

Economic Development Sub-Committee

Item No.

Report title:	Scottow Enterprise Park – Update
Date of meeting:	14 July 2016
Responsible Chief Officer:	Tom McCabe, Executive Director, Community and Environmental Services
Strategic impact To maximise the return on the County Council's investment in Scottow Enterprise Park (SEP).	

Executive summary

This paper seeks Member endorsement on the next steps in the development of the business.

Recommendations:

Members are asked to:

- 1. Receive and approve the SEP Business Plan, Development Vision and Operating Plan.**
- 2. Note that a detailed Capital Investment Plan is in preparation.**
- 3. Discuss the future operating model for SEP and consider the timescale for receiving a detailed proposal.**

1. Proposal

1.1 There are a number of different elements of work, that together set the potential next steps in the development of the SEP business:

- SEP Business Plan
- SEP Development Vision
- SEP Operating Plan
- SEP Capital Investment Plan
- SEP Future Operating Model

1.2 SEP Business Plan - Appendix 1

1.2.1 SEP needs to become a viable and sustainable business with its income exceeding the sum of operating cost, cost of capital investment and the revenue return that should be made to NCC.

1.2.2 Vision

- Create an engine of economic growth delivering startups, business growth and job creation
- Impact the local and wider economy, focusing on building STEM (Science, Technology, Engineering & Manufacturing) business sector
- Reach beyond businesses to schools, colleges, universities and the local community

- 1.2.3 Competitor Analysis
 - Undertake competitor analysis to identify unique selling points, assess competitor strengths and identify new approaches to build competitiveness / uniqueness
- 1.2.4 Business Model Canvas/Business on a Page
 - Build single page business canvas to identify key axis for strengthening / growing business
 - Identify key building blocks that makes business successful
- 1.2.5 Value Proposition
 - SEP offers a wide range of offices and workshops, as well as access to external storage space and - within constraints – use of the runway / track
 - The location is good with improving access to both Norwich and the coast, and is a secure site with 24hr / 7 day week security
 - A wide range of business support services are available to tenants and the wider STEM business sectors located locally
 - SEP is an Enterprise Zone and therefore is able to access infrastructure funding and offer zero business rates for the next five years
 - Through physical location and sector focus, SEP is creating a community of likeminded businesses supporting each other
- 1.2.6 Phased Development Approach
 - Identify key steps in developing business from building team, to putting in place management systems including performance management and driving business forward in key areas that deliver impact
- 1.2.7 Benchmarking
 - Benchmark business against agreed criteria to assess regularly to ensure continuous improvement
- 1.2.8 Financials
 - Build annual, 5 year and 10 year Profit and Loss
 - Capital Investment Programme requires continuous review as understanding grows
 - Costdown initiatives underway in terms of reducing labour costs, contract costs and overheads
 - Increasing Margins through increasing rents
 - Increasing Revenues through increasing occupancy and identifying new revenue streams
- 1.2.9
 - Management Systems
 - HSE including Risk Register, Risk Assessments, Safe Visits, Manual, Emergency Procedures Manual
 - Buildings & Infrastructure including upgrade programmes and specific project plans
 - Site Operations & Maintenance including preventative and reliability centre maintenance schedules / work instructions
 - Financial sheets for P&L, cashflow, balance sheets
 - Customer Management including CRM System, customer tracing, creating enquiries, pricing structures around rents and service charges
 - HR (Team Development) including organograms, appraisals, induction and training
 - Performance including dashboards, reviews and infograms

1.2.10 Strategy Development

- Communications including newsletters, meetings, events
- Marketing including marketing brochures, web sites, events, open days, business support adding additional value
- Governance to ensure openness and transparency
- Consultation to ensure effective dialogue
- Stakeholders to ensure informative discussions and strong collaborations
- Enterprise to drive economic growth
- External Expert Support to ensure SEP team is supported and acting responsibly

1.2.11 Exit Strategy

- Creating Limited Company to increase efficiencies and drive increased impact / value
- Identifying new owner, if sale of site is considered an option

1.3 **SEP Development Vision – Appendix 2**

1.3.1 History and Heritage

- As SEP looks to the future, to be an engine for economic growth in North Norfolk and the wider county, all efforts must be made to respect the history and heritage of the site
- Allowing controlled public access through Open Days and specific Events, as well as developing virtual web based presence will encourage remembrance
- Retaining as many buildings as possible and the completeness of the site will allow the site to retain its heritage

1.3.2 Strategic View

- SEP is an economic development initiative seeking to encourage business start-ups and create jobs
- Through providing significant volumes of building space, businesses will have the space to grow
- With the additional business support programmes, sector focused networks can be facilitated, collaborations encouraged and supply chains strengthened

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1.3.4 Demand

- Significant demand is coming from Norfolk and specifically North Norfolk businesses and individuals
- Specific sector demand is being received from STEM related businesses
- Customers are seeking offices, workshops and storage areas – as well as the associated support – and links to relevant networks / supply chains and clusters

Masterplan with Zones

- 1.3.5 Community Zone (A)
 - At the front of the site this zone has the potential to support community activities through use of the grass areas, wood, buildings, sports facilities
 - Being at the front of the site this zone allows easy access by the community
- 1.3.6 Technical Zones (B&C)
 - These zones house most of the buildings available for renting by STEM focused businesses and includes the four large hangars
 - These two zones are likely to generate the greatest job creation
- 1.3.7 Storage Zone (D)
 - Already filling quickly as this area offers cost effective storage in the old Bomb Storage Area
 - Significant demand is being managed for storage units
- 1.3.8 Buildings Strategy
 - The objective is to safeguard as many buildings as possible and bring them back into use as lettable spaces, particularly creating workshop spaces
 - All lettable buildings will need to achieve planning permission through an agreed planning strategy, and comply with statutory regulations
 - Most buildings will be let with single occupation, but some will be let for multi occupancy
 - Significant investment is needed to bring buildings up to necessary EPC standards / Building Regulations
- 1.3.9 Infrastructure
 - Significant investment is needed to upgrade the water, gas, broadband, security infrastructure
- 1.3.10 Enterprise Strategy
 - A number of buildings will be refurbished to provide flexible space for an Enterprise Hub, Innovation Centre, Business Hub to provide hot desking, startup offices / workshops, meeting room and conferencing space
 - Enterprise Support Programmes will be delivered including Startup Masterclasses and LaunchPad (offering rent free space)
 - Sector events will be run encouraging the sharing of best practice, networking and collaboration

1.4 SEP Operating Plan – Appendix 3

- 1.4.1 The Operating Plan, which takes ten years learning from Hethel Innovation Centre, will ensure we develop a lean, effective, fit for purpose business
- 1.4.2 Team Formation & Development
 - Team being recruited to fit business needs
 - Team Roles & Responsibilities being developed
 - Team skills gap being identified through Training Needs Analysis

- 1.4.3 Supplier Benchmarking / Contractor Management
 - Supplier benchmarking underway to ensure we work with value adding / responsible suppliers
 - SEP team taking control of management of contractors to raise standards in terms of Quality, Cost, Delivery, HSE & Innovation
 - External Expert Engagement being mapped to ensure all necessary support in place
- 1.4.4 Performance Management System
 - Review Meetings being undertaken weekly / monthly / quarterly
 - Performance Dashboards being put into place to ensure progress / focus and direction is being monitored
 - Achievements / Infograms being developed to aid in communication of success
- 1.4.5 Financial Management System
 - P&L / Cashflow / Balance Sheet are being put into place in excel based form
 - Capital Investment Programme continuing to be developed as buildings and infrastructure understanding grows
- 1.4.6 HSE Management System
 - HSE Management System being installed including manual detailing roles and responsibilities
 - Emergency Procedures Manual being developed, as well as Risk Register and Remedial Action Plan
 - Safe Visits soon to be started, and development of risk assessments around manual handling, COSHH, fire, confined spaces, etc

Permit to Work System to be developed and implemented
- 1.4.7 Buildings & Infrastructure Management System
 - Buildings & Infrastructure Management System being installed to handle upgrades and ongoing operation / statutory compliance
 - Work programmes being developed for each Building and Infrastructure Project
- 1.4.8
 - Site Operations & Maintenance Management System
 - Preventative & Reliability Maintenance Schedules being developed to ensure safe and efficient site operation
 - Work instructions to be developed to ensure safe and efficient operation of all Zones and Track / Runway
- 1.4.9 Customer Management System
 - CRM (Customer Relationship Management) System being implemented allowing customer tracking
 - Property Agents Strategy being developed
 - Marketing strategies being developed to secure new tenants / new revenue streams
 - Customer Complaints process being put in place

- 1.4.10 Business Operations/Processes Management System
- Key Business Processes are being mapped
 - Stakeholder Management strategy being developed, including meetings / reviews / e-newsletters
 - Communications Strategy being developed including e-newsletters / events
 - Consultation Strategy being developed including forums / reviews / discussions / feedback
 - Governance Strategy being developed to ensure clear and transparent governance
 - Marketing Strategy being developed, including web sites / open days

1.5 **SEP Capital Investment Plan**

- 1.5.1 There are various infrastructure, utility and building issues that will need to be addressed through a planned investment programme – in order to maximise the potential of the site.
- 1.5.2 Work is already underway to improve broadband and water supply and to consider the scale and optimum timing for investment in the buildings and wider site infrastructure.
- 1.5.3 An overall plan will be developed to set out anticipated development over the next five years and any investment decision will be subject to a detailed business case and need to be processed through the normal County Council procedures.

1.6 **SEP Future Operating Model**

- 1.6.1 At present SEP operates as a business unit within the wider Economic Development and Strategy service. This offers the benefits that the wider support network of NCC provides – but brings with it the procedures and regulations that all teams within the County Council must adhere to.
- 1.6.2 Members may wish to begin to consider how SEP – as a potential trading business – best operates in the future and if they wish to change the business model and what criteria or timelines should be set for any decision
- 1.6.3 An obvious model may be that of Hethel Innovation Limited – which is a wholly owned NCC company with NCC directors but a private sector chairman.
- 1.6.4 There are various other models in operation for NCC services, including Norse Group, Norfolk Energy Futures and Independence Matters

2. Financial Implications

- 2.1. The purpose of the three detailed documents considered in this paper is to ensure that NCC maximises its commercial return from existing and planned investment in SEP.
- 2.2. The business and operating plans will enable the development of a set of monthly financial and operating metrics that will be regularly reported to Members.
- 2.3. Any future capital investment or decisions on operating models will be subject to business cases and appropriate NCC approvals.

3. Issues, risks and innovation

- 3.1. There are a range of risks associated with the operation of a business. Robust planning and operational procedures are necessary to mitigate these risks and optimise the return on investment.

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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