

# Business Plan 2014-2015

# Arch

The Northumberland  
Development Company



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Arch, The Northumberland Development Company, has a county-wide remit to deliver development and regeneration, and to attract investment.

Arch brings together services in housing, commercial property, physical regeneration and business growth, and is leading the roll-out of superfast broadband across the county. Wholly owned by the County Council and with a mixed public-private Board, Arch brings an enterprising and business-like approach to development and regeneration in Northumberland.

We operate on commercial principles. We are acquiring, developing and upgrading an extensive portfolio of residential and commercial property across the county. We use this asset base to secure project funding, and by raising the performance of the portfolios we generate surpluses that are recycled into business development and other non-commercial services. In addition, we deliver some projects on behalf of Northumberland County Council, and we secure funds from the UK government, the EU and other sources. This arm's-length model has been recommended by the Confederation of British Industry in its recent report on local regeneration.

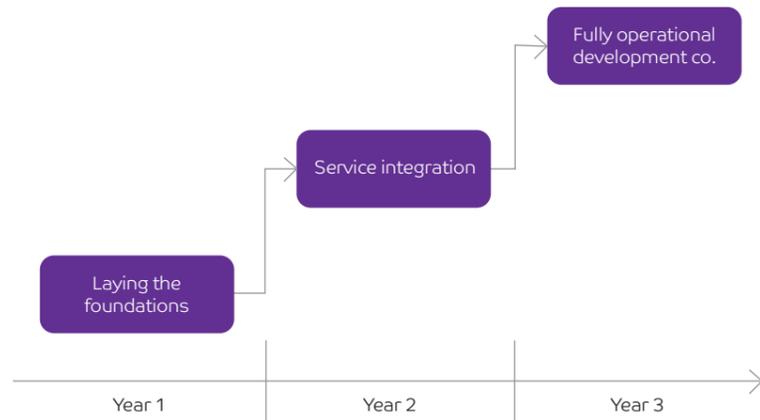
The first Arch Corporate Strategy covered the period 2012-2015, and was designed to guide the business from start-up to a high-performance development company. This business plan sets out our plans for the third and final year of that strategy, 2014-15.

In year 1, the focus was on laying the foundations for the new business in terms of Arch's business model, corporate governance, market research and organisation development, and the creation of a pipeline of projects. In year 2, we set out to demonstrate how Arch's adopted business model would deliver results in the form of physical developments, jobs and businesses created and safeguarded, and steadily improving financial results. Those goals have been achieved, and our achievements are described in more detail in the Arch Annual Review 2014.

Year 3 will see Arch hit its stride, with the profit-for-purpose business model delivering key residential and commercial developments, regeneration projects and infrastructure investment, and stepping up our effort on business growth and inward investment.

We have already made excellent progress, but the work has only just begun. During 2014, Northumberland County Council will launch a new Economic Growth Strategy which will provide the essential context for a review and update of Arch's Corporate Strategy for 2015-2018. The second Corporate Strategy will focus on the major challenges facing Northumberland: balanced growth, productivity, key sectors, regenerating struggling places and tackling poverty and exclusion.

Northumberland will also be playing an increasingly influential role in the wider region. The North East Strategic Economic Plan (SEP) was published in the spring of 2014, setting out plans to deliver More and Better Jobs through investment in innovation, skills and infrastructure. The new Economic Growth Strategy for the county will articulate Northumberland's distinctive contribution to regional competitiveness, and we will engage with the North East Local Enterprise Partnership (NELEP) to maximise investment in support of our mission.



Right:  
Blyth Quayside



We have an ambitious work programme for the coming year, based on five key priorities. We aim to achieve all the targets we set in the original 3-year Corporate Strategy. In some cases, we have already surpassed our targets and we have set challenging new goals for 2014-15.



Right:  
Arch Homes, Spring Park, Bedlington  
Far Right:  
Frameworks, Blyth



**Arch mission**

Leading the way in delivering sustainable economic and social prosperity for Northumberland.

**Arch values**

“Creating a great place to work”



**Arch vision**

Our customers and community

“At the heart of everything we do”





Right:  
Arch Homes, Portland, Ashington  
Below Left:  
Ashington Workspace  
Below Right and Bottom:  
Arch Homes, West View, Dudley



## Priority 1: Residential and commercial development

Our development programme is gathering momentum, with a number of residential and commercial schemes on site or in the pipeline, and others at the planning stage. Arch will continue to help sustain communities and improve the market by providing attractive, affordable homes for rent. We will also address market failure by providing modern commercial and industrial workspace in places that have been starved of investment for decades.

### Our key targets for the 2012-15 Corporate Strategy period are that:

- the house building programme will provide attractive homes across Northumberland and other locations for 300 families/900 people in housing need; and
- the commercial/industrial development programme will create 10,000 sq m of modern office/industrial/other floorspace in Blyth, Berwick and other locations.

### By the end of 2013-14:

- our first major residential development was under construction at Seaton Delaval (£2.5m investment / 28 houses and apartments) and we were also on site at Dudley and West Sleekburn;
- we had secured planning consent and started on site for the £8m / 2,846 sq m Blyth Workspace building at Commissioners Quay; and
- we had made significant progress on developing a scheme for the first phase of commercial mixed-use development in Ashington's 'North East Quarter'.

### In 2014-15, we will:

- complete the residential developments at Seaton Delaval, Dudley and West Sleekburn providing a total of 33 high quality new houses and apartments for rent;
- secure planning consent for, and start construction on, residential developments at Brierley Road, Blyth; Nordale Way, Blyth and Nomis House, Prudhoe which will provide a further 19 homes for rent;
- work toward planning consent on a further 165 homes across various sites, currently in the development pipeline;
- complete Blyth Workspace and welcome our first tenants. This new modern office space will be targeted at businesses in the energy sector and supply chain;
- secure planning consent for the next phase of the proposed mixed use (commercial and residential) development at Commissioners Quay, Blyth;
- gain planning consent and start work on a (£3m / 2,352 sq m) office development at Walkergate, Berwick; and
- secure planning consent for a mixed use development in Ashington, the first phase of the 'North East Quarter'.

## Priority 2: Urban regeneration

Arch continues to lead for Northumberland County Council on the regeneration of Ashington, Berwick Town Centre and Blyth and have therefore focused our urban regeneration efforts to date in these areas.

### Our key targets for the 2012-15 Corporate Strategy period are:

- in Ashington, to deliver the £21m new community and leisure facility (C&LF) and subsequent comprehensive regeneration of the 'North East Quarter' to create a new mixed-use quarter connecting the C&LF to the high street;
- in Berwick, to realise long-held intentions particularly in relation to key sites and assets such as the Walkergate area and former KwikSave site, Barracks and Quayside; and
- in Blyth, to deliver the £8m Workspace building offering high-quality, contemporary office accommodation, targeted at the energy sector and subsequent Commissioners Quay masterplan creating a mixed use scheme for the area.

### By the end of 2013-14:

- we were on site with the £21m Community and Leisure Facility (C&LF) and work on designing the town's mixed-use 'North East Quarter' was well under way;
- plans were well advanced for the development of the first phase of a 2,352 sq m office scheme in Berwick Walkergate, based around the KwikSave site;
- we had completed the purchase of the historic Cowe Buildings in Bridge Street, Berwick and submitted an application for a Heritage Lottery Fund (HLF) grant to fund essential repairs;
- we had coordinated successful Townscape Heritage Initiatives (THI) in Bedlington and Blyth; and
- we had secured planning consent and started on site for the £8m / 2,846 sq m Blyth Workspace building at Commissioners Quay.

### In 2014-15 we will:

- publish the Ashington Investment Plan;
- project manage the construction of the Ashington Community and Leisure Facility and ensure that the project remains on track for an opening in Autumn 2015;
- finalise the Ashington 'North East Quarter' master plan and secure planning consent for the first phase (see Priority 1);
- establish the economic case for investment in the Ashington, Blyth & Tyne rail link;
- secure funding for essential repairs to the Cowe Buildings and appoint contractors: a phased works programme will take up to 12 months, with the first building ready to occupy in early 2015;
- secure a pre-let for at least one of the Cowe buildings, possibly for a restaurant with rooms;
- project manage the construction of the Blyth Workspace Building at Commissioners Quay and ensure that the project remains on track for opening in Spring 2015; and
- award grants totalling £250k for the THI schemes in Blyth.

Right:  
Artist impression Ashington Community Leisure Facility  
Below Left:  
Arch Homes, Woolmarket, Berwick  
Below Right:  
Artist impression Blyth Workspace  
Bottom:  
Commissioners Quay development



### Priority 3: Inward investment and business development

The Corporate Strategy commits Arch to establishing a high-calibre inward investment and business development service to promote Northumberland as a business location, market key sectors and locations including the Blyth Estuary Enterprise Zone, support the start-up, expansion and relocation plans of regional and local businesses, and provide an after care service for key companies.

#### Our key targets for the 2012-15 Corporate Strategy period are:

- to attract at least 10 inward investment/business location projects; and that these projects will generate an aggregate private sector investment in Northumberland in excess of £30m, creating or safeguarding 1,500 jobs.

#### By the end of 2013-14, we:

- had developed and published the first inward investment strategy for Northumberland in many years, and prepared marketing materials for the Blyth Estuary Enterprise Zone;
- had established an active presence in the renewables market by attending events and exhibitions;
- had launched the £11.75m Northumberland Business Growth Programme which has proved very popular and is well on course to meet its targets;
- had helped to secure two inward investments, including Sea Bunkering Ltd's £17m fuel storage facility at Blyth, which will create 20 new jobs; and
- had launched the Business Northumberland Enterprise Support programme.

#### In 2014-15 we will:

- help to secure at least 5 inward investment, relocation or expansion projects, including 2 in the manufacturing sector, aiming to attract £20m of private investment and create or safeguard 100 jobs;
- maximise the Northumberland Business Growth Programme, leveraging a cumulative total of £45m private sector investment and creating/protecting 900 jobs – well in excess of our original 600 job target;
- provide grant support for a further 60 technical apprenticeships, leveraging £1.5m private investment; and
- achieve a revised target of 100 business start-ups supported, creating 120 jobs.

To further deliver Arch's corporate objectives and continue supporting the development of local businesses, Northumberland County Councils Local Growth team will be seconded into Arch. The Local Growth Team seeks to focus on supporting the development of a robust and diverse economy and sustainable communities across Northumberland. Key service areas include the growth and development of the rural areas of Northumberland and of our key market towns. Specific key areas of work include: Project Development and Delivery, Rural Growth Network funding, Rural Sector Support, Local Intelligence, Advice and Support.

Below Left:  
Clifton Engineering  
Below Right:  
Bespoke Concrete  
Bottom:  
Celebrating apprenticeship through the  
Northumberland Business Growth  
Programme



## Priority 4: Managing the Arch property portfolio

The property portfolio continues to be the engine room of Arch's profit-for-purpose business model. We have moved rapidly in the past two years and a series of acquisitions mean that the commercial and industrial portfolio in particular has increased far beyond our expectations.

### Our key targets for the 2012-15 Corporate Strategy period are:

- to reduce the costs of managing the portfolio by 10% in each year of the plan period, and increase income by 10% per annum; and
- generate, through increased efficiency, an operating surplus of £500,000 in Year 1, rising to £750,000 in Year 2 and £1m in Year 3 to reinvest in the Arch capital programme.

### By the end of 2013-14, we:

- owned and managed 36,951 sq m of commercial space across Northumberland and the wider region, as well as 142 hectares of land;
- had acquired 64 new residential properties including 12 new-build apartments in Berwick whilst continuing to prospect for new investment opportunities;
- had invested £1,321,063 in the portfolio, through a planned programme of repairs and improvements;
- had established and expanded the popular Workspace brand to new locations such as Wansbeck, Seaham and Durham; and
- had developed and implemented an investment plan for the Hirst, Ashington, encompassing both property based and softer environmental, community support and institutional stewardship inventions.

### In 2014-15 we will:

- complete the development and acquisition of 142 residential units currently in the pipeline, whilst continuing to prospect for new investments that will help us achieve our target of 300 by March 2015;
- invest £1.465m in repairs and improvements across the Arch Homes and Arch Commercial portfolio;
- continue to invest in the Workspace brand and the commercial estate with the aim of adding a further 50,000 sq m of high quality space during 2014-15 through direct acquisition;
- make further targeted acquisitions for our housing and commercial property portfolio and;
- increase commercial income from the combined estates generating an annual pre-tax profit of 6.5%.

These measures, combined with a concerted effort to reduce the number and duration of voids, will help to generate surpluses that we can use to fund our economic development mission.



Left:  
Coquet Enterprise Park, Amble  
Below Left:  
Durham Workspace  
Below Right:  
Ashington Workspace  
Bottom:  
Wansbeck Workspace, Ashington



## Priority 5: Delivering superfast broadband

Delivery of superfast broadband did not form part of our original Corporate Strategy, but Arch assumed responsibility for the project in May 2013 and as a result Arch Digital was established to implement the iNorthumberland programme.

Working in partnership with the private sector, the target for December 2015 is to provide 91% of homes and businesses in Northumberland with access to superfast broadband services with speeds of up to 80Mbps.

### By the end of 2013-14, we:

- aided Rothbury to become the first community in the UK to benefit from superfast broadband, funded by the Government's Rural Community Broadband Fund; and
- a total of 25 digital cabinets had gone live supplying fibre to over 5,500 premises for the first time.

### In 2014-15 we will:

- continue to work in partnership with the private sector in providing access to superfast broadband services to 91% of premises across the county; and
- launch the iNorthumberland Digital Business Support Programme offering fully funded support to help businesses identify, maximise and profit from the opportunities that superfast broadband and new technologies present.

Right:  
iNorthumberland

Below:  
Superfast broadband rolled  
out across Northumberland



Arch  
Ashington Workspace  
Lintonville Parkway  
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