

AGENDA MANAGEMENT SHEET

Name of Committee Economic Development Overview and Scrutiny Committee

Date of Committee 24th July 2007

Report Title The Future of the Ansty Site

Summary This meeting of the Committee will update Members on the proposed development of the Ansty Major Investment Site, including progression of a medical technologies park.

For further information please contact

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

Background Papers Consultants Report on Ansty Healthcare Technologies and Innovations Park, 1st February 2006.

CONSULTATION ALREADY UNDERTAKEN:- *Details to be specified*

Other Committees

Local Member(s) Councillor Mrs H Timms - for information
(With brief comments, if appropriate)

Other Elected Members Councillor P Barnes } for information
Councillor M Jones }
Councillor P Morris-Jones }

Cabinet Member Councillor C Saint - for information
(Reports to The Cabinet, to be cleared with appropriate Cabinet Member)

Chief Executive

Legal I Marriott – comments noted

- Finance
- Other Chief Officers
- District Councils Ian Davis - Rugby Borough Council
- Health Authority
- Police
- Other Bodies/Individuals Roger Douthwaite - Coventry, Solihull and
Warwickshire Partnership.
Sushma Soni - Advantage West Midlands.
David Fiskin - Advantage West Midlands

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
- To an O & S Committee To update when further progress has been made with the Ansty Development.
- To an Area Committee
- Further Consultation

**Economic Development Overview and Scrutiny Committee –
24th July 2007**

The Future of the Ansty Site

**Report of the Strategic Director for
Environment and Economy**

Recommendation

The Committee is asked to note the proposed developments at the Ansty site and to support the progression of the medical technology park at the site over the coming years.

1. Background

- 1.1 The 100 acre (40 hectare) former WW2 airfield site in Ansty, Warwickshire is owned by Advantage West Midlands (AWM). The site is located near to the new University Hospital Coventry and Warwickshire (UHCW), and is adjacent to junction two of the M6 motorway (**Appendix A**).
- 1.2 The Regional Spatial Strategy (RSS) identifies Ansty as a major investment site (MIS). AWM is looking to pursue a modified MIS strategy, involving a small number of large plots/users which capitalise on the strengths of the sub-region. A medi-park is one possibility. The site has outline planning permission for the construction of a High Technology Park and use for purposes within Class B1 (offices, Research and Development (R and D) and light industry) to a maximum of 100,000 sq.m floor space. Reserved matters applications submitted by AWM covering Phases 1 and 2a were approved on 8th December 2006. Ansty has Green Belt protection under the Rugby Local Plan, until such time as development for the purpose defined above has been completed.
- 1.3 Ansty was ear-marked by telecommunications giant Marconi for its development headquarters in 2000. With Marconi's subsequent collapse, the company pulled out of the development. The former UK and German services business of Marconi, was renamed Telent plc in January 2006, upon the sale of the telecommunications equipment and international services business to Ericsson. Telent plc are currently progressing their plans to relocate their operations to the Opus 40 Business Park in Warwick, just off the A46.

- 1.4 Since 2000, AWM have proactively marketed the Ansty site internationally as a major investment opportunity for a high-technology player to generate fresh interest. Recent years have seen a shift in the trend for inward investment with investment coming from small indigenous business rather than large inward investors. AWM realise the potential of this, and are now looking at a single use for the site, as opposed to a single occupier. Medical technology and innovation will be the focus to bring the site forward.
- 1.5 Summer 2005 saw the unveiling of plans by health chiefs across Coventry and Warwickshire for a £200 million technology park. Ansty was one of several sites being considered.
- 1.6 During 2006, Ansty attracted interest from several major occupiers.

2. **Health Technologies Innovation Park (HTIP)**

- 2.1 DTZ Pinda Consulting were commissioned by UHCW in 2005 to scope out a feasible vision of redeveloping the Ansty site for a HTIP. The study resulted in several recommendations for UHCW and sub-regional partners to consider. In particular, it was essential to seek clear direction from AWM (relating to their backing of the project, the MIS status of the site and support for the HTIP) and a need was identified to develop a strategy and project plan for the proposals.
- 2.2 The Ansty Steering Group (see **Appendix B** for membership) commissioned consultants Deloitte to take the project forward. Deloitte have been working to develop the aim, vision, concept, policy alignment, core offer and recommendations for the project. **Appendix C** contains some of the main findings from Deloitte's report of February 2006, which summarises the potential offered by Healthcare Technologies within the UK.
- 2.3 The main aim and vision of the proposed technology park at Ansty is:-

Aim

'To develop a facility on the Ansty major investment site from which to deliver a series of services to stakeholders in the health economy to support the development of innovative ideas into commercially viable products, services or techniques to be rolled out across the NHS productively and reduce patient length of stay'

Vision

'The creation of an infrastructure to support greater productivity from healthcare investment by facilitating the identification, development and commercialisation of innovative technologies and services, creating a range of benefits for the healthcare economy'

(Source – Deloitte presentation to the Ansty Steering Group on 16th April 2007).

- 2.4 The Coventry, Solihull and Warwickshire sub-region is already home to 29% of the medical and healthcare companies in the West Midlands (Medilink West Midlands Database – September 2006). Over the last two years, Warwickshire and Coventry's inward investment teams have responded to 91 enquiries from companies in the medical technologies and healthcare sector who are looking to relocate/set up a base in the sub-region.
- 2.5 2006 saw the backing of the medical technology park by several government officials - Chancellor Gordon Brown, Trade and Industry Secretary Alistair Darling and Margaret Hodge Minister for Industry and the Regions visited the West Midlands in September 2006. This visit subsequently led to AWM agreeing to reserve sufficient space for the proposed Medical Technology Park. AWM also agreed to pay for infrastructure works and a full feasibility study. The Medical Technologies Park will occupy between 20 - 40 acres of the Ansty site. Early estimates suggest between 1,000 and 2,000 sq.m for the initial phase of the development.
- 2.6 **Current Position.** The Ansty Steering Group and Deloitte are continuing to take the project forward. Consultation with stakeholders occurred January – March 2007 and progress with the action plan continues. A presentation to the Ansty Steering Group meeting on 16th April 2007 provides the latest information on the HTIC. Details on the concept and delivery recommendations are in **Appendix D**. The final report by Deloitte is currently with the Ansty Steering Group for sign off. Margaret Hodge receives regular updates from AWM on progress against an action plan relating to Ansty that includes the HTIC.

3 Other Major Occupiers

- 3.1 There has been interest in the Ansty site by various companies. AWM, as landowners of the site, have been working closely with several potential occupiers over the past year.
- 3.2 In 2006, Tata Motors announced that it was setting up a temporary £6 million R and D base at the University of Warwick which presently employs 80 people. The University has been a key factor in attracting the Group's interest in Ansty. It is indicated that a Tata base at Ansty would initially create 1,000 jobs (**Appendix E**).
- 3.3 Discussions have been ongoing between Tata and both the Department for Trade and Industry and AWM. AWM have been working with Tata to put together a tailored package. The Tata Group have received a formal offer of a DTI grant by Selective Assistance for Investment (SFI) to develop an R and D centre at Ansty. Tata are currently considering this.

- 3.4 Another investor is known to be interested in the Ansty site. This would be for a research operation.
- 3.5 Ansty is of sufficient size to accommodate Tata, the medical technologies park and other interested parties.

JOHN DEEGAN
Strategic Director for Environment and Economy
Shire Hall
Warwick

10th July 2007

Economic Development Overview and Scrutiny Committee –
24th July 2007

The Future of the Ansty Site

Location of Ansty Site



Economic Development Overview and Scrutiny Committee – 24th July 2007

The Future of the Ansty Site

Ansty Steering Group

The steering group is chaired by Roger Dowthwaite, Director of Economic Development, Coventry, Solihull and Warwickshire Partnership (CSWP).

The Terms of Reference for the Group sets out the following purpose of the group:-

- (i) Commission, monitor and receive Health Technologies Park studies to enable early validation of the economic and market case for the Ansty site to be developed.
- (ii) Develop the stakeholder partnership.
- (iii) Establish financial resources.
- (iv) Agree a development plan that will enable the vision to be realised.

Key organisations involved in the Ansty steering group are listed below:-

- (i) Coventry, Solihull and Warwickshire Partnership
- (ii) University Hospital Coventry and Warwickshire NHS Trust
- (iii) Warwickshire County Council
- (iv) Coventry City Council
- (v) Rugby Borough Council
- (vi) Warwick Science Park
- (vii) University of Warwick Medical School
- (viii) Coventry University Enterprises
- (x) Advantage West Midlands (AWM)
- (xi) Deloitte

Economic Development Overview and Scrutiny Committee – 24th July 2007

The Future of the Ansty Site

Key Points from Deloitte Report February 2006

Macro Economic and UK Policy Context

- The global technologies market is demonstrating significant growth driven by changing demographics / socio economics and investment in innovation.



Key drivers of growth include:-

Demographics - ageing populations in much of the world have led to an increase in healthcare expenditure and demand for medical technologies.

Socio-economics – increased health spending has led to a focus on cost containment.

Innovation – in some segments significant investment in innovation and new product development has also driven growth.

- (i) The UK is a significant market for medical technologies. It is the 6th largest national market.

The UK has a strong science base, especially in the medical and life sciences sector.

The UK has failed to capitalise on the economic potential of the medical technology industry.

- NHS is a slow adopter of medical technology innovation.
- Slow technology adoption has a negative impact on both the patients and the industry.
- The Healthcare Industry Taskforce (HITF) was set up in 2004 to address these issues in the UK. But, the UK still appears under-whelmed by progress achieved.
- The difficult UK market environment for medical technology is a challenge but also creates a strong positioning opportunity for Ansty.

Industry Demand for a Technology Innovation Park in the UK

The concept of an innovation park, located close to the grounds of a hospital is more attractive to the smaller market players than the large established companies.

Recommendations for the Ansty Project

- Stakeholders will need to position the Ansty project for national level sponsorship.
- Stakeholders will need to consolidate their commitment the project.
- Stakeholders will need to start transforming the 'raw material' into valued propositions.

Vision

The vision of Ansty is to become a 'portal' for medical technology innovation adoption in the UK. Ansty to become one of a few centres of excellence for the development and adoption of medical technology in the UK, nominated by Department of Health and DTI as part of strategic government initiative to support the HITF agenda.

The Deloitte report outlines the following vision for land usage at the site.

Economic Development Overview and Scrutiny Committee – 24th July 2007

The Future of the Ansty Site

Key points taken from the Deloitte presentation delivered to the Ansty Steering Group on 16th April 2007.

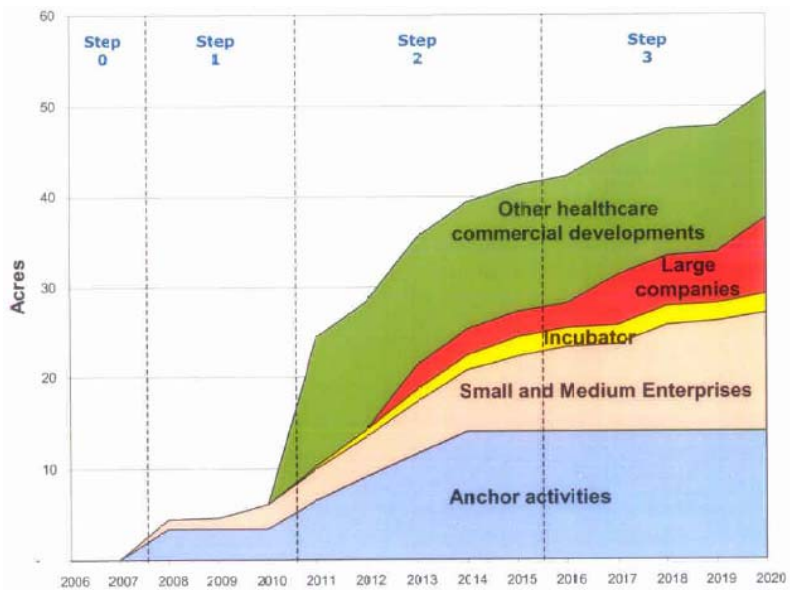
Concept

To develop an 'Innovation Centre' in a building (or range of buildings) on the Ansty site comprising offices, laboratories, testing and demonstration suites, and training and conference facilities. The facility will deliver a range of services to support the generation of medical innovations throughout the product innovation lifecycle. It will comprise several components, delivering services to clinicians, academics and the medical industry to encourage the generation of ideas, support for the development of those ideas and facilitation of the roll out and uptake of newly emerging products and services within the UHCW and the NHS as a whole.

Delivery Recommendations

- Explore potential of getting a National Innovation Centre on site.
- Review of ideas pipeline in trust.
- Review outcomes of DDA report and determine early focus for Ansty.
- Consider 'what else' might be required on the site to build the long term proposition.
- Pursue any inward investment opportunities that could be a potential catalyst.
- Consider 'proving the concept' with early revenue investment.
- Establish small team of effective individuals to establish early actions and influence partners.
- Identify say 2 current ideas and take them through the process to test concept – create activity then move it into a purpose built facility.

Ansty – Land Usage by Type of Occupier



Conclusion

Ansty has strong 'raw material' to develop a medical technology innovation park.

Economic Development Overview and Scrutiny Committee – 24th July 2007

The Future of the Ansty Site

Article featured in the Birmingham Post – 29th May 2007

Ansty site hopes to land 2,000 Tata jobs

Hopes that Indian conglomerate Tata will bring 2,000 jobs to the West Midlands are rising.

The Birmingham Post understands the UK is fighting Italy for the £200 million European centre of excellence the group wants to establish.

A decision is believed to be near with Britain thought to be ahead in the race.

Advanced negotiations have taken place between Tata and both the Department of Trade and Industry and regional development agency Advantage West Midlands.

It is understood that a formal offer has been made which Tata is considering.

EU competition rules mean any direct state aid would be minimal, maybe as little as £5 million.

However AWM should be able to throw in training incentives while Tata is almost certainly looking for a deal on the land.

An informed source said: "The choice is between Britain and Italy. The decision will be made over the next few weeks.

"Ministers have lobbied very hard for Tata to come to this country.

"If it does it will be a tremendous coup for the Midlands because the region has the skills base and the ability to deliver what they want.

"But Tata will make up its mind based on their judgement about what is the best place to locate. Being a global company they will have to decide what is best for them."

Tata, which recently bought steel company Corus, incorporating the British steel industry, is thought to be eager to move to Coventry where its new centre would be in the company of other specialist consultancies including MIRA, Ricardo and Warwick Manufacturing Group, yet close to London.

The indications are that if the Midlands does win the project it has been earmarked for the Ansty site.

There would be an initial 1,000 jobs but that would likely double in time.

Ansty is a former Rolls-Royce plant which at one time was going to become a new future for Marconi before it imploded.

It is suggested Tata, which is headed by chairman Ratan Tata, will conduct consultancy services, technologies and automotive work at the new centre.

The source said: "Talks have been going on for about a year."

An outcome had been expected some months ago but the decision drifted. This time it is said to be imminent.

A second informed source said: "We are extremely hopeful."

And the West Midlands could be in line for a double win.

Telecommunications group Ericsson, which bought the larger part of the remains of Marconi, is also believed to be looking at Ansty.

Ansty is sufficiently big it could accommodate both Tata and Ericsson.

"There is easily space for both of them," said the second source.

The Ericsson interest would be for a research facility but both companies might be able to share training facilities.

However the West Midlands is much further away from landing Ericsson than it is Tata.

"Ericsson is a lot less certain," said the insider. "However it is being made as attractive as possible for both to come to the region."

The Tata Group comprises 96 operating companies in seven business sectors: information systems and communications; engineering; materials; services; energy; consumer products, and chemicals.

It is one of India's largest and most respected business conglomerates, with revenues in 2005-06 of £11.06 billion - the equivalent of about 2.8 per cent of the country's GDP - and a market capitalisation of £31 billion. The group's 28 publicly listed enterprises - including Tata Steel, Tata Consultancy Services, Tata Motors and Tata Tea - have a shareholder base of more than two million people.

The Tata Group has operations in more than 54 countries, and its companies export products and services to 120 nations.

By John Duckers, Business Editor