

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Deputy Chief Executive (Place)

to
Cabinet
on
14th March 2017

Report prepared by: Emma Cooney, Director of
Regeneration and Business Development

Airport Business Park Southend Update Place Scrutiny Committee

Executive Councillors: Councillors John Lamb (Leader of the Council), Ann Holland
(Portfolio Holder for Culture, Tourism and the Economy) and Andrew Moring
(Portfolio Holder for Corporate Community Support Services)
Part 1 Public Agenda Item

1. Purpose of Report

To update Members on the progress of the Airport Business Park Southend (ABPS) development, specifically in relation to the Phase 1 works currently underway and the acceleration of Phase 2 works following the announcement of £19.89m from the Local Growth Fund (LGF) on 2 February 2017. It also seeks agreement from Members for appropriate delegations to enable the Phase 2 works to commence.

2. Recommendations

2.1. To note and endorse the progress of the Airport Business Park Southend development, including the commencement of the Phase 1 works.

2.2. To note the announcement of £19.89m Local Growth Fund (round 3) investment to enable the Phase 2 works.

2.3. To agree the following delegations to enable the phase 2 works to progress at pace and in line with funding conditions:

- That the Deputy Chief Executive (Place), in consultation with the Leader, be authorised to approve and submit a revised business case in order to draw down the funding from the South East Local Enterprise Partnership (SELEP) at the appropriate time.
- That the Deputy Chief Executive (Place), in consultation with the Leader, be authorised to take all necessary steps to deliver the Innovation Centre including: commissioning feasibility work to develop a scheme, submission of a detailed planning application, commissioning construction and procuring an operator.

- That the Deputy Chief Executive (Place), in consultation with the Leader, be authorised to agree the detailed planning applications for Phase 2 works and associated evidence and assessments, for submission to Rochford District Council and to enter into any relevant planning or highways agreements necessary to facilitate the development.
- That the Deputy Chief Executive (Place), in consultation with the Leader, be authorised to undertake all necessary work to deliver the new rugby club clubhouse and any additional infrastructure as required by the scheme with Henry Boot Developments Ltd and their appointed contractors and to enter into all relevant documentation including the new lease to the Rugby Club to facilitate and complete the relocation of the Club.

2.4 To establish the Management Company function, as per the Development Management Agreement with Henry Boot Development Ltd, and commit the necessary resources and appropriate Council representation for the company to commence operation.

3. Background

3.1. On 11 November 2014 Cabinet received an update report in regards to the ABPS project highlighting the imminent adoption of the Joint Area Action Plan (JAAP) as planning policy following its examination in public, and the issue of the standstill letter to Henry Boot Developments Ltd (HBDL) as a preferred development partner, with a view to completing the contract documents, including the development agreement in 2015. The development partner HBDL will fund and build out the business park in partnership with the Council. The Council is contributing the land and funding, which is already within the capital budget, to the partnership.

3.2. Following a meeting of the JAAP Joint Committee the JAAP was adopted by both Southend and Rochford Councils in December 2014. This now provides the agreed strategic planning framework for development in and around the airport, including the business park area.

3.3. The Development Management Agreement with HBDL was signed on 12th June 2015. Concurrent with that process and subsequent to it officers have been working with the HBDL team to progress the business park development with a number of key milestones having been reached including:

- Outline planning application for the relocation of Westcliff Rugby Club submitted on 23 October 2015 with consent granted by Rochford District Council's Development Committee on 25 February 2016
- Planning application for the business park submitted on 23 October 2015 with Rochford District Council's Development Committee resolving on 17 March 2016 to grant consent subject to a planning agreement and that agreement finally being concluded and consent being issued on 31 October 2016.
- Notional allocation of £3.2m Local Growth Fund round 2 funding for Phase 1 ABPS works (access off Cherry Orchard Way, spine road, utilities and

enabling work for the rugby club relocation) and subsequent successful business case submission to secure the funding which is funding work currently underway. This is match funded by Council capital funding which is already in the capital budget.

- Appointment of retained commercial property agents - Dedman Gray and Kemsley- to promote the ABPS and the subsequent commencement of active marketing
- Appointment of Erith as HBDL's contractors for the Phase 1 infrastructure works
- Commencement of Phase 1 works on site on 28 November 2016

3.4. The profile of the ABPS development in Southend has resulted in early interest from some local businesses prior to appointment of the commercial property agents. Discussion with these businesses has continued and advanced negotiations are underway with some potential occupiers, though Heads of Terms are yet to be signed for any plots. Since the start of the year the agents have commenced proactive and targeted marketing of the various opportunities which are generating further interest.

3.5. Westcliff Rugby Club continues to be a key stakeholder in the development with regular meetings and discussion with their representatives to agree the details of the relocation process and new club house and pitches.

3.6. On 2 February 2017 Government announced its Local Growth Fund round 3 allocations. SELEP has a total allocation of £102m within which there is a notional £19.89m allocation towards the cost of the Phase 2 works comprising the Innovation Centre, on-site infrastructure and off-site walking and cycling. The established SELEP independent technical evaluation of a revised business case and approval by the Accountability Board must now be undertaken in order to secure the funding. The £19.89m is match funded by Council capital funding which is already in the capital budget and HBDL investment in the site.

3.7. The funding has been sought to deliver the Phase 2 works, including some off-site walking and cycling, and to fund the Innovation Centre. The centre has been a long-held ambition as a key piece of infrastructure to support and enable innovation, create space for entrepreneurs to thrive, to form part of the pipeline of demand for accommodation on the park and to offer a space where different businesses meet, share ideas, identify synergies and work together to take advantage of new opportunities. However, it is outside the scope of work to be funded by HBDL. The successful LGF bid will therefore enable the Council and HBDL to accelerate delivery and add significant value to the offer of the business park and its economic impact potential.

3.8. The Management Company is to be a company guaranteed by shares which will initially be held by the Council and HBDL and subsequently also by commercial tenants of the Business Park. It will oversee the day to day operation of the Business Park while the Partnership Board will continue to provide strategic direction.

4. Reasons for Recommendations

The LGF announcement is significant for Southend not only in its value, as the largest allocation within SELEP, but also the scale of the infrastructure it will allow the Council to deliver and to do so more quickly than would otherwise have been possible or expected. A set of clearly defined delegated responsibilities are therefore sought in order to maintain this pace, meet the funding requirements and to deliver the Phase 2 works.

5. Other Options

No alternative funding for these works has been identified.

6. Corporate Implications

6.1. Corporate Priorities

Developing the ABPS will contribute towards the Council's **Prosperous and Excellent** priorities through the development of a high quality business park environment and related infrastructure which will be a catalyst for job creation, commercial growth and economic well-being.

6.2. Financial Implications

The Council's financial commitment to the business park is already within the capital budget. This will provide some of the match funding for the business case to secure the LGF investment with the funding from HBDL, as per the Development Management Agreement, providing the rest.

The established SELEP independent technical evaluation of a revised business case and approval by the Accountability Board must now be undertaken in order to secure the funding. The LGF funding must then be managed within the terms and conditions of the grant. The additional Local Growth Fund monies of £19.89m have been included within the Capital Programme approved at Council on 23 February 2017.

6.3. Legal Implications

The grant funding agreement with Essex County Council, as the LEP's accountable body, sets out the terms of the investment.

6.4. People Implications

Officer time to develop the business case and to continue to work in partnership with HBDL to develop the business park.

6.5. Property Implications

The land is owned by the Council and part will remain as Council property, generating a revenue return, and part will be sold freehold generating a capital return.

6.6. Consultation

Consultation was undertaken in establishing the JAAP and in application for the two planning consents.

6.7. Equalities and Diversity Implications

None

6.8. Risk Assessment

A risk register is maintained for the ABPS project and updated accordingly.

6.9. Value for Money

The LGF3 Phase 2 bid explained how £2.38m of Council investment will lever-in the £19.89m now allocated.

6.10. Community Safety Implications

None.

6.11. Environmental Impact

None

7. **Background Papers**

None

8. **Appendices**

None