

# Southend-on-Sea City Deal



## Executive Summary

The Southend-on-Sea City Deal capitalises on opportunities to increase the rates of entrepreneurship and innovation locally, and realise the full potential of this major centre in the South East Local Enterprise Partnership area. The City Deal will deliver incubator space and a one-stop-shop for direct business support to drive jobs growth and increased business start-up and survival rates. This City Deal responds to high levels of demand for such space, and will act as a means for the redevelopment of Victoria Avenue and deprived wards in the centre of Southend-on-Sea. In addition, this project will build on local assets and efforts to increase the skill levels of local residents.

The City Deal will link a series of interventions through a newly formed one-stop-shop for business support, *Gateway to Growth*, and incubator space to aid businesses through their development at a number of key stages:

- trade support and advice through partners such as the Chamber of Commerce to increase markets for growing businesses;
- specialist innovation support in partnership with Higher Education providers to aid research and development;
- match funded business grants to break down growth blockages;
- new incubation space for ideas and concepts to be developed in the centre of Southend-on-Sea; and
- work with developers for commercial, residential and mixed use development on blighted, land-banked sites in the centre of Southend-on-Sea backed by Council commitment to purchase.

Southend-on-Sea has long demonstrated its ability to deliver effective regeneration programmes of a transformational nature. With recent evidence of public sector schemes delivered on time and on budget, and increased private sector confidence resulting in significant investment. The City Deal will build on proposals being delivered with investment from the Coastal Communities Fund to support tourism locally. Over its lifetime the City Deal will deliver:

- Direct business support for 1,350 businesses, mainly SMEs, across the South Essex area. With at least 375 businesses assisted to improve performance, leading to 555 jobs created or safeguarded over three years from 2013/14.
- Incubator space for up to 10 businesses at any one time, supporting over 110 jobs over ten years from 2014/15.
- Increased levels of business start-up and survival – crucial for the regeneration of the City Centre.
- A model for direct business support and innovation which can be applied across the South East, integrated with proposals for the Strategic Economic Plan.
- A strengthened local planning context to support local development and longer term plans for public service transformation.

## Introduction

Southend-on-Sea has a population of 174,800 residents, 5,635 business supporting 65,300 jobs, and an economy worth approximately £2.64 billion per annum. 89.7% of businesses have less than ten staff, higher than the national average (88.3%); and there are higher levels of self-employed residents (10.6%) compared to the national average (9.5%).

## Opportunities

### **Strong Tourism and Retails Sectors / Growing Aviation and Medical Technology Sectors:**

Southend-on-sea is an established destination within the tourism market and has a highly developed private sector, led by businesses such as Stockvale and Genting Casinos. Southend-on-Sea's day trip destination status has transformed in recent years with an increasing focus on longer staying, higher spending visitors, supported by:

- investment in London Southend Airport;
- two hotels with four stars now in operation and plans for a further seafront hotel in development;
- a state-of-the-art casino opening in 2014;
- Southend Pier being recently enhanced with a new *Royal Pavilion*; and
- a wider range of events and festivals attracting visitors outside the traditional 'season'.

Southend-on-Sea's retail offer is also buoyant with a bustling high street boasting above average occupancy, a newly introduced weekly market, enhanced public realm, and a new Business Improvement District aligning High Street, Seafront and Council priorities for the future together. The creative and cultural sector in Southend-on-Sea is also growing with internationally renowned arts organisation *Metal* now developing significant cultural programmes from its Southend-on-Sea home.

Following from the investment in London Southend Airport, advanced engineering within the aviation maintenance repair and overhaul cluster is growing around London Southend Airport. The medical technology sector is growing, building on the longstanding presence of Olympus Keymed and Southend University Hospital. Southend Borough Council in partnership with Rochford District Council and Anglia Ruskin University is developing new employment space adjacent to London Southend Airport to support the medical technology sector. The wider site has potential to provide for over 7,000 jobs.

**Increased Investment in Infrastructure:** The private sector owners of London Southend Airport, Stobart, have invested £130 million over the last three years, resulting in over 900,000 passengers a year using Southend-on-Sea's international gateway, providing direct links to 15 destinations across Europe. Southend-on-Sea has excellent strategic connectivity to London on two rail mainlines and the A127 / A12 and A13. Southend-on-Sea Borough Council has implemented a series of projects recently to increase connectivity along the A127 through the borough and gateway to the centre of Southend-on-Sea along Victoria Avenue. The resulting reduction in journey times and improved reliability has increased attractiveness of Southend-on-Sea for inward investment. More recently, Southend-on-Sea Borough Council has secured funding from the Department for Transport's Local Sustainable Transport Fund for an integrated package of sustainable transport measures, working with private sector transport providers to enhance accessibility, reduce congestion, and lower carbon emissions and £3.3 million pinch point funding to improve traffic flows at a critical junction on the A127.

## Challenges

**Dereliction along the Urban Gateway:** Despite recent investment to alleviate congestion at pinch-points along the A127, the poor urban realm and visual amenity of Victoria Avenue in the centre of Southend-on-Sea is acting as a deterrent to investment. More tangible are the vacant and increasingly dilapidated large buildings along Victoria Avenue which could be used for employment, housing, and other mixed use development. Victoria Avenue is a priority for the SELEP.

**High Turnover in Businesses:** The birth rate of businesses per 10,000 population in Southend-on-Sea was typically above the national average between 2004 to 2012, ranging from 39.2 to 50.4 business start-up per annum per 10,000 population. However, Southend-on-Sea has a higher business death rate compared to national data, ranging from between 46.6 to 57.6 business failures per annum per 10,000 population for the same period.

**Relatively High Levels of Deprivation in the Centre of Southend-on-Sea:** Nine of the borough's 107 Lower Layer Super Output Areas are in the top 10% most deprived in England, containing approximately 9% of the population of the borough (16,244 residents). Five of which are in the City Centre covering much of Kursaal, Milton and Victoria Wards, through which Victoria Avenue passes.

**Low but rising Skill Levels:** Skills attainment in Southend-on-Sea is relatively low with below average qualification levels at every skill level (e.g. 23.9% at NVQ Level 4 equivalent and above compared to 34.4% nationally). However, skill levels are improving, with an approximate five percentage point increase at each skill level between 2004 and 2012. This is being further enhanced by the introduction of the Town Centre Education Quarter which is home to South Essex College, the University of Essex, and now The Forum Southend (a joint municipal-academic library and teaching space). Intentionally located in the town centre to make learning a more visible, acceptable and aspired to choice the campus has also had a positive impact on retailers and town centre vibrancy.

Needs analysis from industry outlined in a recent skills strategy picks out some key actions which align the changing requirements of employers against the provision of education suppliers. A shortage in science, technology, engineering and mathematical skills is being targeted and steps toward the introduction of a Studio school, which will provide teaching through enterprise projects and real work, for 14 to 19 year olds connected to London Southend Airport, with the airport owner, Stobart, taking a new lead role in its establishment.

### Why do we need a City Deal?

A shortage of appropriate business incubation space is evident, in the creative and cultural sector alone there is a consistent waiting list at the Temporary Arts Project facility in Westcliff.

The City Deal will build on the local entrepreneurial spirit across Southend-on-Sea and in neighbouring areas, by providing additional support to self-employed people to grow their businesses into sustainable, successful companies. At the same time, delivery of the City Deal will help the ongoing redevelopment of the centre of Southend-on-Sea and Victoria Avenue – providing sustainable mixed use development and an enhanced urban realm, on brownfield sites, leading to increased housing, employment, and improved quality of life.

## The Deal

The Southend-on-Sea City Deal focuses on specific interventions in the heart of Southend-on-Sea to deliver growth that will impact across a wider geography. A number of schemes will also act as pilots for the wider Local Enterprise Partnership area. The City Deal will integrate with, and build upon, the success of its Coastal Community Fund proposals to further enhance the local tourism and leisure offer; maximise growth in the creative industries; and increase rates of business start-up, growth, and survival across the area's diverse economy. To achieve this, City Deal partners will:

- Establish the **Central Library Redevelopment**. The redevelopment will provide incubation space; enable companies to access innovation assets, including the University of Essex and Anglia Ruskin University; and open up a new enterprise and arts quarter that will help the redevelopment of a key city centre location.
- Providing a range of tailored business support programmes through a **one-stop-shop for business support, Gateway to Growth**. This will build on the existing capacity and "sign posting" services provided by the local Chamber of Commerce, with some of the services co-located with the Southend Library Redevelopment. The Deal will increase the uptake of existing national and local business support for: start-ups; innovation; and trade and export. The one stop shop will be complemented by the **South Essex Business Growth Grant** and **Innovation Vouchers** schemes. The grant is an adaptation of Southend-on-Sea's existing Low Carbon Business Programme. It will be modified to target wider growth opportunities, particularly in priority sectors such as aviation, engineering, logistics and med-tech. The innovation vouchers will help businesses take advantage of local university assets, encouraging businesses to access training, academic expertise and university facilities.
- Strengthen the local planning context to support local development, and plans for public service transformation.

The City Deal will build on proposals being delivered with investment from the Coastal Communities Fund to support tourism locally. Over its lifetime the City Deal is intending to deliver:

- Direct business support for 1,350 businesses, mainly SMEs, across the South Essex area. With at least 375 businesses assisted to improved performance, leading to 555 jobs created or safeguarded over three years from 2013/14.
- Incubator space for up to 10 businesses at any one time, supporting over 110 jobs over ten years from 2014/15.
- £3.08 million of private sector investment.
- £3.15 million of local and national public sector investment.

## Geography

The City Deal will focus on Southend-on-Sea with the redevelopment of the Central Library and committed activities to strengthen the local planning and development context and public service transformation. The one-stop-shop for business support, *Gateway for Growth*, will be focused on the wider Southend and South Essex area with participation by local partners expanding the offer.

## Key Elements of the Deal

To make the most of its economic assets and to specifically address the low rates of business survival the Southend-on-Sea City Deal will focus on four key activities to deliver growth.

### Central Library Redevelopment

The **Central Library Redevelopment** will maximise the potential of the local start-ups and SMEs by providing both incubation space and flexible support for businesses at various stages of their life cycle. It will also house an art gallery and cultural retail space. As such, it will be the new hub for arts and enterprise within Southend, and the help for further commercial and residential development.

The Central Library Redevelopment is a shovel ready project located on Victoria Avenue, a strategic priority within Southend-on-Sea's Central Area Action Plan. Victoria Avenue currently houses a number of abandoned and dilapidated buildings that are a blight on the urban landscape and a drain on business confidence. The council's long term ambition is to create a thriving mixed use development in this area. The Central Library Redevelopment promises to help this ambition.

At the heart of the Central Library Redevelopment will be an incubation space for businesses to innovate and test new concepts. It will provide a shared office-space that will mix hot desk facilities with semi-permanent flexible office space. Rents would be deliberately low in year one with rising levels to prepare customers for the market and after three years would be expected to vacate, allowing the model of the incubator to continually evolve.

The incubation space will encourage peer-to-peer networking and address multiple needs of new ventures beyond office space. To support this, elements of the Gateway to Growth's start-up support will be co-located and aligned within the Central Library Redevelopment. The support provided will be continually re-evaluated in light of the changing needs of and demands of tenants.

The overall redevelopment will be managed by Southend-on-Sea Borough Council. The incubation hub will be overseen by a new strategic partnership between the council, Essex University and local business. The management of the hub will draw upon the expertise, experience and networks of those involved with the partnership. The University of Essex has a particular strength in the cultural and creative sector with East 15, the Performing Arts school, being located in Southend-on-Sea. Experience of the support required by individuals starting out in the sector and an environment conducive to the sector will be used to shape the service. Knowledge of the current business environment and best ways to support new entrants will be drawn from the Southend Business Partnership, and private sector experts in supporting the entrepreneur and small business communities, such as Enterprise Nation, an events and networks facilitator. Similarly through the Anglia Ruskin MedTech Campus which will be developed at the Airport Business Park in coming years, there will be considerable opportunities for new businesses to benefit from the cluster of medical technology companies, synergies, data generated and new markets.

Southend-on-Sea Borough Council will provide £685,338 of funding for the project and this will be matched by £651,325 of government funding from the Department for Communities and Local Government. It is anticipated that the scheme will lead to 110 additional jobs supported. The revenue stream generated by businesses occupying the incubator space and utilising the hot desk space will be used to cover the estimated £139,000 per annum operating costs of incubator space and one-stop-shop services.

## **One-Stop-Shop for Business Support - *Gateway to Growth***

The Southend Gateway to Growth will complement the Library Redevelopment Scheme that is specifically targeted at start-ups and small high growth firms, whilst also coordinating business support provided in Southend-on-Sea.

**Southend-on-Sea's one-stop-shop for business support, *Gateway to Growth***, will be multi-faceted: an online portal via which businesses can access national and local business support, a procurement portal stimulating local supply chains, access to the national business support helpline and face to face engagement and support via Business Engagement Officers. For companies that want to access the Gateway to Growth in person Southend will co-locate appropriate start-up services in the city centre Library Redevelopment Scheme whilst other elements of the gateway will use the expertise of the local Chambers of Commerce and be housed at their offices in close proximity to the London Southend Airport.

The *Gateway to Growth* will report to the **Southend Business Partnership Executive**, a public-private partnership with representatives from the local authority, industry, and education and business organisations. Representatives from the BioIndustry Association (BIA), Manufacturing Advisory Service (MAS), Growth Accelerator (GA), UK Trade and Investment (UKTI) and the Technology Strategy Board (TSB) will be invited to join the Executive group for the duration of the project. In addition to strategic coordination and signposting the Gateway will provide:

Government will provide £1.81 million of funding through the University of Lancaster Regional Growth Fund allocation for the direct business support programme. Specific programmes include:

- **South Essex Business Growth Grant:** Local and national funding will be brought together to provide a £1.28 million grant programme drawn from RGF Lancaster funding. The scheme will target growth opportunities, particularly in priority sectors like aviation, engineering, logistics and med-tech. This fund will lever a minimum of £3.08 million private investment.
- **Innovation vouchers:** Innovation in improving methods, expanding market opportunity and increasing productivity is a key driver of growth. This scheme will realise the potential for open innovation and knowledge transfer by working with multinational companies, high growth SMEs and leading universities. Partnering higher education specialists from the University of Essex and Anglia Ruskin University will target high value sectors to improve performance and as a result deliver growth and increased jobs. Vouchers of up to £5,000 will be made available to help businesses. The total size of the voucher scheme is £120,000.
- **Start-up support:** training, advice and online resources within the One Stop Shop co-located at the Library Redevelopment will help business to start out with the key information they need to survive. Common challenges as young businesses move forward such as marketing, finance and technology will be addressed through appropriate providers from the local business community and complemented by appropriate national schemes.
- **Advice from the Behavioural Insights Team:** in addition to providing advice on raising awareness and uptake, experts in the Cabinet Office Behavioural Insights Team will provide general strategic advice on the approach to business support in Southend that can then be rolled out across the wider South Essex area.

It is anticipated that the Gateway will create or safeguard 555 jobs and that 1,350 businesses will engage with the various programmes from the one-stop shop to the grants programme.

## **Supporting Local Growth, Planning, Asset Management and Public Service Transformation**

Southend-on-Sea Borough Council has an up-to-date Core Strategy DPD adopted in 2007. The Core Strategy sets the local policies and strategies for local development which are consistent with national policy. It was recently revised and contains a housing supply forecast out to 2021 to maintain affordability for existing and new residents, and contains a target for the percentage of affordable housing as part of each housing development or an allocation of land for affordable housing. The Strategy also contains monitoring systems and under-delivery will be addressed with appropriate measures.

As part of the Local Planning process, and on an ongoing basis, Southend-on-Sea Borough Council is reviewing the opportunity for levying a Community Infrastructure Levy; and schedules, if appropriate will be in place by Spring 2014. Also, as part of ongoing processes, the council will consider pooling of strategic economic development spend over a larger geographical area (e.g. Local Growth Fund, the pooling of business rates).

Southend-on-Sea Borough Council has uploaded data regarding their assets onto Government's ePIMS database (completion due by Spring 2014). In a commitment to make best use of existing assets, the council publishes an updated Asset Management Strategies each Spring. As part of this process, the council is agreeing to mirror other requirements currently on Central Government of the Right to Contest and for land holdings to be open to challenge from the Government Property Unit. To further support development locally, Southend-on-Sea Borough Council is considering how local planning processes can be simplified for commercial and residential development. Southend-on-Sea Borough Council will report back to Government on progress in Spring 2014.

As part of the Local Growth Deal process, which will have a stronger focus on planning and development, the Local Enterprise Partnership is developing an overarching Strategic Economic Plan. The Local Enterprise Partnership commits to publish a short and accessible summary that people and businesses in the local area can judge progress against.

Finally, as part of Southend-on-Sea Borough Council's commitment to transformation, the council agrees to work with the Public Service Transformation Network, to spread best practice and learn from other places, and commits to developing a Local Public Service Transformation Plan by Autumn 2014.

## Governance

Both the Central Library Redevelopment and one-stop-shop for business support, *Gateway to Growth*, are prioritised projects for both Southend-on-Sea Borough Council and the South East Local Enterprise Partnership. The Southend-on-Sea City Deal will be signed off by the board of the South East Local Enterprise Partnership, before being co-signed by both the Leader of Southend-on-Sea Borough Council and the Chair of the South East Local Enterprise Partnership on completion of the negotiation. Monitoring of local activity will be reported via the Thames Gateway South Essex Partnership – a SELEP board facing group focussed on this regeneration area.

Both elements of the City Deal will be administered by Southend-on-Sea Borough Council as the accountable authority, with the Senior Responsible Officer being an employee of Southend-on-Sea Borough Council.

The one-stop-shop for business support, '*Gateway to Growth*', will be developed using a model based on European Regional Development Fund funding programme to ensure rigid management of the grants process. The Southend Business Partnership formed of private sector, higher education and local authority members will provide the panel structure to approve grants. As the *Gateway to Growth* will be a model upon which additional 'gateways' will be built across the South East Local Enterprise Partnership area, best practice sharing will be enabled through the established South East Local Enterprise Partnership officer networks. Southend-on-Sea Borough Council has hosted study tours for partners wishing to learn more about delivery models implemented in Southend-on-Sea, and this offer will be made to Local Enterprise Partnership partners with specific reference to this project.

# Summary of Commitments

## Central Library Redevelopment

Government Commitments	Southend-on-Sea Commitments
<ul style="list-style-type: none"> <li>• Government will provide £651,325 of match funding. Subject to planning permission for change of use.</li> <li>• Assistance in best practice to deliver new incubation space and growth initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Southend-on-Sea Borough Council will provide £685,338 of funding for the project.</li> <li>• Assist the creation of 110 jobs over 10 years through the provision of incubation space.</li> <li>• Bring back into use the vacant old Central Library on Victoria Avenue demonstrating a public sector lead in regenerating an area of mainly vacant, derelict, unfit for purpose buildings.</li> <li>• The revenue stream generated by businesses occupying the incubator space will be used to cover the estimated £139,000 per annum operating costs of incubator space and one-stop-shop services.</li> </ul>

## One-Stop-Shop for Business Support - Gateway to Growth

Government Commitments	Southend-on-Sea Commitments
<ul style="list-style-type: none"> <li>• Government will provide £1.81 million of funding through the University of Lancaster Regional Growth Fund allocation for the direct business support programme.</li> <li>• Continuing direct link to central government through appropriate partners in strategic governance of the <i>Gateway to Growth</i>.</li> <li>• Representation from the Department for Business Innovation and Skills, Technology Strategy Board, UK Trade and Investment on governance board as appropriate.</li> <li>• Access to specialist services such as the Behavioural Insights Team.</li> </ul>	<ul style="list-style-type: none"> <li>• Southend-on-Sea will ensure £3.08 million worth of private sector match for the Gateway to Growth coordination and bespoke programmes</li> <li>• Provide direct business support for 1,350 businesses, mainly SMEs, across the South Essex area. With face-to-face support for at least 375 businesses assisted to improved performance, leading to 555 jobs created or safeguarded over three years from 2013/14.</li> <li>• Develop innovation support from higher education providers (University of Essex / Anglia Ruskin University) to assist business ability to reach new levels through research and development.</li> <li>• Engage local Chamber of Commerce in strategic coordination.</li> <li>• Work with national partners to improve trade and investment links.</li> </ul>

**Supporting Local Growth, Planning, Asset Management and Public Service Transformation**

Government Commitments	Southend-on-Sea Commitments
	<ul style="list-style-type: none"> <li>• Southend-on-Sea Borough Council has uploaded land / asset data to ePIMs via EPAM and agree to the Right to Contest and challenge from the Government Property Unit.</li> <li>• Southend-on-Sea Borough Council refreshes its Asset Management Strategies each Spring.</li> <li>• Southend-on-Sea Borough Council to continue to review local planning processes to simplify them for commercial and housing development, as well as review potential simplifications to the building regulations process, where appropriate.</li> <li>• Southend-on-Sea Borough Council to review the potential for Community Infrastructure Levy and publish schedules where appropriate.</li> <li>• Southend-on-Sea Borough Council to review potential for the pooling of strategic economic development spend.</li> <li>• The South East Local Enterprise Partnership to make public a short and accessible summary of its Strategic Economic Plan against which people and local businesses can judge progress.</li> <li>• Southend-on-Sea Borough Council to work with the Public Service Transformation Network to develop a plan by autumn 2014.</li> </ul>