

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 29th November 2005

Report Title A Strategy for Industrial and Commercial Property Investment and Management

Summary The Council has a portfolio of properties that help deliver the Council’s economic development and regeneration policies. The report draws together policies to define the Council’s role in the management and development of premises that support its economic development activities.

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Would the recommended decision be contrary to the Budget and Policy Framework? Yes/No

Background Papers 2002 Asset Management Plan for the Council’s Business Property Portfolio.

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s)
(With brief comments, if appropriate)

Other Elected Members Councillor F P Barnes)
Councillor M J Jones) for information
Councillor M P L Morris-Jones)

Cabinet Member Councillor C J Saint – For information.
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Chief Executive

Legal I Marriott - Agreed

- Finance The Treasurer requested that the report be submitted to COMT. The feedback from COMT will be reported verbally.
- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION **YES/NO** (*If 'No' complete Suggested Next Steps*)

SUGGESTED NEXT STEPS :

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet for approval in accordance with the decisions reached by the Committee.
- To an O & S Committee
- To an Area Committee
- Further Consultation

**Economic Development Overview and Scrutiny Committee –
29th November 2005**

**A Strategy for Industrial and Commercial Property
Investment and Management**

**Report of the Director of Planning, Transport and
Economic Strategy**

Recommendation

That the Committee:-

1. Agrees the policies for investment and management of the Council's economic development property set out in the Strategy, endorses its conclusions, and recommends its adoption by Cabinet.
2. Recommends that the policies defined in this strategy for investment and management of industrial and commercial property are adopted as the basis for the Asset Management Plan for the economic development property portfolio.

1. Introduction

- 1.1 The current Regeneration Strategy approved by Cabinet on 20th December 2001 builds on the Council's strategic objective of developing and maintaining a vibrant, healthy local economy, which promotes employment and prosperity for all. It sets out the Council's commitment that, "where the market fails to provide..." it will "...supply and manage property suited to identified business needs, preferably in partnerships but otherwise alone". These principles are carried forward in the new "Regeneration and Competitiveness Strategy" the Council will be considering later this year. The strategic objectives in the draft include support for enterprise and the "provision of business premises to overcome market failure".
- 1.2 Industrial and commercial properties have been an important component of the Council's work on the development of the local economy and an integral part of its economic regeneration strategies.

- 1.3 The proposed strategy for industrial and commercial property investment and management provides more detail for the Council's overall policy and it seeks to establish principles and priorities for future Council investment in business property.
- 1.4 The strategy reviews the management of the existing portfolio of business premises and draws the following conclusions: -
- (i) That overall the Council's Business Property portfolio makes a significant contribution to the regeneration of the economy. There are further opportunities for improvement in the performance of some components of the programme and it is suggested that the opportunities for improvement be further investigated through the medium of the Asset Management Plan.
 - (ii) That the Council should continue to undertake new business premises development projects subject to project feasibility and to compliance with the following criteria: -
 - (a) Which satisfy the Council's objectives for economic regeneration.
 - (b) Where the private sector is not prepared to invest alone.
 - (c) Where sufficient funding is available from within the Council's Capital Programme or from prudential borrowing.
 - (d) Where there is an opportunity to take advantage of the availability of external funding.
 - (e) That can demonstrate they achieve best value and in the medium to long term demonstrate an economic return on the Council's investment.
 - (f) Where possible engage in effective partnership with the private sector or other providers such as Advantage West Midlands (AWM).
- 1.5 The strategy refers to new projects and recommends that immediate priority should be given to the 3rd phase of Centenary Business Centre (which is in the corporate capital programme and is scheduled to commence shortly) and to other potential projects which benefit from grant funding within the Regeneration Zone and other AWM priority programmes.
- 1.6 The proposed strategy is attached as **Appendix A** to this report.

JOHN DEEGAN
Director of Planning, Transport and Economic Strategy
Shire Hall
Warwick

21st November 2005

Strategy for Industrial and Commercial Property Investment and Management

1. Introduction

Regeneration Strategy and the draft Regeneration and Competitiveness Strategy

- 1.1 The current Regeneration Strategy approved by Cabinet on 20th December 2001 builds on the Council's strategic objective of developing and maintaining a vibrant, healthy local economy that promotes employment and prosperity for all. It sets out the Council's commitment that, "where the market fails to provide..." it will "...supply and manage property suited to identified business needs, preferably in partnership but otherwise alone." These principles are carried forward in the new "Regeneration and Competitiveness Strategy" which the Council will be considering during the autumn of 2005. The strategic objectives in the draft include support for enterprise and the "provision of business premises to overcome market failure"
- 1.2 This property strategy provides more detail for this policy and establishes principles and priorities for future investment in business property portfolio. It also reviews the investment and management strategies for the existing portfolio of business premises.

Council's approach to capital investment in regeneration

- 1.3 The Regeneration Capital Programme has contained four broad categories of investment:
1. Roads and services to open up business areas and the development of business units
 2. Regeneration studies to ascertain the nature and feasibility of projects to be undertaken
 3. Environmental improvements leading to the regeneration of areas of economic activity such as town centres and older industrial areas
 4. Investment in social and community assets resulting from the regeneration studies – such as the conversion of property in the north Warwickshire Mining villages.
- 1.4 The bulk of investment has historically gone into category 1. More recently, and increasingly, into category 3. Category 2 investment can be the trigger for further investment in projects in the other categories.

2. Why a strategy for industrial and commercial property?

- 2.1 The property portfolio represents a major investment commitment by Warwickshire County Council. It is an important operational tool for supporting the development of new employment; furthermore it is an important element in our commitment to enhancing the competitiveness of the Warwickshire economy.
- 2.2 Through investments at University of Warwick Science Park, Warwick Technology Park, Bermuda Innovation Centre, EPIC and the Nuneaton and Rugby Business Centres, the portfolio has over 200 units either directly under Council management or in partnership. Within Warwickshire the County Council shares with Advantage West Midlands the key role of providing business units in support of the economy.
- 2.3 It is the only area of the Council's present Regeneration Strategy, which generates a return on the capital invested as well as making a direct contribution to the achievement of the Council's economic development objectives. Income from business premises is used to meet interest charges on borrowings and surpluses are used to offset the revenue costs of economic development activities of the Council. The Council's smallholdings managed by Property Services Department similarly contribute income to the Council while supporting agriculture.
- 2.4 The original property investment programme is at a stage of maturity and it is now timely to review the policy options, taking account of new policies including those for technology Clusters and the Tourism Cluster and the Regeneration Zone on future developments.
- 2.5 We are confident of the achievement of several thousands of jobs on Council owned or developed industrial estates but, other than for the managed workspaces, no recent figures are available of the number of jobs created on County Council developed estates. On the basis of previous surveys, however, the density of employment achieved on mature business estates is around 48/hectare. Therefore we can estimate that in excess of 5,000 people are employed on the industrial estates developed by the Council within Warwickshire. New monitoring processes introduced for the business centres, managed workspaces and business incubation centres will allow us to report annually in the asset management plan on the new employment opportunities created in these centres.
- 2.6 There is strong evidence to suggest that the development and management of property for business is a key route through which a local authority can effectively support the growth of businesses within their local authority area and it is therefore suggested that the following encapsulates the Council policy in this area:

2.7 **Suggested policy statement:**

As a means of supporting the development, enhancing the competitiveness of the local economy and creating and preserving local jobs, the Council remains committed firstly to the management of its business premises portfolio and also to intervening in the market place to fill the gaps where the property market fails to satisfy an identified demand for business premises and property.

3. Regeneration through Business Property Development and Management: Strategic policies guiding investment

3.1 A series of strategic policies provide the framework for future investments to achieve regeneration through property development. The Council has been involved in shaping many of these. They provide the guidelines for future grants and other finance from Government and/or Europe and these organisations and AWM have signalled their intention to concentrate resources on investment in:

- The Coventry and Nuneaton Regeneration Zone and Objective 2 areas (largely focused on Northern Warwickshire and Nuneaton and Bedworth).
- The Coventry, Warwickshire and Solihull High Technology Corridor.
- Developments reinforcing the notional clusters based on transport technology and others.

They have also recognised the importance of securing the development of high technology businesses and the broadband communications, which are fundamental to its success.

3.2 The Regeneration Zone covering parts of Bedworth and Nuneaton is the priority for AWM investment to “create opportunity” and “to support the development of growth clusters”. (Agenda for Action).

3.3 AWM has identified established, growing and embryonic clusters, which will be focuses for action. Parts of Coventry and Warwickshire have been identified as being key to the Transport Technologies (the development of high performance engineering and Motorsport, Tourism and Leisure and ICT clusters the work of the Rover Task Force Agenda for Action). Rugby Borough Council has been keen for the Borough to be included in the definition of the High Technology Corridor and develop its position within the environmental cluster.

3.4 The Coventry, Solihull and Warwickshire Economic Strategy identifies as one of its priorities the need to drive economic prosperity northwards.

3.5 High Technology Corridors are identified in the work of the Rover Task Force and one of these is the Coventry, Solihull and Warwickshire area which extends in a broad belt from the M6 at Ansty in the north in a southerly direction to Warwick, and then in a broad belt north west along M40 to M42. (Agenda for Action).

3.6 The County Council's Regeneration Strategy commits us to the priority of taking action to influence the development of the economy of the northern boroughs and Nuneaton and Bedworth in particular. Even so, there is also recognition of the market forces, which influence the location of the high technology businesses that fuel the new economy which seek and can demand quality facilities in a prestige location.

3.7 **Suggested policy statements**

1. The Council is committed to the strategic policies that seek to reinvigorate the economies of the regeneration areas and will work with partners in the public and private sectors where opportunities occur to meet the needs for sites and premises for businesses in those areas.

2. The Council will seek to diversify the Warwickshire economy by encouraging inward investment from sectors that support or reinforce the competitiveness of the local economy and will, in particular, encourage new investment to support the local economic needs not provided by the commercial sector.³ The Council's policy for location of future investment in business property will be directed towards:

- Encouraging economic growth, particularly in favour of the Regeneration Zone and other areas in need of regeneration, and the provision of properties throughout the County that will meet the needs of the sorts of firms, which are required to fuel the development of the county economy. These may include the development of the High Technology Corridor and to reinforce any existing tourism or new "clusters".

4. **Meeting the needs of businesses whose property requirements are not met by the market**

4.1 The prospect of achieving a safe, competitive return on investment is key to the private sector's decisions on business property investment. Traditionally, rents and investment returns on business property have been comparatively low in the north of Warwickshire, which has been an inhibitor to private sector development. This was confirmed in a research study commissioned by the Council from GVA Grimley in 2003. There is a market preference for investment in the south of the county - the pattern is reflected in higher land and property values for the south of Warwickshire.

- 4.2 The market is reluctant to invest in business premises that they regard as higher risk such as the provision of premises for micro businesses and start-ups as well as investments in new concepts such as business incubators and innovation centres. Financial returns on such developments are generally uncompetitive, especially in the north of the county.
- 4.3 Evidence of a demand for premises for smaller businesses in all the main urban centres is provided in surveys by the Chamber of Commerce and in the enquiries received for premises by both our Business Centres and the Property Information Service provided by Warwickshire Investment Partnership. The most recent information suggests that in the order of 39% of all property requests are for premises smaller than 100 sq m or 1000 sq ft.
- 4.4 Experience from managing the Council's business property portfolio suggests there is an ongoing demand for freehold site purchases for end users.

4.5 **Suggested policy statements**

1. Where the opportunity arises the Council will work in partnership on the development of property and premises for businesses to achieve the Council's aims
2. The development of the 3rd phases of Sir Frank Whittle Business Centre and Centenary Business Centre on existing County Council land will be completed by 2007. Additional work will be undertaken, to identify the demand for units in other towns in Warwickshire and opportunities to provide sites for direct users.

5. **Financial Criteria for Future Council Investments**

- 5.1 There is considerable pressure on the Council's Capital Programme with a high priority placed on investments that satisfy environmental, community and social objectives. Even though most of the opportunities for investment in business property lie outside the Regeneration Zones, some of them that are situated close to the RZ have the potential for assisting disadvantaged communities. In these areas there is potential for external funding and in these cases the Council will seek to take advantage of all available external resources.
- 5.2 In other areas the Council will need to fund the projects from its own resources and in these circumstances a key consideration in testing their feasibility will be the ability to generate a return, which have as little an adverse effect on the revenue budget as possible, and achieve "best value". Ongoing revenue impact could be a major constraint to investments, which are in the less thriving parts of the County and/or where grants and other forms of assistance are not available. It also conditions the approach to private sector involvement in development projects. The private sector will require a higher return on investment, almost invariably leaving the Council to carry the financial burden of the 'riskier' aspects of the project.

5.3 Currently the revenue from the Council's industrial estate portfolio contributes in the region of a net £324k per annum (04-05 figures), which underpins the Economic Development budget for business support, tourism, work life balance and the inward investment activities.

5.4 **Suggested policy statement**

The general principles of Council financial involvement in the development of sites and premises for business will be as follows:

- Where possible to work in partnership with the private sector and other potential funders.
- To seek to generate an economic return from investment in business property.
- To concentrate on the provision of premises which meet the objectives of the wider economic needs in Warwickshire and make use of all potential funds to facilitate such developments.
- To consider positive management of the portfolio of business premises to maximise income to the Authority.
- Where feasibility studies demonstrate the potential viability of a development, the Council will invest using self-financing "prudential borrowing" in projects that are economically sustainable and progress the objectives of this strategy

6. **Managing the Business Estate Portfolio**

6.1 The estate portfolio is outlined in table 1. Responsibility for the management of the portfolio is divided between the Property Services Department and Planning, Transport and Economic Strategy Department. Prime responsibility for strategic management is taken by PTES while the maintenance and technical and professional estate management matters are covered by Property Services Department.

6.2 The performance of our business centres in terms of maintaining income and occupancy is influenced by the maintenance of the buildings and their environments. It is vital, therefore, that this is seen as a priority and for Property Services Department and PTES Department to work together to ensure maintenance issues are dealt with quickly and effectively.

6.3 PTES and PSD monitor the performance of the premises through quarterly meetings and formal financial reporting. With the current exception of the Smallbrook Business Centre the Council regularly achieves occupancy rates in its units in excess of 85%. Continuing research by the Local Government Association suggests that this is a reasonable benchmark figure for these types of units. The managed workspaces achieve a similar occupancy level. In general, debts are well managed, with significant improvements achieved during the last 12 months.

6.4 Although high occupancy is an important objective, as the sole provider of start up units the County Council needs to ensure that there is a turnover in occupancy so that premises are released for new businesses. In 2003 Cabinet approved the introduction of a six years time limit to occupancy of the Council's business incubators and managed workspaces

6.5 **Suggested policy statements**

1. In managing its estate portfolio the Council should seek to achieve the following objectives:

- To deliver quality services to our tenants and unit holders.
- To increase the income stream to the County Council through:
 - Cost effective management.
 - The achievement of occupancy rates in excess of 85% over all our units.
 - Maintaining and enhancing the quality of the portfolio.
 - Achieving open market rents for all units.
- To support the development of the occupying companies through the provision of on-site services at the managed workspaces and by providing active business support services.
- To encourage well established businesses to move on from the Council's start up units by implementing the six-year succession strategy at the business centres.
- Provide a range of sites and premises, which seek to meet the needs of new and young businesses as well as inward investing firms.
- Ensure the units are of a high standard of maintenance and repair.

Table 1: Occupancy rates in WCC's Business Property Portfolio

Development	Mgd. by	Occupancy at April 99	Occupancy at April 01	Occupancy at April 02	Occupancy at April 03	Occupancy at April 04	Occupancy at April 05	Target occupancy 05/06	Description
Centenary Business Centre (52 Units)	Econ Dev.	92%	87%	93%	81%	98% Phase 1 & 2 *	100% Phase 1 & 2 *	85% ♦	Future reports will combine the results for both Phase 1 & 2
		71%	87%	100%	86%			85% ♦	Phase 2 previously owned by IMEX. WCC now 100% owner since October 2004
Centenary Business Centre Phase 3		-	-	-	-	-	-	80% for 06/07	3 rd Stage construction in Jan 2006, completion in October 2006.
Frank Whittle Business Centre (35 Units)	Econ Dev.	90%	94%	94%	94%	97%	100%	85% ♦	Managed workspace with the Business Resource Centre now combined with the reception from July 2005. Increasing occupancy potential.
SFWBC Phase 3. 5 units	Econ . Dev	-	-	-	-	-	-	60%*	A further 6,500 sq ft Currently under construction, - completion Oct 2005
Hammond Business Centre (24 Units)	Econ Dev	85%	96%	100%	100%	96% *	92% *	85%	Leasehold Units.
Pool Road Business Centre (11 Units)	Econ Dev	97%	100%	70%	100%	100% *	100% *	85%	Leasehold units in partnership with AWM
Bermuda Innovation Centre (10 Units)	Prop. Svcs.	60%	100%	100%	100%	80% *	90% *	85%	Leasehold hi-tech units in partnership with NBBC.
Small Brook Business Centre (14 Units)	Prop. Svcs	85%	93%	78.6%	#	No data	71.5%	85% ♦	WCC leasehold units. Some maintenance and renovation work completed

Table 1: Occupancy rates in WCC's Business Property Portfolio (cont.):

Development	Mgd. by	Occupancy at April 99	Occupancy at April 01	Occupancy at April 02	Occupancy at April 03	Occupancy at April 04	Occupancy at April 05	Target occupancy 05/06	Description
Ch.Lawford Business Centre (6 Units)	Prop. Svcs	N/A	40%	80%	#	No Data	100%	75%**	Leasehold Units 50/50 partnership with AWM/Ex Rural Development Commission.
Carlyon Road (No WCC Units)	NWB C	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Ground rent for site developed by the District Council for industrial units
Plot 1 Attleborough (No WCC Units)	N&B BC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	GR for WCC land developed by NBBC for a l/hold unit. (24 units)
Plot 2 Attleborough (No WCC Units)	N&B BC	N/A	N/A	N/A	N/A	N/A	N/A	N/A	GR for WCC land developed by NBBC for l/hold unit.
Warwick Innovation Centre (47 units)	UWS P Co.	N/A	N/A	N/A	N/A			N/A	Partnership development with UWSP
CDC Unit, Great Central Industrial Estate (1 Unit)	Prop. Svcs.	100%	100%	100%	100%	100%	100%	100%	Leasehold unit on Great Central Estate
EPIC (24)	CUE ***	-	-	-	-	-	-	44%	Completed Feb 2005. No occupancy at April 05

* as percentage of lettable units

◆ Regarded as a benchmark figure for managed workspaces

Property Services Department is unable to provide these figures

* 3 of the 5 units are expected to be let by the 31st March 2006

** 75% target is to reflect that there are 4 units at the site and therefore a target of 85% would be a fraction of a whole unit

*** CUE (Coventry University Enterprise Ltd)

7. Asset management:

The Asset Management Plan (AMP) 2005-06 sits along side this strategy. It is the annual review of the performance of the property portfolio, which is set out in table 1. It measures performance of the portfolio across a range of indicators at local and national level. It contains targets for the current year on enquiry levels, occupancy, income level, job creation, and debt management and can be regarded as a service plan for this area of activity. The performance figures it contains are used at both local levels in the corporate AMP and by the Chief Economic Development Officers' Society to benchmark our performance with that of other similar authorities.

- 7.1 The property portfolio is the product of 20 years of development by the County Council. The Asset Management Plan documents the management and performance of the portfolio. It considers whether the factors, which governed the original investment decisions, still apply and whether the components of the portfolio represent the best way of delivering the policy objectives outlined in this Strategy. The prime objectives of maintaining an operational business property portfolio designed to support regeneration are:
- that it is still the best way to fulfil the objectives of creating jobs and delivering the development and diversification of the local economy.
 - that the portfolio is efficiently managed.
- 7.2 The business unit portfolio is subject to a quarterly management meeting with representatives from both PTES and Property Services Department. The managed workspaces and other sites are assessed on the basis of their performance against predetermined targets set by the management committee. Details of the targets are contained in the AMP and the performance figures are updated quarterly in the management report and corresponding minutes.
- 7.3 Detailed suggestions are made in the AMP for the active management at operational level for the business property portfolio. The AMP is reviewed annually to ensure that the portfolio continues to deliver the Council's strategic policies for regeneration and economic development and that the portfolio generates revenue income in line with the targets and that the performance of under-performing locations is improved.
- 7.4 Table 2 is a summary of the management processes. Greater detail is available in the Asset Management Plan and quarterly reports which document the day to day activities and service improvements.

7.5 **Suggested Policy Statement**

That any necessary steps are taken to implement proposals outlined in the Asset Management Plan and designed: -

- to manage the portfolio effectively
- to minimise under performing sites
- to generate an enhanced revenue return.

And to achieve the regeneration and economic development aims of the Council as defined in its various adopted regeneration and economic development policies, which are subject to ongoing review and consultation.

Table 2**The Council's Economic Development Property Portfolio and proposals for management:-**

Development	Relation to current regeneration and economic devt. objectives	Comments	Proposals for management
Frank Whittle Business Centre, Rugby	Adjoins deprived ward. Part of the corridor programme. Effective in job creation	Potential for extension. Effective in supporting new starters. A use that normally only succeeds under public sector funding and the feasibility study confirms this. See note below. Phase 3 is under construction	Included in the Capital Programme. Present management arrangements at SFWBC to continue
Centenary Business Centre Nuneaton	Adjoins deprived ward and with potential to provide jobs for residents of the RZ	Potential for extension, effective in supporting new starters. A use that normally only succeeds under public sector funding. See note below. A high priority for development of phase 3 which is planned for 2006/2007	High priority for funding for phase 3. Included in the Capital Programme and seeking external grant support. Present management arrangements at CBC to continue
Hammond Business Centre Nuneaton	Adjoins deprived ward. Meeting small business needs. Potential to provide jobs for RZ residents	Managed with CBC and providing development options for grow on space from CBC. Potential to provide jobs for residents of the Regeneration Zone	No change
Pool Road Business Centre Nuneaton	Within the RZ. Meeting small business needs	In Regeneration Zone and in the PINCH area. A success and a model for further developments. Assists regeneration. Managed via CBC	In long term explore potential for redevelopment of other parts of Pool Road estate
Bermuda Innovation Centre Nuneaton	In deprived ward. Meeting & RZ small business needs	Partnership with NBBC. Success in occupancy but less in development of hi tech. Businesses. In the RZ and assists regeneration and diversification of economy	Investigate the potential for the development of grow on units in the nearby locality at Griff.
Small Brook Business Centre Bidford on Avon	Meeting small Business needs. Assists rural diversification	Improving occupancy rate following extensive renovations in 2005. Improving contribution to revenue. Job creation in a rural area.	No change
Ch.Lawford Business Centre	Designed to meet need for business devt. in rural area. Assists rural diversification	Long term issues over maintenance costs. Currently low market value. A partnership with AWM and costs and proceeds are shared with AWM	Review long-term prospects in the light of potential maintenance costs.
Carlyon Road Atherstone	Partnership with NWBC. Meeting small business needs	Potential contribution to revenue. Low feasibility of bringing to market. WCC was involved in the development of the site, units owned by NWBC. Land on long term leasehold from WCC	Threat by NWBC to withdraw unilaterally from the partnership agreement to share proceeds with Economic Development. Investigating with support from legal services.
Plot 1 Attleborough Nuneaton	Ptnrship with NBBC. Meeting small business needs .	NBBC Estate in poor condition and needs renovation. Low occupancy and in places little better than a slum. Site F/H of little value and owned by WCC let on long-term lease to NBBC. Leasehold terms unfavourable to WCC and we have not received a share of income for years	1. Report to Cabinet on proposed actions to recoup arrears in Ground Rent and interest charges from NBBC. 2. Review the potential to bring into the direct control of WCC to improve status and financial returns.

Cont.: Table 2

The Council's Economic Development Property Portfolio and proposals for management:-

Development	Relation to current regeneration and economic devt. objectives	Comments	Proposals for management
Plot 2 Attleborough Nuneaton	Ptnrship with NBBC. Meeting small business needs .	Site F/H owned by WCC let on long-term lease to NBBC and occupied by a factory.	No change
Warwick Innovation Centre	Partnership with UWSPCo. Contributing to devt. of hi tech and diversification	3 rd and final phase now developed. Opportunities for new Science/Technology Park devts. Should be sought. Contributes to diversification and modernisation of the economy and an example of a successful partnership.	No change
CDC Unit, Great Central Industrial Estate Rugby	Adjoins deprived ward	Stable tenancy. Steady and increasing income stream. Technology user contributing to corridor development	No change
Eliot Park Innovation Centre	Contributing to devt. of hi tech and diversification. Driving market confidence north	Partnership with AWM. Management Agreement with Coventry University Enterprises agreed in August 2005. Anticipate an operating deficit for at least first eighteen months of operation until occupancy achieves planned levels.	No change
The Hub, Bayton Road	A Business Resource Centre providing a local access point to business support services in the Regeneration Zone	Base for Business Advice services and a meeting facility and IT training centre. Potential for extensions to create business start-up units subject to grant support and feasibility.	Currently managed by Economic Development. No change

Note. The Centenary Business Centre and Sir Frank Whittle Business Centre both have planned third phase. The third phase of SFWBC is under construction: August 2005). They are not located in Regeneration Zones so the main justifications for their further extension are

- a) An evident demand for larger premises for developing businesses and
- b) Because management efficiency and cost effectiveness would be enhanced from their extensions. In the case of CBC it could be argued that the extensions could benefit the residents of the Regeneration Zone by the creation of new jobs for local people. SFWBC has the benefit of being within the high tech corridor programme area.

8. Recent and Future opportunities

8.1. The Department has already completed two major projects with support from ERDF, Regeneration Zone(RZ) and the DTI grant aid. Namely:

- The EPIC development at Eliot Park Nuneaton. The centre was opened in March 2005 and provides incubation space and support for technology companies in the RZ
- Business Resource Centre at Bayton Road, know as The Hub was part of a regeneration project with a total value of in excess of £1m but substantially grant supported by AWM Regeneration Zone funding. The development is held by WCC under a long lease. The feasibility of extending the centre by the construction of business incubation units is being considered but its viability will depend on obtaining grant funding.
- PTES is currently undertaking the final phases of development at both Sir Frank Whittle Business Centre and Centenary Business Centre, with completion due in late October 2005 and October 2006 respectively. The final phase will add a further 5 units, each about 100 sq m (1000 sq ft) to SFWBC and a further 8/10 units (subject to budget and planning restrictions), each about 100 sq m (1000 sq ft), to CBC.

8.2. In each case the Council has sought a partnership relationship with AWM to maximise external grant opportunities.

8.3. Over the medium term there will be new opportunities for development, which, do not feature, in this current programme.

9. Conclusions

9.1 The Council's Business Property portfolio makes a significant contribution to the regeneration of the Warwickshire economy. There are opportunities for further improvement within the portfolio especially in the area of performance targets and maintenance.

9.2 The Council should continue to undertake and agree a new programme for business premises subject to project feasibility and in compliance with the following criteria:

- Which satisfy the Council's objectives for economic regeneration.
- Where the private sector is not prepared to invest alone.

- Where sufficient funding is available from within the Council's Capital Programme, including Prudential borrowing (where this is self-financing) and external grants.
- Where there is opportunity, to take advantage of the availability of external funding where available.
- That can demonstrate they achieve best value and in the medium to long term demonstrate an economic return on the Council's investment
- Where possible engage in effective partnership with the private sector or other providers such as Advantage West Midlands.

Economic Development Group
Department of Planning, Transport and Economic Strategy
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Warwick

November 2005