

Meeting: Executive
Date: 23 August 2011
Subject: Proposed Dunstable Enterprise Centre (Incuba Project)
Report of: Cllr Maurice Jones, Deputy Leader and Executive Member for Corporate Resources

Summary: This report proposes the establishment of a new exemplar business incubation facility to support the regeneration and future employment needs in the Dunstable area. Central Bedfordshire Council, through the inclusion of the land asset at the old Fire Station site (Brewers Hill Road, Dunstable) will enable Central Bedfordshire College, with the benefit of European Funding, to develop facilities for the provision of a new enterprise centre providing support for start up and growing business with an additional focus on developing the low carbon technology centre and training opportunities within this sector.

Advising Officer: John Unsworth, Assistant Chief Executive, Resources
Contact Officer: Peter Burt, Head of Assets
Public/Exempt: The report is public with the financial details contained in a separate report at agenda item EX2.
Wards Affected: All Dunstable and Houghton Regis Wards
Function of: Executive
Key Decision No
**Reason for urgency/
exemption from call-in
(if appropriate)** N/A

CORPORATE IMPLICATIONS

Council Priorities:

The project directly fits with the Council's priority to manage growth effectively, through both stimulating jobs growth to match housing growth and also promoting the use of low carbon technologies to reduce the impact of development on the environment. The project will also positively impact on the corporate priority, educating, protecting and providing opportunities for children and young people, through the provision of learning and low carbon technology demonstrator space aligned with the College's training aspirations.

The project is a clear example of activity to support the Council's vision for Central Bedfordshire to realise its economic potential and address local economic and regeneration needs in the south of the Central Bedfordshire area.

Financial:

The use of European Regional Development Fund (ERDF) funding does not commit the Council to any capital financing from its own funds, but it will be foregoing potential capital receipts in return for future revenue income.

Further information on the financial implications can be found in the exempt report at agenda item EX2.

Legal:

The Council's Legal Service has been advised of the proposed transaction and will be able to prepare the Agreement for Lease.

Section 2 of the Local government Act 2000 gives the Council power to do anything which it considers is likely to achieve the promotion or improvement of the economic well-being of Central Bedfordshire. In exercising this power, the Council must have regard to its sustainable community strategy.

Under section 123 of the Local Government Act 1972, the Council has a general power to dispose of land. Normally, the Council must obtain the best price that can reasonably be obtained when it disposes of land. However, the Secretary of State may consent to a sale at a lower value and a general consent has been issued permitting a local authority to dispose of land at less than market value where it considers that the disposal will contribute to the achievement of the promotion or improvement of the economic well-being of its area. This general consent is subject to a limit of £2M.

Risk Management:

The transfer of the land will require monitoring of the development to protect the prospective income and the Council's share of the income. All project delivery risks will be owned by Central Bedfordshire College.

There is a risk that the revenue from the lettable space may not be achieved and this will in turn have an adverse impact on the proposed return on capital employed.

Staffing (including Trades Unions):

No additional staffing is required to complete the transfer or to manage the property in the short term.

Equalities/Human Rights:

Under the terms of equality legislation, when developing proposals and making policy decisions public authorities must ensure that decisions are made in such a way as to minimise unfairness, and they do not have a disproportionately negative effect on people from different ethnic groups, disabled people and men and women.

The property disposal will be carried out to obtain consistency to ensure there are no disproportionate negative effects. Delivery of the Incuba project will provide dedicated business support to target groups including Women and Black and Minority Ethnic Communities, having a positive impact on these groups.

Community Safety:

The acquisition will consider all aspects of community and voluntary sector use of assets and the safety of all our properties is paramount.

Sustainability:

One of the key aspects of this disposal is to facilitate the regeneration of the land around Brewers Hill Road and to deliver jobs growth and sustainable development as part of the Council's activity to support the creation of 27,000 new jobs by 2026. The project is also providing support to target groups and areas with the highest levels of unemployment in Central Bedfordshire.

Summary of Overview and Scrutiny Comments:

- This report has not been considered by the Customer and Shared Services Overview and Scrutiny Committee.

RECOMMENDATION:

that the Executive approves the disposal of the land to Central Bedfordshire College outlined on the plan attached at Appendix A on a 125 year lease to aid the use of money provided by European Regional Development Fund to enable the regeneration and local business support to proceed.

Reason for Recommendation:	Central Bedfordshire Council support for the project will enable the delivery of a new exemplar Enterprise facility to stimulate the local economy, deliver jobs and training and support the developing low carbon sector. It will also bring externally secured funding and help stimulate new business growth and enterprise within the Dunstable and Houghton Regis area.
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BACKGROUND INFORMATION:

1. Central Bedfordshire College have been developing a European Regional Development Fund (ERDF) Axis 3 project, focusing on the provision of a new enterprise facility and a low carbon technology demonstrator space in sustainable construction, to help support the growth agenda and meet local skill needs. Priority Axis 3 funding is part of the €110.9 million 2007-13 East of England ERDF approved program and seeks to identify and implement best practice in reducing the carbon footprint of businesses, communities and settlements, focusing efficient use of resources, development of clean or renewable energy sources and support for eco-friendly design. The Priority will also seek to improve overall competitiveness and economic performance. Under this Axis, the proposed centre (Incuba) would provide specialist facilities, start up advice and support, accommodation and wider environment for business growth, demonstrating state-of-the-art renewable energy technologies, low carbon construction and energy efficiency.

2. The project consists of a high quality new build facility, to be located on the Brewers Hill Road former fire station site (in Council ownership), of approximately 32,500sq.ft. This would provide approximately 10,000 sq.ft of demonstration space and approximately 20,000 sq.ft of lettable incubation space within 26 business units. The demonstration space would include a number of low carbon technologies for their adoption by businesses or for training to individuals on these new technologies. Within the ERDF Business Case it is projected that the Incuba project would deliver 125 new direct jobs and support 205 businesses to either start up or grow by 2013, in addition to wider skills development and business innovation activities stemming from the centre, stimulating further local jobs and business growth. These figures are based on experience from similar historic projects, expected employment densities from floor space available and through consultation with business support providers. The project will play a significant part in attracting new private sector investment to the area and developing an enterprising culture in the Dunstable/Houghton Regis area.
3. The project addresses the findings of the Local Economic Assessment relating to the need to stimulate business growth and take up of business support. This will be achieved through providing local access to dedicated support and funding programmes, providing business networking and best practice learning opportunities and offering a step change in the quality and quantity of business start up accommodation in the area. Through the provision of targeted business support the Incuba project seeks to support Women and the Black and Minority Ethnicity communities to maximise business start up in these groups whilst continuing to support and extend existing business infrastructure.
4. The low carbon focus of the project will also support the development of this key growth sector in Central Bedfordshire and help address local business concerns over higher energy costs, through the adoption of more efficient processes and reducing waste. The Incuba project seeks to save 875 tonnes of CO2 emissions within Central Bedfordshire by April 2015.
5. The project also supports the wider Council objective of educating the local community and providing young people with opportunities, through supporting the College's ambitions for the area and the provision of additional high quality demonstrator space for learning opportunities and promoting business and education collaboration.
6. The College will require a firm commitment from the Council as a part of this business case, including a match funding certificate and agreement on the use of the site.

Council activities

7. To date the Council has supported the Incuba Centre project development in principle based on delegated powers to carry out the functions of the Council concerning Regional, European and International issues and relationships. The project has been included within the Central Bedfordshire ERDF Sub Regional Plan and Luton Gateway business plan.

Officers have worked with the College including sharing important research commissioned by the Council supporting the need for dedicated enterprise space in Central Bedfordshire and specifically Dunstable and the surrounding area, the first by UKBI '*Study for the provision of premises for start-up, small and growing firms in Central Bedfordshire*' (2010) and the second by SQW (Used to be Segal Quince and Wicksteed – Management Consultants) "*Dunstable Enterprise Facility Feasibility Study*". Both reports are listed as background papers.

8. The SQW research finds that an enterprise culture needs to be fostered in Dunstable and the surrounding area to support regeneration and stimulate jobs growth and that a number of market failures exist in the area, both specifically to Dunstable and in the provision of business support. However, evidence shows that a well managed enterprise facility can create demand for start up business/ enterprise units and stimulate a local entrepreneurial culture as it becomes an enterprise destination and the centre for wider business growth activities. These factors combine to increase the level of new business start ups and resulting jobs growth in an area. Such a centre would provide a step change in the type and quality of commercial premises available in Dunstable and the surrounding area.
9. In addressing the wider market failures there would need to be a number of fundamentals ("must haves") that the centre will need to provide:
 - easy-in/easy-out terms flexible space for business units;
 - shared, community, facilities;
 - high quality facilities that can help to increase the footfall through and awareness of the centre beyond the tenants and across a wider network of businesses;
 - fast internet connections; and
 - an effective programme of business support.
10. A Management Committee will be developed by the College, to oversee the delivery of the project and monitor outputs. This would include the College and a place for the Council, with additional enterprise support experts also on the Committee, to ensure the centre is operating to best practice and meeting the "must haves" noted above.
11. A number of sites for the centre were considered, including Brewers Hill Road, Kingsland and town centre locations. It was concluded that the most appropriate site would be Brewers Hill Road, based on the site's location and development opportunity.

Financial and other Considerations

12. The College are aware that in any commercial agreements the full value of the land would be considered with the Council retaining ownership of the site. As the land was included in our original assumptions for capital receipts it will be replaced by other assets held for disposal.

13. Central Bedfordshire Council are being asked to support the project by putting its land into the development, by way of a long lease at a peppercorn rent and without a capital receipt but to receive a return on the land value from a share of the income from the completed development. The Business Case for deploying the Council's land for the delivery of the Incuba project has been considered through the Council's Corporate Project Commissioning Process. The business case was endorsed through this process for submission to the Executive and is available as a background paper.
14. A solution to the existing use of the site by the Council as an overflow car park for Watling House will be required. The Incuba proposal would result in the loss of this site and alternative parking provision will be required. This is being investigated by Assets, seeking use of the adjacent National Grid site and as part of a wider planning and development brief for the Brewers Hill area. An alternative solution may be to deck the parking on the Incuba site or part of the existing Council car park and this will be considered as part of the medium term accommodation plan. The Incuba centre would need to undergo the statutory planning application process before development can proceed.
15. Subject to approval by the Councils' Executive, the programme for the project envisages:
 - Agreement for Lease signed: 31/10/11
 - College published works tenders 01/11/11
 - Works contracts awarded 21/1/12
 - Business mentoring activity starts 15/1/12
 - Centre Opening 28/2/13

Appendix A - Plan of Brewers Hill Road Site

Background Papers

SQW "*Dunstable Enterprise Facility Feasibility Study*"
Council Corporate Project Commissioning Process Business Case (2011)
UKBI Study for the provision of premises for start-up, small and growing firms in Central Bedfordshire (2010)

Background papers will be available within the member's area or via Peter Burt-
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