

Committee: Environment

Agenda Item

Date: 14 March 2006

4

Title: **GOLD ENTERPRISE ZONE, ELSENHAM**

Author: Rod Chamberlain (Executive Manager Housing Services) 01799 510508 and Roz Millership (Programme Officer) 01799 510516 Item for decision

Summary

This report, which has been requested by Members, outlines the history and current position regarding the Gold Enterprise Zone at Elsenham. It also requests the Committee to determine a request for assistance from the Felsted Aid for Deprived Children Charity to use an empty unit for storage.

Recommended

- a) Recommended that the Committee note the current situation at the Gold Enterprise Zone and;
- b) Determine the request from the Felsted Aid for Deprived Children.

Background Papers

The following were referred to by the author in relation to this report:

- Legal Contract
- Author's Gold Enterprise Zone file

Impact

Communication/Consultation	[Who do we need to consult/tell/how to do?]
Community Safety	Site has CCTV coverage
Equalities	N/A
Finance	Reserves have been approved to cover revenue shortfall
Human Rights	N/A
Legal implications	Council is legally bound until 2009
Ward-specific impacts	Elsenham
Workforce/Workplace	No new resources required

Situation

- 1 The Gold Enterprise Zone is situated off Jenkins Drive in Elsenham and consists of 18 small business units.
- 2 In 1983 Uttlesford District Council entered into a joint venture scheme with Clarke St Modwen Properties to develop business units on this site for light industrial purposes. The Council agreed to take a 25 year lease of the site when the units were completed. This decision was made in accordance with the then Council policy of identifying and encouraging the development of land for industry and promoting small businesses by providing 'starter' units for rent. One feature of the venture was to provide local jobs for local people. The scheme was not regarded as a commercial venture and from the start it was understood that some financial loss could be incurred if continuous lettings were not maintained. The scheme has presented the Council with letting challenges over the history of the lease. There is a significant financial cost to the Council because of low demand. The Council is legally tied into the agreement until late 2009.
- 3 Following a period of very difficult and challenging market conditions the Council re-branded the zone in 2004. Work has therefore been undertaken to actively promote the site through the Greater Cambridge Partnership, Essex Investment Office (EIO), East of England Development Agency (EEDA) and the Council's Managing Agents. The re-branding also included the refurbishment of the units to attract new tenants, and the Council successfully bid for funding from the Essex Capital Projects Fund to install CCTV.
- 4 There have been considerable improvements made to the external environment over the last two years and it is encouraging to see that occupancy levels have increased. However, while 10 of the units are now let the market continues to be slow with little signs of interest in the remaining units. In addition the Council are restricted by the terms of the Head Lease in the type of flexibility in can offer to its tenants.
- 5 Officers have and will continue to work with the Managing Agent to maximise lettings and therefore income.

Budget

- 6 The budget figures for 2006/2007 are shown below. Officers are working to minimise losses. If maximum lettings can be achieved these losses will be reduced considerably. The projected shortfall in income has been addressed in the recent budget setting process which has resulted in reserves being earmarked for this site.

	05/06 Budget	05/06 Revised	05/06 to Date	06/07 Budget
Gross Expenditure	157,270	163,220	101,387	192,600
Income	-71,750	-71,750	-33,630	-80,840
Total Loss	85,520	91,470	67,757	111,760

- 7 A request has been received from the Felsted Aid for Deprived Children requesting the Council to let one of the units for storage free of rental and service charges to enable the Charity to function efficiently.
- 8 Appended is a copy of information supplied to the Council outlining what the aims and objectives are of the charity.
- 9 If agreed there will be letting terms and conditions applied which could include the need to vacate if the empty units proved popular.
- 10 This would be an opportunity of the Council maximising one of the 8 empty units by helping a locally based (Uttlesford) charity.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Units will continue to remain empty	HIGH	HIGH	Council manages revenue shortfall by use of reserves (if necessary)