

# North Tyneside Council

## Report to Cabinet

**Date: 27 June 2022**

**Title: Former Swan Hunter Shipyard Local Development Order**

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<b>Portfolio(s):</b> Deputy Mayor	<b>Cabinet Member(s):</b> Cllr Carl Johnson
<b>Report from Service Area:</b>	<b>Planning and Strategic Transport</b>
<b>Responsible Officer:</b>	<b>John Sparkes, Director of Regeneration and Economic Development</b> <b>Tel: (0191) 643 6091</b>
<b>Wards affected:</b>	<b>Wallsend</b>

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### **PART 1**

#### **1.1 Executive Summary:**

This report seeks Cabinet approval to consult on a revised draft Local Development Order (LDO) for the site of the former Swan Hunter Shipyard, Wallsend and to grant authority to the Director of Regeneration and Economic Development to consider any responses received to the consultation and subsequently adopt the LDO.

The current LDO for the site was considered by Cabinet and adopted for a ten year period in 2012. It is now due to expire on 19 November 2022. The proposed revision set out in this revised draft LDO would enable the benefits provided by the current LDO to be extended for a further ten years, until 2032.

An LDO is a planning mechanism that grants planning permission for certain types of development, enabling developers to progress plans for investment without the need to apply for planning permission. This provides landowners and developers with certainty about the types of development allowed and also saves costs (including planning fees) and time in negotiating and securing planning permission.

Adoption of a new LDO will build on the Authority's achievements in safeguarding the site for offshore energy related development and loadouts, developing the Swans CFI and providing the site infrastructure that enabled the site to be sold in December 2020.

#### **1.2 Recommendation(s):**

It is recommended that Cabinet:

- (1) Authorise the Director of Regeneration and Economic Development, in consultation with the Deputy Mayor and Director of Resources, to:

- (i) undertake public consultation in respect of the proposed Local Development Order for the former Swan Hunter Shipyard, Wallsend; and
  - (ii) pursuant to such consultation, take all necessary or associated steps to make any amendments to the Local Development Order; and
- (2) Authorise the Director of Regeneration and Economic Development in consultation with the Deputy Mayor and the Director of Resources (and subject to the consultation responses) to adopt the Local Development Order and submit a copy of the Order and any ancillary documentation, to the Secretary of State within the requisite period of time.

### **1.3 Forward Plan:**

Twenty-eight days' notice of this report has been given and it first appeared on the Forward Plan that was published on 27 May 2022.

### **1.4 Council Plan and Policy Framework**

This report relates to the following priority in the 2021/25 Our North Tyneside Plan:

A thriving North Tyneside

We will bring more good quality jobs to North Tyneside – by helping local businesses to grow and making it attractive for new businesses to set up or relocate in the borough

### **1.5 Information:**

#### **1.5.1 Background**

1.5.2 The former Swan Hunter shipyard has been an important part of the North Tyneside economy since Charles Sheridan Swan opened it in 1842. The company and the people who worked there left a lasting global legacy in shipbuilding which shaped the local community.

1.5.3 Once it became apparent the contemporary iteration of the company was in difficulty in 2006/7 discussions in the Authority focussed on ensuring the site was secured for strategic economic purposes. These broadened into discussions with central government and the Regional Development Agency, as well as a broad range of potential partners. The Authority acquired the site in 2009 and has sought to achieve four key outcomes:

- 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.

1.5.4 During the period since 2006/07 the Authority has operated in three significant partnerships in order to secure those outcomes. The first was work with One North East, the then Regional Development Agency. This partnership secured central government funding and support to acquire the site in 2009 and its designation as an Enterprise Zone (EZ) and LDO in 2012. The EZ initially brought business rate discounts and, via the LDO, a continuing simplified planning regime for development in the offshore energy and subsea sector. 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.

**1.5.5 What has been delivered to date?**

1.5.6 Significant improvement and investment work has been completed at the site. Since 2009/10 the following was delivered by the Authority:

<b>Project</b>
Site Acquisition
Site Redevelopment
Site Utilities
New Roads
Acquisition and demolition of the Ship In The Hole
Quay works
Riverbed dredging
Centre for Innovation – Phase 1
Centre for Innovation – Phase 2

1.5.7 That investment 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 berths in 2015 the Quay has been used for almost 40 load outs of offshore energy structures and machinery for local businesses; and
- **WD Close;** leased 3 hectares of the site in 2011 and developed fabrication units allowing the business to diversify and expand into the offshore sector, acquired the East Quay in 2020 and currently provides around 105 jobs at their Wallsend site.

1.5.8 After a review of the approach to developing the site on 28 May 2019 Cabinet considered a report which outlined the work that the Authority had done for over ten years with a range of partners to secure the Swan Hunter site for strategic purposes and bring it back into economic use.

1.5.9 The Cabinet report included recognition of the infrastructure investment delivered, creation of the Swans Centre for Innovation providing space for businesses to grow and create jobs and making a large and complex site ready for future investment.

1.5.10 On 28 May 2019, after consideration of options to deliver additional jobs and business growth at the site, the Council’s Cabinet resolved to delegate authority to the Chief Executive in consultation with the Elected Mayor, Deputy Mayor, Cabinet Member for Finance, Head of Resources, Head of Law and Governance, Head of Regeneration and

Economic Development and Head of Commissioning and Asset Management to progress and deliver the work necessary to pursue the recommended option which was to approach the market to discuss either freehold sale or long-term lease of the site.

1.5.11 Following the decision by Cabinet the site was advertised for sale in September 2019 with particulars identifying the price and quality criteria against which leasehold and freehold offers would be assessed.

1.5.12 Two offers to purchase were received by the deadline of 25 October 2019 and in line with the delegated approvals granted by Cabinet the decision was made that:

1. Shepherd Offshore Ltd was selected as the preferred purchaser of the freehold of the site;
2. Discussions with Shepherd Offshore Ltd be entered into in respect of the terms of the disposal and completion of the sale contract on those negotiated terms;
3. Approval is sought from the North East Combined Authority and/or the North of Tyne Combined Authority, Ministry of Housing Communities and Local Government and Homes and Communities Agency (trading as Homes England) to dispose of the site to Bidder A having agreed the terms of any contract or undertaking required to secure such approvals; and
4. Any other approvals or consents are sought that are required in order to achieve the disposal of the site in accordance with the delegations set out in that Report.

1.5.13 This culminated in December 2020 in the Authority selling the site to Shepherd Offshore Limited (SOL), which intends to bring forward redevelopment of the site as Swans Energy Park and attract businesses in the offshore, subsea, marine and energy sectors to the site. Since acquisition SOL has cleared additional derelict buildings at the site and has submitted applications for planning permission and a marine licence to upgrade the quay infrastructure.

1.5.14 In December 2020, the Authority also sold the East Quay to WD Close Engineering Limited enabling the business to directly manage load outs from this quay.

1.5.15 At the same time, the Authority agreed a deed of variation to a grant funding agreement (in relation to European Regional Development Fund grant) with the Ministry of Housing Communities and Local Government (MHCLG) that expanded the type of businesses that could operate on the site. This variation is now reflected in the revised LDO.

#### **1.5.16 The purpose of the LDO**

1.5.17 The Authority took up the opportunity to adopt an LDO in 2012. Given the size of the former Swan Hunter site, together with the river frontage access, it presents a unique development opportunity, which would capitalise on its potential and which aligns with the policy objectives listed above.

1.5.18 The need to revise the existing LDO is due to it expiring in November 2022 and a continuing need to support partners in securing additional investment and development. The proposed LDO will extend the timeframe until 2032 and allow it to reflect changes to planning legislation and the deed of variation signed with MHCLG in 2020 which extended the range of permissible economic activities which could be carried out in line with the funding agreements.

1.5.19 The proposed LDO will continue to support the policy objectives for the site by delivering sustainable economic development that will support investment in sub-sea technologies, energy generation and zero carbon transport in the following sectors:

- Energy industries (included but not limited to oil and gas and renewables);
- Offshore, technology, marine and sub-sea;
- Manufacturing, construction and engineering; and/or
- Research and Development related to any of the above sectors.

1.5.20 The proposed LDO will enable development that supports these industries to proceed without the need to apply for planning permission, provided it complies with specified development requirements and conditions. In exempting certain development from the need to apply for planning permission, developers will save on planning application costs and the time required to process applications.

1.5.21 Developers will also benefit from receiving a greater degree of certainty that they can proceed, as permission is granted, provided they meet the agreed conditions and development requirements. This will assist in efforts to market and promote the sites for development and investment.

1.5.22 The process for revising a LDO is set out in the Town and Country Planning Act 1990 and Article 38 of The Town and Country Planning (Development Management Procedure) (England) Order 2015 made under the 1990 Act. This would involve consultation with prescribed bodies such as Natural England, Historic England and the Environment Agency and local organisations who have an interest in the area.

1.5.23 The consultation process also includes any person who it would be required to consult with on an application for planning permission and in conformity with the Authority's Statement of Community Involvement. A copy of the LDO will be available to view on the Authority's website and within the Authority offices at Cobalt. The consultation period should not be less than 28 days with an advert in the local press.

1.5.24 Following consultation on the LDO the Authority must consider any representations received and what modifications, if any, should be made to the LDO. The revised LDO would have no effect until it is adopted by the Authority as the Local Planning Authority.

1.5.25 In adopting the LDO the Authority must send a copy of the LDO and other specified documents to the Secretary of State as soon as reasonably practicable, and no later than 28 days after the Authority has adopted the LDO.

## **1.6 Decision options:**

The following decision options are available for consideration by Cabinet:

### Option 1

Approve the recommendations as set out in section 1.2 of this report.

This will allow a LDO to continue to be effective at the Former Swan Hunter site to support investment and job creation.

### Option 2

To authorise some, but not all, of the recommendations as set out in section 1.2.

An amendment to the recommendations could delay the revision of the LDO and affect the confidence of those seeking to deliver projects on site. Normal planning processes will continue to apply.

### Option 3

Not to approve the recommendations as set out in section 1.2.

In this option the existing LDO expires on 19<sup>th</sup> November 2022 at which point normal planning processes will apply to those seeking planning permission on the former Swan Hunter site. The simplified planning scheme permitted under a LDO is an incentive to attract businesses to the former Swan Hunter Site as it reduces the time and risk for delivering their projects and meeting tight contract deadlines. This will have a knock-on effect in reducing the attractiveness of the site and its economic potential.

Option 1 is the recommended option.

## **1.7 Reasons for recommended option:**

Option 1 is recommended for the following reasons:

This would provide a clear commitment from the Authority to take the necessary steps to simplify the planning regime and therefore support the efforts to generate investment, economic growth and job creation at the site in key industries that seek to maximise the advantages the site offers.

## **1.8 Appendices:**

Appendix 1: Former Swan Hunter's Local Development Order (LDO), 2022, no link available.

Appendix 2: Swans LDO 2022 boundary

## **1.9 Contact officers:**

Peter Slegg, Senior Planning Policy Officer, Planning, tel. (0191) 643 6308  
Paul Graves, Regeneration Project Manager, Regeneration and Economic Development  
tel. (0191) 643 6013

## **1.10 Background information:**

The following background papers/information have been used in the compilation of this report and are available at the office of the author:

(1) North Tyneside Report to Cabinet, Item 6 (d), 12 December 2011 [No hyperlink available]

(2) Former Swan Hunter's Local Development Order (LDO), 2012,  
<https://my.northtyneside.gov.uk/category/1076/do-you-need-planning-permission>

(3) Minutes of Cabinet 28 May 2019, Item CAB 12/19 Swan Hunter Site – Next Steps:

<https://democracy.northtyneside.gov.uk/documents/g162/Printed%20minutes%2028th-May-2019%2018.00%20Cabinet.pdf?T=1>

- (4) Record of Delegated Decision, 25 February 2020 – Swan Hunter Site: selection of preferred developer:  
<https://my.northtyneside.gov.uk/sites/default/files/web-page-related-files/2020-02-26%20Decision%20Swan%20Hunter%20Preferred%20Purchaser.pdf>
- (5) North Tyneside Council Statement of Community Involvement 2020,  
<https://my.northtyneside.gov.uk/category/1149/planning-policy-timetable-and-consultation-guidance>
- (6) The North East Strategic Economic Plan – Creating more and better jobs, 2022  
<https://www.northeastle.co.uk/the-plan/>
- (7) The Town and Country Planning Act 1990,  
<https://www.legislation.gov.uk/ukpga/1990/8/contents>
- (8) The Town and Country Planning (Development Management Procedure) (England) Order 2015, <https://www.legislation.gov.uk/uksi/2015/595/contents/made>
- (9) The Town and Country Planning (Use Classes) Order 1987 (as amended),  
<https://www.legislation.gov.uk/uksi/1987/764/contents/made>
- (10) The Town and Country Planning (Use Classes)(Amendment)(England) Regulations 2020, <https://www.legislation.gov.uk/uksi/2020/757/contents/made>
- (11) North Tyneside Climate Emergency Action Plan, 2020  
<https://my.northtyneside.gov.uk/category/539/sustainability#:~:text=In%20July%202020%2019%20North%20Tyneside,net%2Dzero%20by%202030.%E2%80%9D>

## **PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING**

### **2.1 Finance and other resources**

The local authority would not receive a planning fee for works that do not require planning permission as a result of the LDO, this has been the case since 2012 and it is not considered that it will have a significant impact on expected planning fee income, but the revision of the LDO will support economic activity across the Borough.

### **2.2 Legal**

An LDO constitutes a general grant of planning permission for prescribed uses and built development and therefore must follow a formal process set out in the Town and Country Planning Act 1990 and Part 8 of the Town and Country Planning (Development Management Procedure) (England) Order 2015 made under the 1990 Act.

The making of an LDO is a Cabinet function by virtue of the provisions of section 9D of the Local Government Act 2000. There is nothing in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the Town and Country Planning Act 1990 or the Town and Country Planning (Development Management Procedure) (England) Order 2015 that prevents Cabinet from determining this matter.

## **2.3 Consultation/community engagement**

### **2.3.1 Internal Consultation**

The revised LDO has been drafted in cooperation with colleagues in Regeneration and Economic Development as they continue to progress work on the Wallsend Masterplan and work with partners to attract investors to employment sites.

Relevant Cabinet Members and the Senior Leadership Team have also been consulted on the revised LDO.

### **2.3.2 External Consultation/Engagement**

The LDO will be subject to public consultation in accordance with the Town and Country Planning (Development Management Procedure) (England) Order 2015 Article 38. This includes consultation with neighbouring authorities, statutory and voluntary organisations and the period of consultation should be for at least 28 days. The LDO would be available to view on the Council website, with advertisements in the local press and site notices.

## **2.4 Human rights**

There are no human rights implications directly arising from this report.

## **2.5 Equalities and diversity**

There are no implications directly arising from this report that would hinder equality and diversity opportunities, but it is anticipated that future investment in the site would show due regard to the needs of all protected groups thereby creating new economic opportunities for all. While employees in the offshore sector are predominantly male local schools, colleges, universities and businesses are committed to supporting initiatives such as Women in STEM to encourage, support and remove barriers to women pursuing careers in STEM. Newcastle College, which has its Energy Centre in Wallsend, for example has used International Women in Engineering Day to celebrate and promote the contribution of women in the sector.

## **2.6 Risk management**

A risk in revising the LDO is the potential for objections from the community based upon perceived disturbance from noise. These sites however already have established use rights for heavy engineering and other general industrial activities. The LDO will provide an opportunity to permit buildings and other works but with suitable conditions to protect the amenity of nearby residents.

## **2.7 Crime and disorder**

The approval of the revised LDO would support the investment in the site and encourage greater activity and surveillance in the area. This would have a positive impact on the area and reduce the potential fear of crime and disorder.

## **2.8 Environment and sustainability**

The approval of the recommendations will support the implementation of improvements to the environment and long-term sustainability of the site. The LDO is seeking to support businesses in sectors that would include renewable energy such as offshore wind and therefore contribute to the wider commitment of the Authority to tackle climate change.

Development of the former Swan Hunter site has a high level of sustainability in relation to alternative means of travel. The site is close to Wallsend Metro Station and bus interchange and is also alongside a cycleway. Various shops and services are also within easy walking distance of the site. The use of the site for employment development offers the option of goods being transported to and from the site by river, reducing the number of vehicle movements on the road network.

### **PART 3 - SIGN OFF**

- Chief Executive  X
- Director(s) of Service  X
- Mayor/Cabinet Member(s)  X
- Chief Finance Officer  X
- Monitoring Officer  X
- Assistant Chief Executive  X