

Business and Property Committee

Item No.

| | |
|--|--|
| Report title: | Scottow Enterprise Park – Update |
| Date of meeting: | 8 September 2017 |
| Responsible Chief Officer: | Tom McCabe – Executive Director, Community and Environmental Services |
| Strategic impact 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

At the last meeting, the Committee agreed that a site visit to Scottow Enterprise would be useful to enable Members to see the activities and buildings on site; a site visit took place on 4 August.

This short update report sets out the current agreed context the site is operating within, and updates on recent and planned activities on site. This update is intended to help bring Members up to speed on the current position, in advance of a more detailed discussion about the future development of the site at a future Committee meeting.

The management and operation of the site has been carried out by Hethel Innovation Ltd (HIL) since December 2015.

Recommendations:

- To note progress and achievements at Scottow Enterprise Park under the management of Hethel Innovation Ltd.**
- To task officers to work up options for the next phase of development of the site, for the Committee to consider at a future meeting.**

1. Vision

- 1.1. In July 2016, the Economic Development Sub-Committee considered the development of the Park. This included agreeing a development vision for the site, as follows:-

Scottow Enterprise Zone aims to deliver local economic growth through:

- providing incubation / grow on space for businesses to start-up and grow, and create jobs*
- delivering bespoke support that helps individuals start-up businesses and existing businesses achieve accelerated levels of growth*
- provide innovation support to help businesses develop new products, processes and services for new customers and new markets*
- becoming an Enterprise Zone that reaches out beyond the boundaries of the Enterprise Zone focusing on the business sectors of Science, Technology, Engineering and Manufacturing*

- *looking to the future – raising aspirations, whilst respecting the past and the site's heritage*

Scottow Enterprise Zone will seek to be a solution provider and a destination of growth.

SEP must be more than a 'property play', and must strive to create enterprising communities and innovating business clusters.

SEP will always seek to address market failure whether in the areas of enterprise, innovation, skills or sectors. Therefore, at the heart of SEP, will sit key buildings focused specifically on creating Incubation, Grow on, Innovation and Skills Spaces.

1.2. The Sub-Committee also approved the following documents, which are available to view on the Committee pages of the County Council's website (officers can provide hard copies if needed):-

- Business Plan
- Development vision
- Operations Plan

2. Recent and planned activities

2.1. Investment in the site

2.1.1. Initial work on the site focussed on improving buildings and infrastructure. A total capital investment of £4.27m has been made in the site (note that this does not include the cost of purchasing the site). Improvements include:-

- Water upgrade project - connecting 47 buildings to new water supply
- High speed broadband installed (with speeds of 60-70 MBps)
- Significant work to improve 11,000kV HV supply
- Refurbishment of 112 buildings and yards (and demolition, where appropriate)
- Gas pipe installed to Building 40
- Road signage, speed bumps and traffic management
- Improved security measures e.g. security cameras

2.2. Marketing the site

2.2.1. We have been marketing SEP as a secure business park that offers space and support to help businesses grow. Activities have included:-

- Putting in place a fully operational website (scottowenterprisepark.com), which provides visitors with more information on SEP, markets upcoming events, and advertises current building vacancies and spaces available to let.
- Seven Enterprise Open Days have been undertaken encouraging businesses to visit the site and learn more about SEP's offer and HIL's wider business support programmes.
- Printing marketing through brochures and advertisements in North Norfolk publications.
- The North Norfolk Manufacturing Group (NNMG) has been established to share best practise, develop supply chains, and facilitate networking and collaborations. These meetings, held at SEP, ultimately aim to bring manufacturing businesses in North Norfolk together to collaborate, innovate

and be more productive.

2.3. Encouraging Enterprise/Sector Growth

2.3.1. There is currently a relatively low business start-up rate in Norfolk and more specifically North Norfolk. However, SEP has so far facilitated 19 business start-ups, with three of these coming via our start-up masterclasses (Activate).

2.3.2. Hubs have been, and continue to be, created around the site as follows:-

- Start-up Space (in Estate Hub): for individuals to start-up their own businesses
- Enterprise Hub: work will start in the next 3-6 months to turn the old Station Headquarters into an Enterprise Hub for Small and Medium sized Enterprises (SMEs) to start-up and grow their businesses
- Business Hub: two phases of work will be undertaken to turn the Air Traffic Control Tower and associated buildings into a Business Hub for SMEs to grow their businesses
 - Phase 1 – Buildings 261 and 262 in next 6-9 months
 - Phase 2 – Buildings 233 and ATC in next 12-18 months
- Creative Hub: Building 349 is now a Creative Hub to provide space for key creative digital businesses to grow
- Ideas Hub: Building 12 – a multi tenanted space – will soon be completed and become an Ideas Hub

2.3.3. Other activities have included:-

- Recent launch of an incubation space - called 'SEP Start-up Space' (seven spaces have been taken already with a further two start-ups in the pipeline)
- Holding three rounds of Activate – a start-up masterclass
- Holding regular Enterprise Open Days, specific networking and sharing best practice events and tenant launches on site, seeking to encourage connections that build relationships and lead to collaborative working
- Engagement with students through Game changers boot camp and other events.

2.4. Heritage and community activities

2.4.1. SEP's Strategic Heritage Partner, the Spirit of Coltishall Association (SoCA), leads on all Heritage Events and Activities on the site. SEP's strategic partnership with SoCA will also be vital to secure potential future funding bids.

2.4.2. SEP was also recently involved with the 12 Towers Festival, which was organised by the churches for the Aylsham and District Team Ministry and in partnership with Broadland District Council and Norfolk Museums Service.

3. Operational performance and targets

3.1. Current operational performance (at end July 2017) is as follows:-

- Total rentable floor space available – 533,000 ft²
- Occupancy rate – 84%#
- Number of tenants – 88
- Number of jobs – 336
- Number of start-ups – 19

- Number of customer enquiries handled - 639 customer enquiries

3.2. Other operational targets are:-

By January 2018 (SEP's 5th Anniversary)

- Help create 20 new start-ups*

By April 2018:-

- 90% occupancy rate#
- Support creation of 360 jobs on site*

By December 2019:-

- 100% occupancy rate#
- Support creation of 400 jobs on site*
- Help create 30 new start-ups*

*Figures relate to total amount since Enterprise Park became operational.

#Of total rentable floor space (currently 112 units).

4. Financial Implications

- 4.1. There are no financial implications arising from this report. Any implications relating to future development of the site will be considered and included in the further report to Committee.
- 4.2. SEP remains part of the County Council but day to day operations are carried out following trading principles. This approach enabled the service to move to a position of generating a surplus for the Council. An overview of financial forecasts is included in Appendix A.
- 4.3. In addition, SEP also seeks to secure funding from alternative/external sources to enable specific projects and improvements to be progressed. In 2017/18, the SEP team have secured grant funding of £98k (through Pooled Business Rate bid 1) and are seeking to further this through the following funding bids:-
 - Local Action Group (LAG) bid - £60k
 - Pooled Business Rate Bid 2 - £100k
 - Enterprise Zone Revenue Funding - £3.3m - £3.4m (over 25 years)
 - Heritage Enterprise Lottery - £2m - £2.5m

5. Issues, risks and innovation

5.1. Strengths

- Enterprise Zone Status – no business rates for 5 years
- Location – beautiful location, close to the coast and city
- Wide range of buildings available
- Support for local businesses and tenants

5.2. Weaknesses

- On-site infrastructure need further development
- Site situated in a rural part of the county, away from the main highway routes

5.3. Opportunities

- NDR (Northern Distributor Road) coming soon – increased accessibility to site
- Further site development – new buildings

5.4. **Threats**

- Constant improvements to the site must be made in order to avoid competitors moving ahead
- The site is subject to market factors, and will continue to be a success whilst there continues to be a place in the market

6. **Background**

6.1. Scottow Enterprise Park is based at the former RAF Coltishall airbase, which operated between 1938 and 2006. RAF Coltishall served as a fighter airfield in the Second World War, and then as a key Cold War base.

6.2. The site is currently split up into four zones:

Enterprise Zones (A, B & C)

The Enterprise Zones A, B & C are where the majority of economic activity will take place. There is a concentration of larger industrial units, consisting of hangars, large warehouses, workshops & manufacturing spaces, and offices.

Storage Zone (D)

The Storage Zone is formed of multiple, smaller storage spaces that are not meant for regular activity.

PV Zone

The PV Zone is the location of the 49.5MW Photo Voltaic Farm.

There are also Yards around the site with the potential to be used for storage and the Perimeter Track and Runway.

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:

Officer name : Tom McCabe – Executive Director **Tel No. :** 01603 222500

Email address : tom.mccabe@norfolk.gov.uk

Officer name : Simon Coward – Managing Director,
Hethel Innovation Ltd **Tel No. :** 01953 859100

Email address : info@hethelinnovation.com



If you need this report in large print, audio, braille, alternative format or in a different language please contact 0344 800 8020 or 0344 800 8011 (textphone) and we will do our best to help.

Financial achievements and forecasts

| Year | Total revenue (income) £'m | Total overheads (expenditure) £'m | Operating profit £'m |
|---------|----------------------------------|---|-------------------------|
| 2015/16 | 0.710 | 1.100 | (0.390) |
| 2016/17 | 1.079 | 0.772 | 0.307 |
| 2017/18 | 1.255 | 0.769 | 0.486 |
| 2018/19 | 1.432 | 0.852 | 0.580 |
| 2019/20 | 1.634 | 0.888 | 0.746 |
| 2020/21 | 1.788 | 0.926 | 0.862 |
| 2021/22 | 1.849 | 0.959 | 0.890 |
| 2022/23 | 1.903 | 0.995 | 0.908 |
| 2023/24 | 1.923 | 1.031 | 0.892 |
| 2024/25 | 1.938 | 1.068 | 0.870 |
| 2025/26 | 1.938 | 1.105 | 0.833 |