

Economic Development Sub Committee

Item No.

Report title:	Scottow Enterprise Park Update
Date of meeting:	21 September 2015
Responsible Chief Officer:	Executive Director of Community and Environmental Services
Strategic impact The redevelopment of the former RAF Coltishall airbase, now known as Scottow Enterprise Park, will create jobs and improve the aspirations and opportunities for young people in Norfolk, while also creating a level of commercial activity that would return over time an income for the Council. The regeneration of the former military base also gives rise to opportunities to improve the infrastructure, in particular housing, schools, transport and the electricity grid, in parts of North Norfolk and Broadland.	

Executive summary

The Council is investing in Scottow Enterprise Park to bring forward employment opportunities on a phased and prioritised basis to reflect the market and the ability of the Council to secure tenants. Fourteen companies now operate from the site and the net income being raised exceeds original expectations. Infrastructure constraints, mostly outside of the Council's control, have held back the opportunity to fully market the site and the opportunities that exist to build upon the existing key tenants in the creative industries and sustainable building sector. This report updates the Sub Committee on the progress that has been achieved and seeks support, in line with resolution of the infrastructure constraints, to move away from a 'building by building' basis to a more consolidated regeneration programme for the varied collection of the buildings that are currently not let.

Recommendations:

- 1: To support the submission of the 'suite' of Change of Use Planning Applications with accompanying Overarching Statement**
- 2: To note the new branding and website used to assist the commercial marketing of Scottow Enterprise Park**
- 3: To confirm support for the principle of minimising prudential borrowing**
- 4: To confirm member representation on the Scottow Enterprise Park Member Working Group**
- 5: To note the proposed review of management arrangements building on the lessons learned from Hethel and elsewhere**

1. Proposals

- 1.1. The Sub-Committee resolved at its meeting on 26 November 2014, when it considered options for bringing the former airbase back to life, to support investing in the site to bring forward employment opportunities as early as possible in accordance with a proposal described then as 'Option 1'. Namely to invest to improve the building stock on a phased and prioritised basis to reflect the market and the ability of the Council to secure tenants. This report updates the Sub Committee on the progress that has been achieved and seeks support for moving away from a building by building basis to a more consolidated

regeneration programme for the varied collection of the buildings that are currently not let.

2. Evidence

- 2.1. While the Council has progressed various development opportunities at Scottow Enterprise Park, most notably the delivery of a large scale solar farm, it has to date due to water and telecommunications infrastructure constraints not sought to explicitly market the opportunities to bring forward significant new business growth and job creation on site. Notwithstanding this the Council receives a steady stream of enquiries, many of which (but not all) have resulted in various buildings, including all four hangers and a large part of the Jaguar Simulator buildings being brought back into commercial reuse.
- 2.2. Currently once terms are agreed for a building lease planning permission is sought to enable the building to be brought into use. There have been examples, most notably the temporary reuse of three of the hangers where the proposed use has come into being, under a temporary License in advance of the issue of planning permission (which would trigger the completion of a Lease).
- 2.3. The programme of infrastructure upgrade works is well advanced. The water quality and supply constraints, while delayed due to contractual matters between the Ministry of Justice and Anglian Water, are now on track to be resolved during December. Roll out of Super Fast Broadband within the site is due to be complete by BT before August 2016.
- 2.4. In anticipation of the resolution of the infrastructure constraints local commercial property agents Arnold Keys and the eastern regional office of national property consultancy Carter Jonas have been appointed to jointly promote and market the site starting this Autumn using a new logo and branding for the enterprise park – see Appendix A. The enterprise park's new commercial website is www.scottowenterprisepark.co.uk. Given the current strength of the prospective tenant enquiries and in order to avoid the use of temporary licence arrangements going forward support is sought to move away from the current 'building by building' approach previously agreed by the Sub Committee (Nov 2014) to a more consolidated regeneration programme for the varied collection of the buildings that are currently not let.
- 2.5. A 'suite' of Change of Use planning applications has been prepared for submission to the District Councils. One application focuses on the former Technical Area, a second concentrates on the former munitions storage area and one that deals with the use of the runway, peri-meter roadway and various hard standings for automotive / event use. The buildings and assets (like the solar farm) which currently have planning consent are shown in Appendix A. The 67 buildings that are included in the Change of Use applications are listed and shown in Appendix B. These buildings have the potential to generate in the region of 108 to 301 jobs.
- 2.6. Both North Norfolk District Council and Broadland District Council, who are also the Local Planning Authorities that are determining the planning applications for commercial proposals on the site, have been supportive of the Council in what it is seeking to do in bringing this former airbase back to life. At the time of writing this report discussions are on-going between the Council, North Norfolk District Council and the New Anglia Local Enterprise Partnership about the merit of designating parts of the former 'technical area' (which is in North Norfolk) as an Enterprise Zone.
- 2.7. Normally for a site of this size, where all uses are not known in detail at this stage, planning consent would be secured at an 'Outline' stage at this time for the site as a whole and as proposals come forward the actual detail would be

submitted through a process of 'Reserved Matter' applications. However the site is designated a Conservation Area, which means that only 'Full' (detailed) planning applications can be made. To avoid the situation where the District Councils, and local people, are presented with applications to consider without an understanding of the wider context of the site and its potential impacts (both positive and negative), it is intended to submit alongside the suite of Change of Use applications an Overarching Statement setting out the wider context of the site as a whole.

- 2.8. The Overarching Statement will provide information about the possible opportunities that are emerging around the key tenants that exist and any impacts, transport, environmental and heritage, that are likely as the site as a whole comes back to life. It is proposed that while the existing traffic strategy for the site, set out in Appendix C, is suitable to cater for the traffic flows envisaged in bringing the site back to life in highway safety and capacity terms improvements are proposed to the surrounding road network within existing highway limits to address the concerns expressed by residents in Badersfield about the possible environmental / amenity impacts within their settlement (which falls within the parishes of Scottow and Buxton-and-Lamas). A copy of the improvements that will be implemented is set out in Appendix D.
- 2.9. The suite of Change of Use applications does not include the reuse of the three hangers currently temporarily used for storage, or the potential new build development opportunities being put to the Council by prospective tenants that are currently being evaluated. Given the scale of these proposals they will be the subject of separate planning applications. A planning application has been submitted in respect of the continued use of storage in hangers 1, 2 and 3. If the other development opportunities currently being evaluated come to fruition then they will be the subject of separate planning applications at that time.

Governance

- 2.10. Much has been achieved since the County Council took ownership of the site in 2013. The management arrangements put in place have been effective during this start-up phase, but the time is right to review the resources available and the skill sets required to move the site to the next stage of development. As the pipeline of commercial opportunities emerge we need to be in a position to act swiftly and effectively to secure them.

In doing so we will take into account experiences from other similar sites as well our own successful Hethel engineering centre. It is important that we learn the lessons from those who have already faced and overcome such challenges.

Given this context Sub Committee is asked at the same to confirm representation on the Member Working Group.

3. Financial Implications

- 3.1. The cost of securing planning consent to reuse the existing buildings and the re-commissioning works required to bring the former Ministry of Defence buildings (and infrastructure) up to a level suitable for their commercial reuse is contained within Scottow Enterprise Park's Business Plan. A copy of the Business Plan, which excludes commercially sensitive information, is attached as Appendix E. Appendices within the Business Plan set out the financial forecasts up to 2025, and the capital programme.
- 3.2. Whilst the financial and performance monitoring report considered by the Sub Committee includes information about Scottow Enterprise Park. A copy of the latest monthly summary of the annual trading account (set out to reflect the

corporate profit and loss format) is attached as Appendix F. This shows the current position against budget and the forecast year end position.

- 3.3. Financial performance is currently stronger than the Business Plan previously agreed by the Sub Committee. Controllable costs have been reduced due to careful management of expenditure (both revenue and capital) and income is stronger than predicted.
- 3.4. Last year, 2014/15, the level of income was stronger than originally forecast, which together with a reduction in controllable costs meant that the site's trading performance was £335,546 better than budgeted for. This year, 2015/16, the site is forecasted to generate £993,000 of income, which taking into account direct and indirect costs and overheads is forecast to create an operating surplus of £47,000. This is £236,270 lower than the budget due to bringing forward expenditure on securing planning permissions (to avoid occupations that do not have planning consent), provision for charges for water supplied by HMP Bure and investment in infrastructure. The principle applied in respect of expenditure is to use the previously allocated capital funding and revenue generated in year before resorting to prudential borrowing. Any surplus generated at this time, while parts of the site and its infrastructure require improvement, is recommended to be reinvested in the site, to bring more of the site back into use to generate jobs and ultimately further income for the Council.

4. Issues, risks and innovation

- 4.1. The Business Plan sets out the risks associated with regenerating the former airbase. In terms of the matters that require a decision from the Sub Committee in this report the two issues that need to be considered is the financial and reputational risks associated with marketing the site and the opportunities that exist before the site is ready to be brought into reuse in either planning or physical terms. Much has been achieved to date, but it would be unhelpful to the Council, and our Joint Commercial Letting Agents, to raise expectations that cannot be realised.
- 4.2. The original Development Vision for Scottow Enterprise Park included, in addition to the redevelopment of the Officers Mess site for housing, in the order of 400 dwellings on the former Sergeants Mess site and sports pitches. The detailed work to resolve infrastructure constraints highlighted that such proposals were not commercially viable when the cost of also providing the necessary wider water upgrade and social infrastructure, most notably a new primary school.
- 4.3. Proposals to deliver large scale housing on the former Sergeants Mess site and sports pitches have been dropped. The housing development was originally proposed in order to raise income to support the regeneration of the former airbase to create jobs. Currently officers are considering a prospective enquiry to bring forward commercial development that would directly create a significant number (possibly in the order of 200 jobs) on this part of the site.
- 4.4. Proposals to bring the former RAF Sports Pavilion and some of the sports pitches into community use are also being discussed with representatives of the local communities in Scottow and Buxton-with-Lamas (including those representing the private residents companies in Badersfield). Both proposals can be accommodated by the infrastructure upgrade works being delivered.

5. Background (Progress to Date)

- 5.1. Since the Council bought the site in January 2013 14 companies now operate out of the site employing 63 people (full time equivalents - FTEs). The peak level

of employment at the site since the Council brought the site was earlier this Spring when the first phase of the solar farm was being constructed and operations to store material in three of the hangers were also underway. At that time in the order of 250 people were employed on the site.

- 5.2. While the Council has not actively marketed the site there is a strong pipeline of prospective tenant enquiries, and a number of very significant new development opportunities have been put forward and are currently being considered as to their commercial viability.
- 5.3. The site is also used for a number of commercial events (such as the 'Spring Vehicle Fest', driver training or film location shoots). In 2014/15 40 days of such events took place. The attractiveness of the site, in particular for film use since October Films set up on site, has increased. So far this year, 2015/16, the Council has bookings for 97 days for these kinds of uses. These events create additional income to the Council over and above building and land rentals.
- 5.4. First phase of the solar farm came into operation in March, and work is in hand to deliver Phase 2 later this financial year, which will offer opportunities for renewable power generated on-site to be used by tenants at discounted rates.
- 5.5. All property leases completed at Scottow Enterprise Park adhere to the Council's Property Hierarchy approvals process. The views of the local Member are sought and a report prepared for consideration by Policy and Resources Committee (P&R), or the Managing Director in consultation with the Chair of P&R, or the Managing Director depending on the value or sensitivity of the decision all in accordance with the Council's Constitution. The property leases envisaged for the reuse of the hangers or any major new build development that comes forward is likely to be of a scale and nature that would be reported in due course to the Council's Policy and Resources Committee for decision.
- 5.6. The Council has erected new highway directional roads signs, approved by the local Parish Councils, helping drivers use the agreed access route to the site. The provision of an additional access at the northern end of the site is not currently being advanced because the terms sought by the land owner do not represent appropriate value for the Council.
- 5.7. Morgan Sindall the Council's Joint Venture partner in the redevelopment of the former Officers Mess site for housing is continuing their development of a commercially viable scheme that appropriately respects the heritage of this important part of the former airbase. The Community Liaison Reference Group considered their approach to their proposed development scheme on 9 September. Discussions with Broadland District Council, who are the local planning authority for this part of the former airbase, at the time of writing this report, are on-going.
- 5.8. Those behind the formation of a Heritage Trust, including representatives of the Spirit of Coltishall Association, with the support of officers from the Council are continuing to develop their governance and terms of reference. Heads of Terms for the Trust's lease of the various heritage assets within Scottow Enterprise Park have been agreed in principle.

Officer Contact

If you have any questions about matters contained in this paper or want to see copies of any assessments, eg equality impact assessment, please get in touch with:

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