

# Business and Property Committee

Item No.

<b>Report title:</b>	<b>Scottow Enterprise Park – vision for future development</b>
<b>Date of meeting:</b>	<b>18 January 2018</b>
<b>Responsible Chief Officer:</b>	<b>Tom McCabe – Executive Director, Community and Environmental Services</b>
<b>Strategic impact</b> Scottow Enterprise Park is a large and diverse space, operating as an enterprise park focused on incubating start-ups. Operations on the park directly contribute to making Norfolk a place where businesses are able to grow. It also provides a financial return to the County Council.	

## Executive summary

The Committee received an update on Scottow Enterprise Park at the meeting in September 2017 which focussed on the journey so far. This report aims to seek Member's views on potential future projects, in the context of developing the future direction of the site. This includes views on:-

- The overall approach to development (as summarised at Appendix B)
- Storage and workshop space
- Hangers
- 2<sup>nd</sup> site vehicle entrance
- Buildings outside SEP boundary - Sergeant's mess, Officer's mess and Newton House

### Recommendations:

- 1. The Committee is asked to consider and comment on the approach and potential future projects set out in this report, in the context of understanding the Committee's views about the long-term vision for the site.**

## 1. Introduction

- 1.1. In September 2017, the Committee received an update on Scottow Enterprise Park (SEP). That report focussed on the journey so far in terms of:-

- Investment in the site
- Marketing the site
- Encouraging enterprise/sector growth
- Heritage and community activities
- Operational performance

It also reminded Members of the current agreed development vision and the contribution that the site is making to the North Norfolk economy and beyond.

- 1.2. This report aims to prompt discussion about the long-term future direction of the Park. Whilst there is an agreed development vision, it is important that Members continue to have the opportunity to shape the future direction of the site. This will help ensure that future project or development decisions can be made in that context.

- 1.3. This report does not propose a formal Master Plan for the site or ask Members to make any specific decisions at this stage. Rather, it is an opportunity to consider what the Committee would like to see the site used for in the future, so that efforts can be focussed on delivering those opportunities. In particular, it will be helpful in terms of making sure we don't make any commitments in the short-term that could be at odds with the overall future vision.

## **2. The site now**

- 2.1. To help Members to understand the current position in terms of site development and the plans already in train, a short presentation will be given to Members at the Committee meeting by the Managing Director of Hethel Innovation Ltd, who have been commissioned by the County Council to operate and manage the site.
- 2.2. A site plan is also included at Appendix A.

## **3. Overall approach to future development**

- 3.1. The Council has commissioned Hethel Innovation Ltd (HIL) to manage and operate SEP on its behalf. A separate entity (e.g. an Ltd company) has not been set up and SEP continues to be part of the County Council. However, the site is operated with business principles in mind, which is one of the reasons why HIL has been commissioned. This includes operating a profit and loss account approach – see Appendix B for details of the current and forecast profit and loss.
- 3.2. Overall, the key principle has been to continue to keep a well maintained set of assets to ensure that they don't fall into disrepair (or in some cases further into disrepair) so that they can be ready for us to capitalise on as opportunities arise.
- 3.3. The guiding principles being used for the journey of development (to support the agreed vision) is set out in the diagram at Appendix C. This includes key phases and objectives for development. There isn't a one size fits all approach to applying the principles, and in practice there will be parts of the site that a further along this development journey than others.

## **4. Potential future projects and developments**

- 4.1. Below is information about some specific projects and developments that could help shape the future of the site. We are not asking Members to agree any of these specific projects, and they will all be subject to the relevant decision making, legal and planning processes. Rather, these are included for Members to comment on in the context of developing the future direction of the site.
- 4.2. **Storage and workshop space**
  - 4.2.1. There is currently a storage zone on site. It consists of a number of small storage spaces that are not intended for regular activity.
  - 4.2.2. The SEP team regularly receive enquiries and requests about the site, and will meet these wherever possible. The most common request that we are currently unable to meet relates to very small (1,000-3,000 sqft units) or small (up to 5,000 sqft units) units, either for storage or workshops.
  - 4.2.3. As we know there is demand in the market, we are developing ways that we can meet this demand. The intention is to create a small Container Park, initially with around 10 units. This small Container Park will allow early stage and micro businesses to rent a container of 20 or 40ft in length.

- 4.2.4. The second proposal is to construct small workshops. These buildings will be relatively basic (outer shells with access to some basic facilities e.g. kitchens). This is a low cost option and enables maximum flexibility in terms of how the space can be used.
- 4.2.5. A more detailed report/business case can be brought to the next meeting for the Committee to consider, if Members feel this approach fits with the long term vision for the site.
- 4.2.6. Generally, storage will generate lower rental returns than more 'furnished' space like office buildings. However, the size and nature of the site means that we are able to develop storage/workshop opportunities in areas likely to be unsuitable for any other type of use.

#### 4.3. **Hangars**

- 4.3.1. The hangars are the largest buildings on site (the largest has a floor area of 64,105 sqft). They have local listing status and are within the site's conservation area. Two of the hangars have been used for storing sugar for some time, but this needs to stop due to a number of planning issues and constraints. Another hanger is leased to a manufacturing business.
- 4.3.2. Work is underway to identify new tenants for the hangars. We are looking to attract a higher calibre of tenants who are focused in advanced engineering and high value manufacturing, as per the STEM focus of the site. This will support business growth and job creation. This type of approach should attract a higher level of rental income than using for just storage and we have a new rental strategy in place. To date, there has been some promising market interest registered for some of the hangars, from companies focussed in either advanced engineering or high value manufacturing.
- 4.3.3. The condition of the hangars is fair and there are no major structural issues. However, some work is needed, including to replace the original asbestos roof on two hangars. This is being progressed within the agreed capital budget for the site.

#### 4.4. **2<sup>nd</sup> site vehicle entrance**

- 4.4.1. In looking at the current and expected future needs of the SEP site itself, the existing site entrance is sufficient and there is currently no business case for developing a 2<sup>nd</sup> entrance. Whilst the number of HGV movements on site is restricted (through planning conditions), the number of movements is well below the maximum level.
- 4.4.2. There is land surrounding the site, in private ownership, which could be suitable for future housing developments. Whilst there are no current plans in development, the area to the North West of the site would seem to be the most likely to be suitable for new housing.
- 4.4.3. If new housing was to come forward, or a commitment for new housing is given, then it will be useful to consider a 2<sup>nd</sup> entrance for the site, potentially in the North East corner. A new entrance would enable business/commercial and residential journeys to be separated, reducing safety risks and ultimately enabling a more attractive offer for potential residents of any new housing. It would fit in with the Council's ambition to seek to put infrastructure improvements in place in advance of developments, to encourage and help unlock the market.

4.4.4. A new site entrance could cost in the region of £1-2m.

**4.5. Buildings outside SEP boundary - Sergeant's mess, Officer's mess and Newton House**

4.5.1. The Sergeant's and Officer's mess buildings are currently outside the SEP boundary, as previously agreed by Policy and Resources Committee. This was on the basis that they may be suitable to develop into residential accommodation in some form.

4.5.2. Work has been carried out to review potential opportunities, including working with external property development experts to develop potential plans and joint ventures. This work has taken longer than originally planned, which has unfortunately meant that the buildings have continued to be unused.

4.5.3. The Sergeant's mess continues to have a number of potential commercial opportunities which could be progressed, and it would be useful to hear Members views on which of these may fit best in terms of the long-term vision for the site. The most promising are the following:

1. residential development – potentially through a joint-venture with a development or progressed through the Council's company (Repton)
2. office and/or business incubation space
3. community facilities (e.g. café, crèche) for those working on or near the site
4. a combination of 2 and 3

A detailed report will be brought to the March Committee on the proposals for the Sergeants mess.

4.5.4. There is another building outside the boundary of SEP called Newton House which could also provide opportunities to deliver 2-4 above. The building is owned by the Ministry for Justice and is not currently on the market. Officers will explore the opportunity to acquire this building and report back to subsequent committees.

4.5.5. For the Officer's mess, NCC have been working with a developer to explore various options around the site, however a number of issues have been identified. A number of options have been considered for this building, however the recommendation is for NCC to divest itself of the site, given the specialist nature of this building.

**5. Financial Implications**

5.1. There are no financial implications arising from this report, given that Members are not being asked to make any decisions at this stage. Any implications relating to future development of the site will be considered and included in the further report to Committee.

**6. Issues, risks and innovation**

6.1. As with the development of any site, there is a risk that projects may not ultimately deliver the outcomes and income expected.

6.2. Operating SEP under business principles means that it will be impacted by market factors, not least because there is a reliance on generating sufficient income from tenants/leases. This provides both a risk and an opportunity.

## 7. Background

- 7.1. Report to Business and Property Committee dated 8 September 2017 – titled ‘Scottow Enterprise Park – Update’

Report to Economic Development Sub-Committee dated 14 July 2016 – titled ‘Scottow Enterprise Park – Update’

### 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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