

REPORT TO THE MEETING OF THE EXECUTIVE 11 JANUARY 2012

PORTFOLIO: PLANNING AND TRANSPORTATION

REPORT FROM HEAD OF PLANNING AND TRANSPORTATION

SUBJECT: ECO-ENTERPRISE CENTRE PROPOSAL

1 DECISION BEING RECOMMENDED

- 1.1 To note the viability, feasibility and financial implications arising from the provision of an Eco-Enterprise Centre within Rochford District.
- 1.2 To investigate and pursue funding options to achieve the delivery of an eco-enterprise centre to be located within the London Southend Airport Joint Area Action Plan (JAAP) area.

2 REASON/S FOR RECOMMENDATION

- 2.1 In November 2010 a feasibility study was carried out into the development and delivery of a small business Enterprise Centre within the District.
- 2.2 The aims of the study were to provide the Council with a clear understanding of:-
 - The level and type of demand for supported workspace in the District and how it has been affected by the recession;
 - The size and composition required to become a viable venture including whether it should be mixed use and/or have meeting and conference room facilities;
 - The best location for the centre and be aware of specific opportunities locally; and
 - Whether it is feasible to develop the Approach Car Park site into small office workspace, supported or otherwise.
- 2.3 The over-riding priority for economic development within Rochford is to improve the employment prospects of residents by raising skills, improving the areas competitiveness and creating places which attract inward investment.
- 2.4 The Council has identified the encouragement and support of small enterprises and start up businesses as a foundation for achieving the economic aspirations for the District, and that the development of appropriate workspace is fundamental to encouraging greater levels of entrepreneurial activity and enhancing business survival rates.
- 2.5 Whilst the development of an Enterprise Centre is an important component to delivering growth it will not be brought forward in isolation, indeed it is important the Enterprise Centre links into the wider economic development and regeneration context.

- 2.6 Previous work undertaken identified that London Southend Airport is likely to be the largest driver of economic growth for Rochford given the plans for expansion. The London Southend Airport and Environs Joint Area Action Plan identified a key opportunity to encourage both business growth and inward investment.
- 2.7 It is likely that a key driver of demand for an Enterprise Centre will be business growth linked to the Airport, with an identified need for an increase in small office and industrial premises provision.
- 2.8 Other opportunities considered away from the Airport include regeneration plans for the town centres within the District, as part of the Hockley, Rayleigh, and Rochford Area Action Plans. Supported small business workspace can further develop the success of Shop At My Local by increasing entrepreneurial spirit within towns and further the aims of urban regeneration.
- 2.9 There are no set criteria for the identification of a location for an Enterprise Centre. However it is desirable that is located close to wider amenities and services unless these are being provided within the Enterprise Centre itself. Several locations were considered within Rochford District, including the JAAP area, existing business estates and vacant land allocations such as those to the West of Rayleigh.
- 2.10 It is key to the success of the Enterprise Centre that it is not delivered in isolation, but in conjunction with the wider network of existing and planned supported business space across the District and further afield.

3 SALIENT INFORMATION

- 3.1 Of the sites that were considered, two were preferable in terms of their established employment uses, their vacancy, time frame, accessibility, visibility, and ownership and regeneration impact. These two locations were London Southend Airport, and Land West of Rayleigh.
- 3.2 There are a number of strengths, weaknesses, opportunities and threats associated with each, as detailed below:-

London Southend Airport and environs

Strengths	Weaknesses
<p>Southend Airport will be a focus for business activity</p> <p>Emerging policy framework to direct growth and encourage delivery</p> <p>Airport users and suppliers are likely to seek accommodation close to the airport providing an extra</p>	<p>The airport is isolated from Rochford's main urban centres reducing links to existing residents.</p> <p>Exposure is likely to be more closely aligned to Southend and therefore could attract more businesses from the Borough,</p>

<p>demand driver</p> <p>The promotion of the aircraft maintenance, repair and overhaul (MRO) sector will promote clustering and shared knowledge</p> <p>Training facilities will provide links for businesses to education providers and skilled employees</p>	<p>squeezing out Rochford companies</p> <p>Little or no publicly owned land to provide a catalyst for delivery therefore increasing development costs</p> <p>Likely to require new infrastructure to bring forward adjacent Greenfield land</p>
Opportunities	Threats
<p>Able to form part of a wider business park development</p> <p>Potential to be part of a successful high growth location with international links</p> <p>Successful growth at the airport could result in spillover benefits to the rest of the District</p> <p>Benefit from planned private sector investment in the airport and surrounding business park – potential planning gain to fund development.</p> <p>Potential to co-locate with education providers and share costs/facilities</p>	<p>Focus on MRO will bias offer towards industrial stock which will narrow the benefit to the wider business community.</p> <p>MRO sector is subject to external influences and therefore may not be established and provide viable sources of demand</p> <p>Focuses the majority of Rochford District business drivers in one location weakening the geographic spread of investment and regeneration</p> <p>As companies grow they may be attracted to business stock within Southend reducing employment opportunities in the District.</p> <p>Proximity to the airport may be a disincentive to some companies as a result of environmental, noise and potential congestion concerns.</p>

Perhaps most importantly there is land in public ownership within the JAAP area, though not within the ownership of Rochford Council. To deliver and manage the centre there would be a need to reach agreement with the owner, preferably through policies and proposals set out in the JAAP, and as an integrated element of the overall development package for the area.

Land West of Rayleigh

The location considered lies to the west of Rayleigh and adjacent to the Rawreth Industrial Estate.

Strengths	Weaknesses
<p>The majority of the site is owned by the Council allowing them to directly control delivery</p> <p>Potential to provide good access to the trunk road network</p> <p>Vacant site which is able to be brought forward in the short term, providing vital support to businesses during economic recovery</p> <p>Close to major urban centres within the District to provide a link to stock in the wider market</p> <p>Not reliant on one sector to drive demand, can provide a greater share of space for offices to match wider economic profile</p> <p>Opportunity to bring a public asset into productive use</p>	<p>Greenfield site which requires significant infrastructure to be put in place</p> <p>Currently not an established employment location within only a small industrial estate close to the site reducing awareness of the area</p> <p>Out of town location may mean support and amenity facilities are not accessible</p> <p>Potential lack of public transport access</p>
Opportunities	Threats
<p>Potential to provide proof of concept for a larger business park development on the wider site</p> <p>More closely aligned to existing business estates to act as a catalyst to demand for space within the wider Rochford District</p> <p>Ability to balance economic drivers within the District between the Airport, town centre, existing industrial estates, and a new business park.</p>	<p>Lack of initial viability may struggle to attract occupiers</p> <p>Will require public subsidy to provide infrastructure to the site which may not be achievable given reduced public sector resources</p> <p>Development on a Greenfield site may encounter local resistance</p>

<p>Location will appeal to a wide range of occupiers with little negative impact from surrounding uses</p> <p>Opportunity to share infrastructure costs with a wider business park development</p> <p>Focuses public sector investment in an area which the private sector is not currently bringing forward</p>	
--	--

- 3.3 The Feasibility Study suggests that a location close to the airport provides an existing – and potentially expanding – economic offer which can drive demand for the Centre, whilst land west of Rayleigh provides the opportunity to create a new economic hub and catalyse the delivery of a new business park, which could tie in with the employment opportunities general location identified in the Rochford Core Strategy.
- 3.4 However, the Feasibility Study also states that a site close to the airport is reliant upon the extension of the Airport runway which at the time was uncertain as planning permission had not yet been granted. This has now been granted; consequently the potential for the development of an Enterprise Centre at this location is much higher than at the time of the Study.
- 3.5 The Study recommends that the Enterprise Centre is brought forward on the land west of Rayleigh. Nevertheless, circumstances at the airport have changed significantly since the Enterprise Centre Feasibility Study was written. Given the certainty of the runway extension and the business park provision planned at the airport, along with the general location of the airport in relation to the highway network, it would seem sensible to pursue the provision of an Eco-Enterprise Centre in the JAAP area. This further links with the fact that London Southend Airport is likely to be the largest driver of economic growth for Rochford given the plans for expansion. It is also the case that the JAAP is included in the emerging Integrated County Strategy (ICS). The ICS is being promoted by Essex Authorities through the LEP and this may provide opportunities for funding, bearing in mind the government is committed to channelling any future development funding through the LEP.

4 ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Several other locations were considered when looking at the feasibility of locating an Enterprise Centre within the District. These were:-
- Brook Road Industrial Estate
 - Rayleigh Car Park Site – Station Approach
 - Sites within Rayleigh, Rochford, and Hockley Town Centres

- 4.2 The sites that were not taken forward as the potential options did not meet the criteria established as a requirement for the Enterprise Centre. The criteria included: established employment land, vacant, deliverable time frame, accessible, visible, public ownership, and a positive regeneration impact.

5 RISK IMPLICATIONS

- 5.1 There will be a need to identify funding streams to deliver an eco-enterprise centre, but a focus on the JAAP is considered to be a lower risk option than the alternatives considered in the report.
- 5.2 Given the funding requirements for the construction of an eco-enterprise centre there is a risk the facility will not be delivered.

6 RESOURCE IMPLICATIONS

- 6.1 The Feasibility Study considered the cost of the development of an Enterprise Centre at land West of Rayleigh, and made the assumption that the costs would be shared with the wider development of a new business park in the area. Three assumptions were made:

Appraisal 1: Standard Development Model. Shortfall to the Council in this appraisal would be approximately £3.1 million.

Appraisal 2: Appointment of Management Company. Shortfall to the Council in this appraisal would be approximately £3.5 million.

Appraisal 3: Council Develop and Operate. Shortfall to the Council in this appraisal would be approximately £3.7 million.

- 6.2 However, the development of a centre within the JAAP would also benefit from the wider development of a new business hub and as indicated in the report, may deliver options for funding streams through the LEP, though there can be no guarantees given the state of public finances.

I confirm that the above recommendation does not depart from Council policy and that appropriate consideration has been given to any budgetary and legal implications.

SMT Lead Officer Signature: _____

Head of Planning and Transportation

Background Papers:-

Eco-Enterprise Centre Report, November 2010.

For further information please contact Jody Owens-Hughes (Economic Development Officer) on:-

Phone: 01702 546399 Extn 3614

Email: jody.owenshughes@rochford.gov.uk

If you would like this report in large print, Braille or another language please contact 01702 318111.