m
Quay feasibility	£0.567m	Nil
Wet dock feasibility	£0.163m	£0.034m
Miscellaneous costs of securing and developing the site	£0.978m	£0.978m
TOTAL	£37.978m	£11.741m

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Evaluation – delivery in three key areas

The investment in Swans has allowed significant operational delivery in three areas:

- **Swans Centre for Innovation;** open since 2016 over two floors and since 2020 over five floors;
- **Quay Operations;** following the dredging of the river in 2015 the Quay has been used for almost 40 load outs for local businesses; and
- **WD Close;** leased 3 hectares of the site in 2011, acquired the East Quay in 2020, currently provides around 120 jobs at their Wallsend site (the headcount peaked at 299 in 2016)



Evaluation – ERDF evaluation (1)

An independent evaluation of the ERDF funded infrastructure was completed in 2016 which included the following :

- **Overall the project has successfully met its objective** (*reclamation of 19 ha of brownfield land and construction expenditure generated £6.3 million of gross GVA*), and is beginning to generate positive economic and environmental benefits
- **Investment on the site has also begun to generate benefits for local businesses:** *the dredging and quay works enabled local businesses to transport heavy goods more cost effectively and efficiently*
- **Complex, large-scale, multi-faceted projects require construction experience and effective project management skills** – *the Authority ensured this was addressed by appointing a project co-ordinator in 2014 to ensure the designers' and contractors' activities were effectively co-ordinated*

Evaluation – ERDF evaluation (2)

An independent evaluation of the ERDF funded infrastructure was completed in 2016 which included the following:

- **Marketing activity has been well targeted**
- **Changes within the oil industry have impacted on demand for the site** - *this relates to the collapse in oil and gas prices which reduced investment in new facilities, most offshore demand for sites on the east coast is now coming from the still growing offshore wind sector*
- **Regular and effective communication is important** - *the Council appointed a site co-ordinator in 2014 which significantly improved communication between the three main contractors and the construction project managers and site managers*



North Bank of Tyne Study

- Consultant (Stantec) progressing the Tyne North Bank economic study in partnership with Newcastle City Council and the North of Tyne Combined Authority

The key objectives of the work are:

- To provide a prospectus for investment targeted at businesses, Government and funding partners
- To support more residents living along the Tyne – strengthening connections between education institutions and businesses, providing easier routeways into employment and greater clarity on skill needs.
- To identify the infrastructure needed to maintain and expand the employment potential of the River Tyne. This includes dredging the channel and berths and removing the impediment of the Tyne Crossing power lines.
- To support the remediation, development and marketing of the sites capable of attracting major new inward investors to the Tyne. These are likely to include Swans-Neptune and Royal Quays, supported by a portfolio of smaller 'supply-chain' sites
- To explore collective opportunities of working closely with businesses, networking and inward investment promotion.
- To look at the opportunities for joint working between public and private sector partners.



Swan Hunter site

Any questions?

