

# CRANBROOK

" WE ARE WELL ESTABLISHED & NEED GOOD QUALITY OFFICES TO HELP OUR BUSINESS THRIVE"



" THERE ARE A FEW OF US NOW, SO WE NEED A BIG ROOM, AND A BREAKOUT SPACE."

" I NEED A SPACE SO I DON'T NEED TO WORK AT THE KITCHEN TABLE"

East Devon Volunteer Support Agency

East Devon District Council

## OUR PLACE OPERATIONAL PLAN

February 2015

# INTRODUCTION

The 'Our Place' programme provides Government funding (Department for Communities and Local Government) to support communities to plan to deliver local services in partnership with the local council and other organisations. This involves aligning and pooling resources and budgets where possible and ultimately enabling the community to have more rights and responsibility over their own environment.

As a brand new, and rapidly growing, community, Cranbrook has been accepted onto the programme. This Operational Plan builds on the draft plan made in November 2014. It shows how Cranbrook can give people more control over the provision of local employment opportunities and related services while at the same time addressing identified needs within the community.

East Devon Volunteer Support Agency (EDVSA) is leading the project in partnership with East Devon District Council (EDDC) and the Cranbrook community. There are also a range of other partners involved who will lead on key areas within the 'Our Place' plan.

We address the emerging needs of the town by developing something we're calling the 'Cranbrook Business Ladder', which will be piloted through this proposal. It will enable Cranbrook to be both socially and economically sustainable; support the community to shape their own environment; and directly influence services in the future.

***This proposal brings the unique business support concept into one of the biggest new towns in the country. It offers the chance to deliver both economic and social benefits to a new and growing community.***

***The concept, if left to the market, would not be delivered in its entirety for many years. This planned approach, near the start of a 20 year development process, will make sure that the Business Ladder will help secure the economic and social future of Cranbrook. Practical, financial and political support, especially at this early stage, will bring success. There will be important roles for the new Town Council, a new community benefit company and others, to oversee the development of the Business Ladder. The proposed new company will deliver key parts of the project and will use public and private investment to secure lasting benefits for Cranbrook.***

***It will test the commitment and resolve of all partners, not least the community itself. But it is a prize worth striving for.***

This document has been developed through discussion with the community, local stakeholders, the developers and potential funders. It is a key step in the process of the Cranbrook community working together to shape the Cranbrook Business Ladder proposal, the way in which it will be delivered, the appropriate community structures, the financial contributions required and the expected financial and community returns on investment.

The Our Place Plan will be endorsed by the Cabinet of East Devon District Council, the Growth Point, EDVSA and other key stakeholders. That support will help to make sure that the community has a realistic chance of making these plans a reality.

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Economic Evidence – available as a separate document

# CRANBROOK – a growing new town

Cranbrook is one of the largest new town development in the country. It is near the start of a long journey to become one of the biggest towns in Devon. With growing interest and wide support Cranbrook can become a great place to live, do business and enjoy all its opportunities. The Our Place Plan is seeking to achieve this through an exciting, innovative initiative – the Cranbrook Business Ladder.

## The Place

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Cranbrook is set in rural surroundings four miles east of Exeter. Within the boundaries of East Devon, Cranbrook sits between the villages of Broadclyst, Rockbeare and Clyst Honiton and just to the north of Exeter Airport. Being built as part of a wider set of commercial and housing developments, Cranbrook will eventually house over 20,000 people. It is surrounded by open farmland, small brooks and areas of landscape quality and wildlife interest.

Cranbrook is part of the Exeter and East Devon Growth Point, an ambitious collection of strategic developments that will help deliver the future employment and housing needs of Exeter and East Devon. These include a new Science Park, Skypark, a major distribution centre, new road, rail and energy infrastructure and several new housing developments (described further in Annex 1). It is a key element of the Growth Point proposals, which have developed through strategic planning processes over several years. When completed it will be one of the biggest new towns in the country and one of Devon's top ten towns.

Cranbrook has excellent communication and energy infrastructure. Public investment, initially from the South West Regional Development Agency and latterly from the Homes and Communities Agency (HCA) and DCLG, has kick started private sector development. It has provided a new motorway junction, new access roads, a new railway station, new cycle and pedestrian routes, fibre broadband to every new house, a district heating system and new schools.

Cranbrook is being built out in several phases. The first phase is delivering about 1,100 homes – of mixed sizes, types and tenures – as well as a primary school, half a dozen shops and a community centre. Many of the 2,500 people who will be living in Cranbrook by the spring of 2015 will be young families with primary age children along with older, retired people.

The next phase, which has just started, will bring the population to about 15,000, in 6,000 homes, within 10 years. As Cranbrook grows, the wider needs of a growing community need to be provided for. There are plans for another primary and a secondary school, a country park, leisure facilities and a significant town centre.

There could be further phases to the growth of Cranbrook – taking the population to over 20,000. The critical issue for the people who choose to live in Cranbrook is what sort of town it will become. Will it be a thriving, active place for people of all ages and interests – and with a diverse

and viable local economy – or will it be a collection of housing estates, albeit with some local services?

## The Community

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It is not easy to create and maintain a community spirit when there is a constant influx of new people, few community facilities and constant new building. Nevertheless, there is a powerful sense of community in Cranbrook and many of the new residents are active citizens and keen to help the town further develop a strong and sustainable community. A number of clubs and societies have started and several small businesses have sprung up to offer services locally.

Successful towns develop flexibly to address local need as it emerges and changes. Towns need a number of factors to work: a strong sense of community, a diverse range of local services and shops, real opportunities for local people, spaces for formal and informal interaction and a clear purpose. Cranbrook is no different. Yet it has several challenges and opportunities that are particular.

It is the first genuinely new town in England for many years. The planning for its design and growth is happening before most of the residents will move in – so it needs to ensure that, as far as possible, the layout of the town, its buildings and public spaces remains flexible. Unlike many towns, Cranbrook's employment space provision will reflect the fact that it has Skypark (a new commercial and industrial centre) and the Science Park (a major development for innovation and technology business) right on its borders. Exeter with a very successful and fast-growing economy is only a few miles away.

As yet there are few opportunities for local people. The first shops are being built, there is no business space, the surrounding employment opportunities are at very early stages of development, there are no leisure facilities and the country park is not complete. However there is a strong sense of community already developing and a desire to see the provision of services and facilities as quickly as possible. This is an opportunity for the community to work together to help shape and deliver these.

## Our vision for the Our Place Plan

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The Our Place Plan seizes the opportunity created by a new community in a new town, to explore how the community can help to shape its own economic future as part of its development as a sustainable enterprising town. Our aim is:

***To create a vibrant local economy led by local people through the development of the Cranbrook Business Ladder***

Within this aim we have identified three key objectives that we want to achieve:

- Help build an economically and socially sustainable new town
- Enable the community to shape their own economic environment in Cranbrook

- Support and influence local businesses, including services and their provision

## A focus on business

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Due to the extensive employment opportunities all around Cranbrook which could potentially draw economic vitality out of it, the Our Place plan has a clear focus on developing and supporting small and micro businesses, including social and community enterprises, within the town. It wants to help them grow, it wants them to breath life into the town and it wants them to provide a rich mix of local services. It also wants to provide flexible working opportunities for residents in Cranbrook.

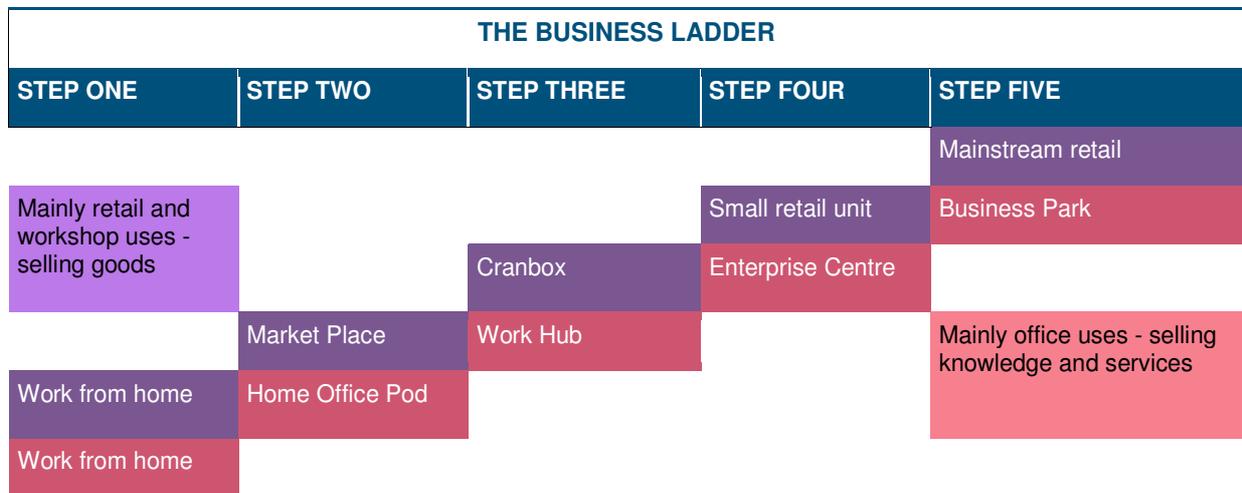
An Economic Development Strategy (EDS) is being prepared which is aligned with the Our Place Plan and which sets out a range of factors that will be needed to support the emerging economy of Cranbrook. Key to this is the concept of Cranbrook as an ‘Enterprise Town’ with the Business Ladder focused on the smaller enterprises, something which has arisen out of local consultations, been guided by wider economic factors and the desire to see Cranbrook develop as a sustainable community that includes economic vitality. Cranbrook’s concept as an exemplar small enterprise town gives it a vital, and unique, role within the wider employment setting of the Exeter and East Devon Growth Point.

## The Business Ladder

Our concept for supporting Cranbrook’s small enterprise development is the ‘Cranbrook Business Ladder’, a way of providing local employment space and support stepping-stones for all stages of a business journey from pre-start up, start up and growth. The principles underpinning the Business Ladder are:

- focusing on what can be provided within Cranbrook for its residents, bringing both work opportunities and services for the town.
- providing small steps to help businesses along their growth path
- helping to reduce the risks associated with growth for small businesses

The Business Ladder will provide business space to support business start-up and development – both those selling goods and those selling services. Throughout all stages of the ladder there will also be business support available to the community in the form of information, support, advice and guidance. This will include business support tailored to Cranbrook’s population and their needs. A Local Business Forum will be created, acting as a means of mutual support and guidance whilst encouraging partnership working.



This plan would position Cranbrook as an excellent option within the larger business developments around it. Elements such as ‘CranBox’ and the Enterprise Centre could also be attractive to businesses from within Exeter and East Devon where there is a shortage of flexible and affordable office space. This vision will help to generate a perception of Cranbrook as a destination in itself rather than an extension of Exeter. The sustainable travel options of the dedicated bus routes, cycle and walking paths and the new train station on the London / Exeter line make Cranbrook a very attractive business location.

The business ladder includes a range of spaces for business use designed to offer space appropriate the nature and size of the business.

### Office/work pods

Many residents wanting to start new businesses are likely/expected to begin by working from home. As no workspaces exist at all in the town as yet, the availability of freestanding office/work pods for rental by local residents and put into gardens will help move business start-ups from the kitchen table. For some, the opportunity to work from home but from a separate space could be the spur to more robust business start-up and development. There are a number of freestanding work pods available for home use and which could be bought in for rent. This first step on the Business Ladder will make a small provision of such dedicated workspace available to Cranbrook residents.

### Community market – marketplace and market stalls

Building on existing work by residents to nurture a community market, a permanent Community Market site and facilities for enterprising residents to start trading around retail and services will be established. This will also enable residents to access healthy food, a

space to socialise and meet in the area where there is currently no shop, pub, restaurant, park etc. It will offer a valuable low risk opportunity for business start-ups and the flexibility to test a business without being tied into long and expensive tenancy agreements.

### **Work Hubs**

The workhubs will provide flexible, open access office space for business start-ups or those moving on from working at home or a home office pod. It provides workspace, which could be available by the hour or day or as a small dedicated office space – to suit what is needed. It also provides support facilities e.g. meeting space; photocopier and can provide a postal address service for a small business too. It will be available on easy in-easy out terms, with the emphasis on business networking and collaboration, mutual support and shared space.

In Devon, there is a Workhub network which can provide a range of information to support the establishment and development of workhubs in Cranbrook. The workhub network offers a number of workhubs which provide valuable models for this type of provision.

### **Cranbox - a modular shopping / business centre**

The next step on the business ladder for retail and services is a truly innovative approach to business space in this modern era of change and uncertainty for the high street. We are looking at proposals to have a modular retail and commercial centre in Cranbrook much like Shoreditch's 'BoxPark', using freestanding 'temporary' units.

The aim is to provide units with flexible, and easily adaptable space which can be moved, added to or removed to suit the growing and changing business and cultural needs within Cranbrook as it develops. Within these units could be a base for Cranbrook's arts, culture and creative development with the possibility of funding from various sources.

This shifting, morphing facility will enable Cranbrook to physically change to accommodate what the community needs at different times, reflecting the dynamic growth of the town. This change and the ability of the community to shape its vision aims to be one of the things that attracts visitors and new residents to the town to see it evolving and growing in its early years.

### **Enterprise Centre**

The Enterprise Centre is the next step on from the workhubs, providing more formal and separate dedicated workspaces for businesses with managed services to support business activity and availability of meeting/training rooms. It will provide some larger workspaces but still with some flexibility to support different user needs.

### **Cranbrook town centre – retail and commercial units**

Businesses that have successfully traded from the Community Market and then the subsequent 'CranBox' will have been able to assess the demand for their service / product

before deciding to expand and make the move to a more permanent residence in Cranbrook town centre or a commercial unit. These move-on units would be available on a commercial basis and are to be provided by developers. While not directly within the control of the Cranbrook Business Ladder this approach will help cultivate quality and diverse local business offering relevant products and services capable of taking on a unit on commercial terms.

### **Skypark and Science Park**

Two large-scale business development parks are under construction just a few minutes from Cranbrook and will be available for local businesses to move to if they grow further. Again, while not within the direct control of the Cranbrook Business Ladder delivery mechanism, both Skypark and Science Park are seen as vital parts of the employment space ladder. Discussions are ongoing with their respective developers, to forge the links with Cranbrook, to enable support and integration of its small enterprise concept and economic sustainability.

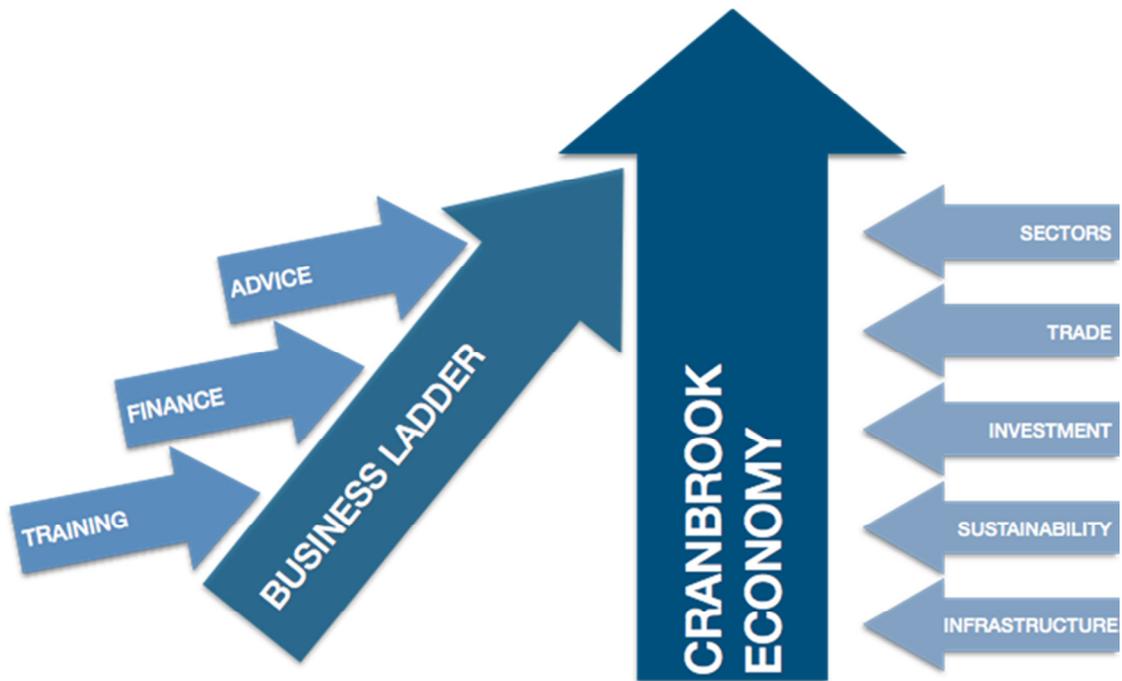
### **Business Support**

Linking across all these workspace steps in the Ladder will be the availability of business support services. Some of these will be practical and available in the Workhub and Enterprise Centre e.g. photocopying services, postal address services. Others will be wider business support services e.g. advice on marketing, accounts, tax, legislation, identifying access to finance opportunities and supporting delivery of training – all the important elements that businesses need to know to help them run a successful business.

The business support will be matched to the needs of businesses as they develop and grow; and will include information and advice to stimulate new enterprises. Some will cater for specific groups within the community to help in business start ups e.g. working with younger parents seeking to develop business opportunities balancing this with childcare needs; working with community enterprises; with women led enterprises; and with older people. Specialists will be brought in to provide much of this business training and advice. Importantly a Local Cranbrook Business Forum will also be established to provide a vehicle for business to business networking, support and exchange of experience.

Taken together, the Cranbrook Business Ladder is our concept to develop Cranbrook as a vibrant and active enterprise market town through helping businesses to grow. The Cranbrook Business Ladder is a key theme in the wider Cranbrook EDS, which also looks more broadly at other employment infrastructure requirements, opportunities for sector development and so on. It will be reliant on grant support and other investments in order to deliver the maximum benefits for Cranbrook.

The diagram below illustrates the important contribution that the Business Ladder is expected to make to the Cranbrook economy, through its EDS.



## The Growth Point Programme

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The new town at Cranbrook is a core component of the Exeter and East Devon Growth Point. The Growth Point also includes strategic urban extensions for Exeter, strategic employment sites, city centre regeneration, other new housing sites, along with higher and further education investment, all described in Annex 1.

The Growth Point programme, and Cranbrook within that, has developed through long term strategic planning policy development, responding to potential population growth and consequent need for homes, jobs, services and facilities. It responds to national planning policy, currently and importantly the National Planning Policy Framework with its focus on achieving sustainability in planning for development.

The Growth Point programme is expected to deliver around 20,000 new homes and over 25,000 jobs in the period up to 2026<sup>1</sup>. Overall, the development planned in the Growth Point is still in its early stages, although unlike some other growth locations nationally, there has been considerable progress. Significant public sector investment and forward funding of infrastructure has helped the private sector commence development earlier than otherwise might have happened (particularly housing but some employment and education uses), and further development and proposals have continued to emerge as some confidence in the economy has returned.

Progress on the different components of the Growth Point has shown that whilst housing has been delivered and there is clear interest in providing more housing, the delivery of the employment components has been slower. The proposed Cranbrook Business Ladder seeks to make sure that Cranbrook's economic development happens alongside its housing development in ways that the community sees will meet its needs.

## Cranbrook in the Growth Point Programme

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The vision for Cranbrook is to create a self-sufficient, low carbon new community in close proximity to skilled employment opportunities, encouraging people to use sustainable modes of transport and to reduce the need for them to travel between work and home by car<sup>2</sup>. The aim is that Cranbrook will become a distinct modern town with close functional links with the other developments in the growth area, such as Skypark and Exeter Science Park. Both of these developments are expected to develop over a 20 year period or more, a timeline that is in parallel

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[http://www.exeterandeastdevon.gov.uk/includes/documents/X1547\\_Growth%20Point%20A3%20to%20DL%20leaflet\\_Iowres.pdf](http://www.exeterandeastdevon.gov.uk/includes/documents/X1547_Growth%20Point%20A3%20to%20DL%20leaflet_Iowres.pdf)

<sup>2</sup> [www.exeterandeastdevon.gov.uk/Cranbrook/](http://www.exeterandeastdevon.gov.uk/Cranbrook/)

with that for Cranbrook. There are plans for new employment buildings on both sites in the short term, which follow some significant developments already completed such as the E.On Energy Centre on Skypark and Eagle House on the Science Park.

Proposals for Cranbrook have developed over a long time and with a huge amount of technical, design, feasibility and other work to test and develop plans and proposals that fit with planning, environmental, infrastructure and other requirements and contribute to creating a viable and vibrant new community. Strategic design guidance produced for Cranbrook is providing a framework for this, with a vision to create an 'attractive and vibrant town which combines the rich urban fabric of the historic Devon services centres whilst meeting the needs of 21<sup>st</sup> century lifestyles'<sup>3</sup>.

Outline consent for 2,900 homes was granted in October 2010, followed by detailed permission for the first 1,100 homes in March 2011. The consents include Neighbourhood and Town Centres and a new Railway Station, and implementation has included Homes and Communities Agency (HCA) funded affordable housing and the UK's first district heating system on a green-field development. A Memorandum of Understanding is in place securing the basis for delivery of an additional 600 homes, taking the overall number to 3,500. Further phases of development will follow. The development is through a consortium of development partners made up of Hallam Land, Persimmon Homes and Taylor Wimpey and called New Community Partnership (NCP).

## Cranbrook's development so far

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The initial phase of delivery was in the western end of the site, and the first residents moved in during July 2012. The primary school is open, along with the Younghayes Multipurpose Centre. The first six retail units, making up the first local centre are under construction and due to be completed in 2015.

## The next phases of development

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Phase 2 includes a new secondary school and a further primary school as well as a new High Street for the town centre, commercial areas and further housing. Phase 2 is planned to include 10,000 sq m of commercial floorspace<sup>4</sup> as part of some 12 hectares allocated for a town centre. Planned elements of the town centre include:

- Two sites for single user public/private sector developments of 3,000 - 4,000 sq m, starting with release of one site for 1,500-4,000 sq m of B1 space.
- 1, 500 sq m of employment space which could include:

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<sup>3</sup> *Cranbrook New Community. Strategic Design Guidance. David Lock Associates, June 2010.*

<sup>4</sup> *Exeter & East Devon Growth Point, 2012, Cranbrook Locally-Led Large Scale Development Initiative Accelerating Delivery of a New Community. Note that this total is different from figures noted in the earlier 2008 Employment and Retail Strategy produced by the Consortium.*

- Provision for town centre medium or smaller scale offices constructed for the local market.
- Opportunities for small-scale businesses in serviced office accommodation.
- Provision of small workshop units (20-100 sq m each).
- A supermarket of 3,500 sq metres gross in the town centre.
- 500 sq m of additional retail units of at least 60 sq m.

There may be opportunities for other uses such as hotels, public houses and commercial leisure<sup>5</sup>.

In October 2014 the Consortium announced their proposals to expand the town from the currently agreed 3,500 homes to 7,000-8,000. The announcement also included plans for a health and wellbeing centre, a library, shops, offices, and a leisure centre with a swimming pool, sports pitches, a pub, restaurants, and more affordable housing.

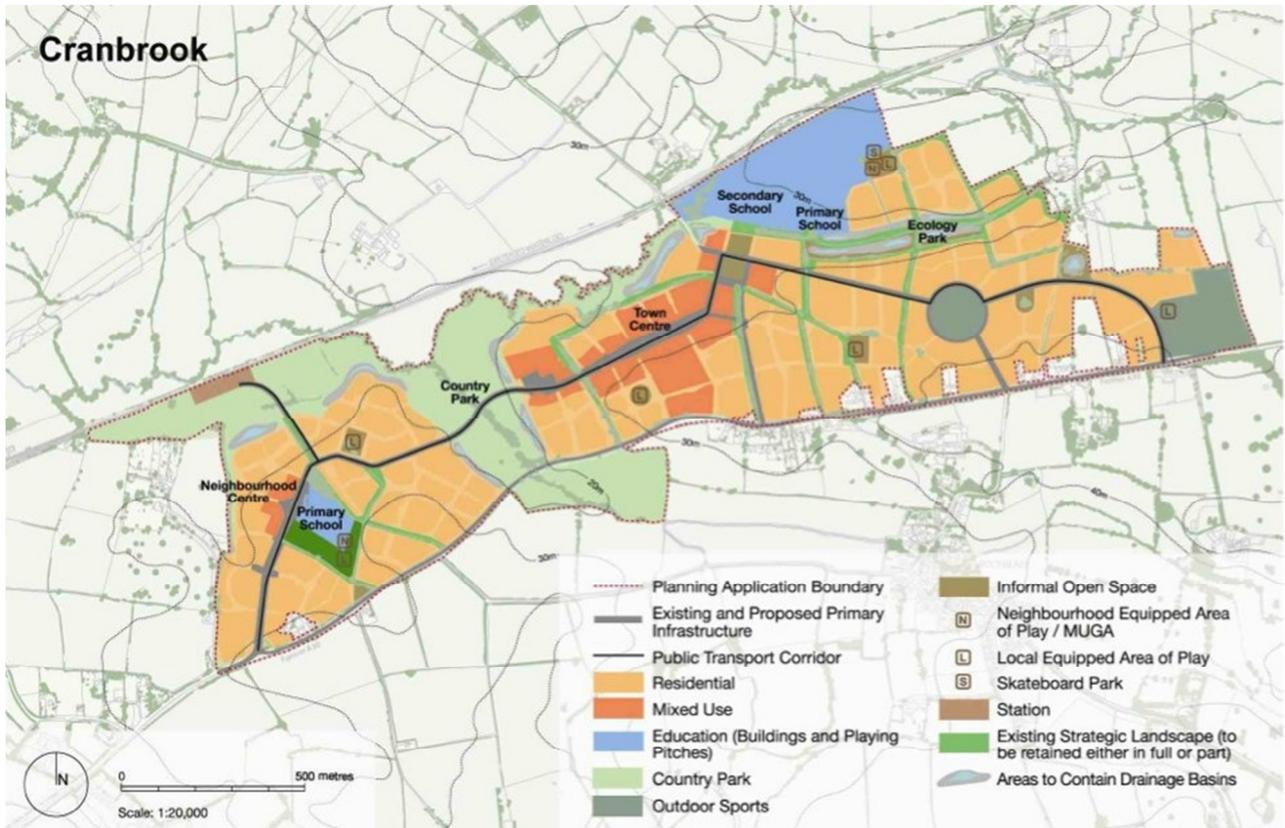
## Making the economic development plans work for Cranbrook

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There has been a great deal of strategic planning work to bring delivery of Cranbrook new town to the point it has now reached. The work with the community to develop the vision of Cranbrook as a market town focused on supporting small enterprise development, helping its local residents to live and work in the same place and culminating in the Business Ladder model, is not something that Cranbrook's developers have to deliver. But by influencing what is provided by developers and other partners through this community vision and the Our Place Plan, we have the opportunity to work alongside the developers, planners and other professionals working for Cranbrook, to put in place building blocks that could really help residents build in and around Cranbrook. Alongside the new Economic Development Strategy for Cranbrook and the formation of a new Town Council, this Plan will help to shape Cranbrook as a rounded community where people will want to live, work and play.

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<sup>5</sup> *Employment and Retail Strategy 2008, Cranbrook Consortium. Although the study noted that demand could not be predicted at the time of writing*



Source: David Lock Associates, 2014, Statement on behalf of East Devon New Community Partners (EDDC Local Plan Examination)

# ECONOMIC CONTEXT – challenges and opportunities

The 'Our Place' Plan seeks to support Cranbrook to promote productivity and employment growth in a way that sustains living standards and wider well being whilst creating a robust and integrated community and defending environmental quality.

## The Macro-economic Context

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Local economic prospects are dependent on market and structural performance beyond immediate geographical and market borders. Decisions on future investment and development should be set against the competitive context, prevailing business conditions and reasonable, yet aspirational, 'futures'.

After a deep recession and prolonged downturn, the global recovery has been patchy and uncertain. The upturn is not yet secure or sustainable: further volatility in macroeconomic conditions should be assumed. Against this global picture, the UK economy regained its former level of output within the last year. A profile of moderate growth and inflation is expected to persist.

Underlying trends in population, technological dissemination, spare capacity, real incomes and international trade add up to lower employment growth and productivity potential than in the past. Potential, UK output growth in the long term is projected at about 2.2% per annum: lower than in UK history or compared with the UK's international peers.

Over the last two decades, the sub-regional economy - centred on the City of Exeter - has tended to grow slightly faster than the UK average. Although Cranbrook cannot escape the influence of the wider macro potential and risks, a robust business ladder would make the community more resilient.

## The Local Economy

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East Devon, including Cranbrook, is part of a large sub-regional economy with output and incomes performances of reasonably robust standards (especially if the London bias in UK averages is removed.) The economic structure is largely typical of a mixed urban/rural English local economy outside the Greater South East. Given this background, Cranbrook's 'Our Place' Plan focuses on the contribution it can make to local productivity and employment growth in a way that boosts local earnings and broader living standards.

The main contextual indicators of population and labour for Cranbrook are represented in the table below. The local area has a relatively strong labour market, with a high employment rate; low unemployment, claimant count and inactivity rates; and good jobs density. The local

economy appears to be relatively good at employing its available labour resources, at least in quantitative terms.

**Table 1: Key Measures of Local Labour Market (16-64 age range)**

July 2013- June 2014	Population (‘000)	Employment (%)	Unemployment (%)	Inactivity (%)	Claimant count (%)	Job density (%)
<b>UK</b>	40,915	71.9	6.8	22.7	3.0	0.78
<b>HoSW</b>	1,021	74.3	5.8	21.1	1.9	0.80
<b>TTW</b>	212	77.7	5.0	18.4	1.4	0.86
<b>E. Devon</b>	74	75.8	3.6	21.7	1.1	0.75

HoSW = Heart of SW LEP area. TTW = travel to work area – Exeter & Newton Abbott. E Devon = East Devon local authority area. Source: ONS

Compared with many areas, the East Devon/Exeter TTW area has a good infrastructure of education (University and schools), transportation and connectivity (airport, motorway, rail and broadband capacity), environmental (designated natural areas and overall well-being) and social quality (low deprivation scores).

It shares the UK structural issues related to demographic ageing but this is offset partly by patterns of inward migration (younger age groups in migrating for jobs, education and lifestyle), a supportive skills base – (although there are some shortages/gaps), and good technological and process innovation.

A recent report showed that local wards are typified by competitive positions (economy profile) on business density, industrial structure, labour market and qualifications<sup>6</sup>. The social profile depicted a typical age distribution and household structure, and a more or less central position for knowledge workers, health and deprivation. The environmental (quality of life) profile pointed to average owner occupation, high private transport and weak access to services.

Cranbrook therefore sits at the heart of a spatial economy with strong foundations and positive potential. The ‘Our Place’ Plan needs to project this to a future that builds capacity and capability and a robust sustainable economic performance for Cranbrook directly.

## Future Assessment of the Local Economy

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The macro economy consensus is one of historically low growth persisting, reflecting the damage of the long downturn and analysis of ‘output gaps’ and potential productivity. Locally, Exeter and East Devon were growing faster than the national averages before the downturn but slower in the

<sup>6</sup> *Ward Place Profile, Place analytics – Grant Thornton for East Devon District Authority October 2014*

downturn. Exeter tends to perform better than East Devon in terms of output and jobs but not for productivity.

Looking ahead, output growth Exeter and East Devon is forecast to recover to about trend over the next six years (averaging about 2.2-2.5% per annum); employment growth is projected to slow over the period from over 2% today to about 0.5%; and productivity growth recovers but only modestly, remaining below 2% per annum. This modest performance is consistent with the global economic context, structural economic imbalances and perceived (UK and local) potential economic growth trends driven by demographics and technological change.

### What does this mean for Cranbrook?

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Without an aspirational Plan for Cranbrook (and its hinterland), the community is heading for a future of moderate economic performance. In itself, the planned expansion of Cranbrook, adding homes and people, can support a somewhat stronger performance than outlined here but this may well displace economic activity from other nearby areas. The 'Our Place' Plan focuses on elements of growth that are likely to 'change the game' for Cranbrook in ways that are transformative, creative, market friendly and distinct.

It is important to be realistic too. The budgets, options and capacities of the Cranbrook community and the surrounding 'Growth Point' may not be of a scale sufficient to move the local economy significantly from the economic context outlined here. The total of planned investment in the wider Exeter area is significant, including about 20,000 new homes, as well as commercial, retail and distribution developments. Of special significance are the plans for innovation and skills - the Science Park, Skypark and other Energy, University, intermodal transport and leisure facilities. These are vital and welcomed investments but may not directly support small scale local retail, service and other small business development important for local residents of Cranbrook. There is therefore a need to focus on what can be transformative and distinct within Cranbrook itself, complementary to the wider context.

# THE BUSINESS CONTEXT – demand for business space

The Our Place Plan seeks to place community led employment development proposals for Cranbrook into this wider economic context. All these employment plans need to be coordinated in a way that optimises additional impacts for Cranbrook. A lot of it is about supply side 'enabling', creating the infrastructure and capacity for local and incoming businesses to start, grow, and expand by being more competitive at different stages of the 'business development ladder'. Supply chain integration reinforces economic resilience as well as boosting growth potential. The rest is about demand, reflecting the feedback characteristics of spending by skilled workers, households, businesses and local authorities.

## Evidence of retail / business space demand

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### Retail

Cranbrook Phase 1 neighbourhood centre includes six commercial retail units, which are under construction and due to open in mid-2015. These have been marketed by Alder King and five have been let, with one still available. Alder King report that interest has been strong and that the units have been let on long leases at about the headline rents of £20/sq ft. Discussions with potential occupiers are on-going about letting the sixth unit. The units let so far include:

- Foodstore (Co-op)
- Fish and chip shop
- Pharmacist
- Estate Agent
- Take away

In addition the Growth Point Team has been receiving enquiries for retail premises in Cranbrook. Many of these have been for retail, food and drink premises, but there have also been enquiries from local service businesses. The Consortium will also have been receiving enquiries.

Alder King reports interest in future opportunities at Cranbrook, although these are mainly retail/food and drink at this stage. It is understood that the Consortium's preferred model for the town centre is to provide plots for occupiers. The 2008 Employment and Retail Strategy prepared on behalf of the Consortium listed various commercial and public sector organisations that had expressed interest in taking space at Cranbrook.

A small indoor market in the community centre at Cranbrook was set up in the summer of 2014 supporting local producers and other business and is proving a draw for local residents. A limited demand survey of the stallholders currently operating in the indoor community market, held one evening a week, showed that all would be interested in trading permanently in the town - either from a market stall or from a unit within Cranbox.

## Business workspace

It is anticipated that market interest in offices in the town centre is likely to only emerge after the town centre has become established enough to provide the vibrant environment that occupiers are likely to seek. In the meantime it is likely that Skypark will continue to receive demand from office and industrial/warehouse occupiers, and there are current proposals for industrial uses on the former Sainsbury's site at the Rail Freight Interchange and for new offices at the Exeter Gateway site near M5 junction 29. It is anticipated that the retail and food and drink businesses will provide local centre facilities for staff at Skypark and other nearby employment centres. However, it is notable that the development thus far on Skypark and the other locations is on behalf of the occupiers, rather than speculative development for rent.

Research by Carter Jonas on behalf of East Devon District Council<sup>7</sup> found that there is a shortage of small business premises throughout East Devon. Forecast data for the district suggest future demand for 6,470 sq m of office space and 21,245 sq m of industrial space by 2018 (of which demand for 350sq.m<sup>8</sup> of office space could arise from self employed people, together with demand for 1470 sq m of industrial space). This is set against a minimum potential average annual take-up of 70sq m and 294sq m for office/workhub and industrial workspace respectively within the sector of the market with which the study is specifically concerned. However, the Carter Jonas work suggested these could be closer to 260sq m and 1,115 sq m per annum under less constrained scenarios.

The business survey undertaken by Carter Jonas to support its research suggests that approximately 40% of businesses responding plan to expand or re-locate in the next 1-2 years. Most of the demand is focused in the west of East Devon, particularly for offices. There is relatively limited supply of serviced workspace units, but a high level of expressed demand for such space. As a result, there is strong take-up of serviced workspace, along with low vacancy rates.

### What does this mean for Cranbrook?

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Research shows the need for small business premises in East Devon, with the west end of East Devon identified as an area of particular demand. The Carter Jonas analysis indicates that not all small business workspace needs will be met through provision of market led commercial space (e.g. some would be people who work at home), with very small workspace being an element that commercial provision is less likely to meet. Alder King has advised that it is likely that there would be a market for small business space in the Cranbrook area (along the same lines as Basepoint in Marsh Barton).

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<sup>7</sup> *Serviced workspace Demand and Delivery Appraisal, Carter Jonas, August 2014.*

<sup>8</sup> *This only relates to commercially available office and industrial space. Total 'self employed' office space needs is estimated at 1400sq.m. and industrial space at 5875sq.m. The report also identifies figures as 'cautious minimum' which do not factor in additional economic growth plans (such as those for the Exeter and East Devon Growth Point).*

The provision of work hubs has been used to facilitate economic development amongst home-based and mobile workers, business start-ups, freelancers and entrepreneurs. Within Devon (where Devon County Council is promoting a network of workhubs), East Devon is a gap in the network for the wider spectrum of business. There have been discussions about setting up work hubs in market towns in East Devon but these have all stalled with no known live proposals at the time of writing<sup>9</sup>. There is, however, a specialised rural workhub in Bicton, linked to the EaRTH Centre, in which tenants have to demonstrate a sustainable focus.

We have made an estimate of how many micro-businesses may be resident in Cranbrook over the next 10 to 15 years, based on projected housing and population numbers. This is not a demand analysis; rather it provides a context for potential numbers of micro businesses operating within the District.

**Table 2: Micro business projections**

Development phases	Date	Houses	In employment	Self-employed	Micro businesses
Present day	2014	800	749	79	35
Existing planning permission	2020	3500	3277	346	151
Emerging Local Plan figures	2026	6000	5618	593	259
Indicative figures from Local Plan	2030	7500	7022	742	324
Possible planning applications - from new developers / community partners	2030	8000	7491	791	345

Estimates based on East Devon averages, using ONS and Census data

Cranbrook residents are already operating small businesses from home, including a taxi service, hairdressing/beauty, laundry/cleaning, catering, pet walking, language tuition, building and maintenance, plumbing and electrical services, gardening, recycling and entertainment.

Further work to investigate potential jobs growth from the Cranbrook housing development proposals and model different scenarios for employment space provision for the Cranbrook Economic Development Strategy have also looked specifically at potential business start ups that might arise from the housing developments (see Table 3 on next page).

The further work shows new business start ups by year (the yellow row) but then also takes account of business survival rates to calculate how business starts ups may cumulatively grow by year (the darker blue row). This indicates as many as 100 business start-ups by 2020 and 209 by 2028. It also looks at whether these start ups might be office, retail or industrial sectors (the light blue rows) or are less specific to different types of workspace. What this shows is that estimated

<sup>9</sup> Existing work hubs are: Barnstaple, Bicton, Brixham, Exeter, Torquay (x2), Okehampton, Tavistock, Totnes

business start up rates are at levels sufficient to make use of workspaces provided through the Business Ladder.

Demand and need for business spaces to support small business development indicates the potential for provision of these in Cranbrook, in a stepped approach as proposed in the Cranbrook Business Ladder, allowing businesses established for and by Cranbrook residents to grow and develop locally.

Table 3: Potential for New Business Start ups

<b>Cranbrook</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>	<b>2030</b>
New business start-ups ; annual	13	18	24	30	35	41	47	52	58	64	69	75	81	86	92	98	103
New business start-ups in any incubation space (cumulative)	13	28	46	60	73	87	100	114	128	141	155	168	182	196	209	223	236
Assumed employment in new business start-ups (cumulative)	13	28	46	60	73	87	100	114	128	141	155	168	182	196	209	223	236
Of the total new business start ups:																	
No. of new business start-ups in office space	6	14	22	29	36	42	49	55	62	69	75	82	88	95	102	108	115
No. of new business start-ups in industrial/warehouse/office space	2	4	6	8	9	11	13	15	16	18	20	22	23	25	27	29	30
No. of new business start-ups in retail space	2	4	7	9	11	13	15	17	19	21	23	25	27	29	31	33	35
No. of new business start-ups in any other business space	3	7	11	14	17	21	24	27	30	34	37	40	43	47	50	53	56

Source: Ash Futures/HECL: Economic Analysis. Based on ONS Business Demography and Census 2011 taking into account business survival. Type of space required based on England start-up by sector 2013. Assumes an average of 1 employee per start-up and that start-up space will be used for three years. 'Incubation space' may not be formal provision for start-ups and could apply to any of the workspaces proposed in the Business Ladder

# COMMUNITY INVOLVEMENT – shaping the plans

## Community participation

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Community participation is at the heart of the Our Place approach and has been a feature of the development of the Our Place Plan for Cranbrook. Our engagement with the community has been different from other places - necessarily so as the community is very new and still growing.

In the autumn of 2013, we conducted a community needs survey, delivering a questionnaire to every household in Cranbrook. The survey identified the enthusiasm of local residents for their new community, with 30% of respondents interested in getting more involved in community matters through the Cranbrook Community Forum:

- It identified that 82% of households responding had someone in the household in employment, of which 6% were self employed.
- It also noted concern with the lack of local facilities to date, including shops and cafes, and places for the community to meet informally.

Given the opportunities for local businesses to contribute to the growth of the town and start to address some of these concerns, the ideas for ‘Cranbox’ and a community market providing local retail opportunities and supporting small businesses started to emerge. Following the early consultation work, some enterprising community residents got together to start a weekly evening market in the Community Centre – which has been well supported.

Following this, interviews were conducted with a range of key partners and local service providers. Focus groups with young people at the local community college and a picture survey with primary school children were also carried out.

A major community event was then held in June 2014 to launch the Cranbrook - Our Place concept, the Cranbrook Business Ladder, encompassing a community market and ‘Cranbox’ as a core component. Integrating consultation with a family fun day, this brought out a wide range of suggestions and ideas, which were fed into the Our Place proposals. Responses to the Cranbox concept were very positive, with a number recognising the need to support local business growth and the potential for Cranbox and the Business Ladder to do this in a way that makes Cranbrook special and individual.

A Cranbrook Our Place leaflet was distributed to all households. The Cranbrook website and Facebook page have been set up.

With the appointment of consultants in Autumn 2014 to work on the aligned development of an Economic Development Strategy (EDS) and Our Place Plan for Cranbrook, and the ongoing support of EDVSA’s Community Development Worker for Cranbrook and the Locality facilitator,

the community developed its ideas for the Cranbrook Business Ladder further, to bring in other ways of supporting local businesses to grow and thrive, with Cranbox still very much at its heart.

A second (Autumn 2014) community-wide needs analysis survey took place, mirroring that of 2013, to explore how views of Cranbrook had changed/developed:

- It continued to identify lack of facilities and amenities, especially local shops, as a key concern.
- It found that 82% of working age residents were employed, as in 2013. Of these 59% worked in Exeter, 18% elsewhere in East Devon and 13% elsewhere in Devon, with 3% working in Cranbrook (including from home).
- It notes that self-employment had risen to 10%.

A summary of the results is given in Annex 2. There will be another in October 2015 - to reflect the growing community's needs.

This survey was supplemented by a further survey in December 2014/January 2015 focusing on the economy with questions about services needed in Cranbrook. This again identified the importance of services such as shops, café, and pubs:

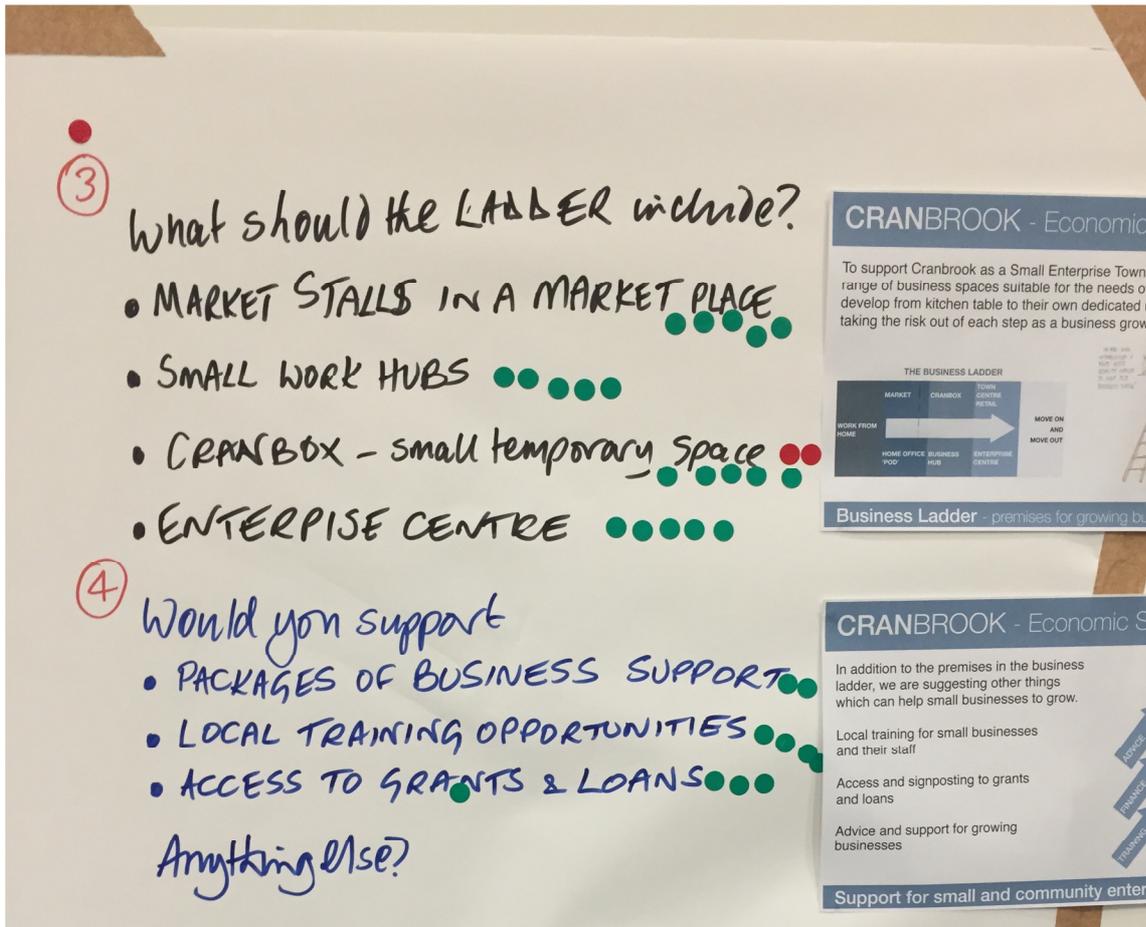
- 72% of respondents identified services such as shops and cafes as important/very important.
- 47% of respondents also identified employment opportunities in Cranbrook as important/very important.
- Further questions on shops also identified the importance of locally owned/independent shops, cafes etc.; 78% identified such shops (selling every day goods e.g. bread) and 70% restaurants and cafes as important/very important – and more so than national chain /supermarkets. .

An open community event was held in October - which helped to position the Our Place Plan within the wider context of the development of Cranbrook. A key outcome of that meeting was the interest in setting up a community owned company to develop and manage the Business Ladder. The plan to widen the concept beyond a market and Cranbox was also supported. Further discussion explored the possibility of concentrating on certain types of business services, such as food, environment or digital technologies.



A special master-planning workshop, hosted by CABE was also run in early 2015, including a wide range of partners and members of the community, to help shape the physical development of the town.

A further open community event was held in early 2015 as a wider economic development strategy consultation event (where the Business Ladder is a core part of the strategy). Feedback from the event was positive about the Business Ladder proposals. This included more detailed suggestions about potential locations for elements of the Business Ladder and the possible role of the new Town Council in how to build self-sufficiency within Cranbrook.



## The developing enterprise company

A small group of residents, local business owners and other stakeholders have agreed to act as a Steering Group for Cranbrook Our Place, examining emerging ideas for the economic development of the town and have met five times so far, facilitated by a Locality facilitator. Their sessions have included a look at potential legal structures for a company, financial considerations and development options. This group is moving towards forming an embryonic community benefit company, to take forward Business Ladder proposals. This process has enabled local people to invest their own experience and expertise into the process while at the same time increasing their knowledge of the consultant's proposals. This has led to them taking ownership of the plan.

## Shaping the Cranbrook Business Ladder

What this means is that the views of residents have constantly shaped the development of the Cranbrook Business Ladder, recognising that the Ladder is part of a wider economic development approach which places Cranbrook in context with surrounding developments such as Skypark as part of the Exeter and East Devon Growth Point.

As the town is growing, more established community structures emerging from the community are being put in place. The exciting opportunity this now raises for Cranbrook is harnessing this community activism into a community-based enterprise that can grow, develop and manage the Business Ladder components. This means that the community has not only helped to shape its business development opportunities but could also manage these as community assets for the longer term. The proposals for governance and management of the Cranbrook Business Ladder described later in this Plan have arisen directly from this opportunity, opened up through the community involvement work that has been carried out.

# OUR FOCUS – the Cranbrook Business Ladder

## Why a Business Ladder

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The Our Place Plan responds to the social and economic context surrounding the development of Cranbrook. In particular, it responds to:

- The growing population, its demographics and its entrepreneurial aspirations.
- The demand already evident for places to work in and from.
- The demand for local shops and other related facilities, which is in advance of when these will be provided by developers
- The different roles played by Cranbrook and the other employment and housing developments in East Devon, including the gap in current provision of opportunities for start-up and micro businesses
- The need to bring forward enterprise now rather than wait for a possible market response in some years' time.
- Opportunities for community-owned assets, linking community engagement with local businesses
- Opportunities for the community to be involved in shaping Cranbrook's economic future at an early stage
- Coordinating the community potential to support business development with the wider economic development strategy and opportunities for Cranbrook
- Supporting the role of planning and partners in seeking to proactively create an enabling environment for business and jobs

The Our Place Plan provides a framework to allow new businesses to form and grow, through community development, ownership and management and so support the long-term development of a sustainable enterprise town and an active community.

The core concept of the Business Ladder is both to provide appropriate and flexible spaces for businesses to start up and grow over their lifetime, in Cranbrook. That flexibility means that the number, style and size of units can grow over time - adapting to the emerging and growing needs of the town. Some key elements of the Business Ladder (which we described at the start of this Plan) can be moved around Cranbrook to match the different phases of the town's development. Alongside this the Ladder intends to provide business support through its own Business Forum and by bringing in expertise and training. A community benefit company could take a lead in facilitating achievement of the Business Ladder and delivering significant parts of it. The overall package is intended to provide a series of small steps for small enterprise business growth, making it a less risky prospect.

As businesses progress through their lifecycle they may move on to work space elsewhere, beyond the core of Cranbrook itself, which is where links with the wider Economic Development Strategy for Cranbrook are important – supporting a business at all stages of its development

We have looked at the needs of businesses that sell both goods and services - directly and on line. The needs are usually different, but the principles are the same.

The Operational Plan aims to vest the ownership and control of the Business Ladder with the community. Depending on levels of financial investment and in-kind support, the Office Pods, Cranbrook Market, Cranbox, Workhubs and Enterprise Centre could become key assets for the community to help deliver the enterprises that will bring the town to life. This will also provide an income stream for the community to reinvest in community and enterprise activities and build social capital.

## Supporting the steps of a business’s journey

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At the start of a business journey, many people utilise whatever space, facilities and support they already have access to. It may be a spare room in their house, or even the kitchen table - a place where they can begin to design, make or sell their ideas and their products. Often their initial market is friends and family, or work contacts - and they might start their business on a part-time basis - around the needs of an existing job, or childcare.

### Step One

As they need to move on from the first, exploratory stages of business development, many people will want to find a more effective way of working and selling their products. This leads to the first step of the Business Ladder - options of taking a market stall, or perhaps renting an office ‘pod’ for the garden<sup>10</sup>. These could help a business to test and develop markets for goods and services without a large initial outlay on business premises, helping to make the first steps into business less risky.

STEP ONE		
GOODS	SERVICES	SUPPORT
<p><b><i>Weekly market stalls in the Cranbrook Marketplace<sup>11</sup></i></b></p> <p>Specialist craft fairs</p> <p>Online sites, such as Etsy and EBay</p> <p>Informal channels</p>	<p><b><i>Purpose built office space - home office or office ‘pod’ in the garden</i></b></p> <p>Hot desking at <b><i>Workhub</i></b></p> <p>Garage or yard</p>	<p>Business support tends to be informal at this stage - often using friends and family for advice. Sometimes relying on bank or accountants.</p> <p><b><i>Local Business Forum</i></b></p>

<sup>10</sup> We recognise there could be practical issues here about size of garden in which to locate a pod, or evidence of demand. Demand will need to be assessed more carefully as the town grows. However this is an innovative idea which we would like to test. It would be relatively easy for the CEC to bring in pods to meet demand, financing permitting.  
<sup>11</sup> Those elements in italics are the provision that the Cranbrook Business Ladder proposes to make

## Step Two

As businesses grow, they tend to need more space and more facilities in order to make, sell and deliver their products. The usual jump from working at home to renting retail, office or workshop space can be a risky one and the scale of the new commitments can put off businesses from growing.

Step Two of the Business Ladder offers an important intermediate stage which allows the business to grow but with much less risk.

STEP TWO		
GOODS	SERVICES	SUPPORT
<p><b><i>Cranbox: small, flexible retail space, with short-term contracts and reasonable rents. Can be suitable for retail, catering, craft etc.</i></b></p> <p>Bespoke online presence</p>	<p><b><i>Work Hub: small offices and shared workspaces in a managed workspace environment and with some central services. Space can be rented by the day/week/month and available on easy in-easy out rental terms</i></b></p>	<p>More specialist support, such as: marketing, employment law, health and safety etc.</p> <p>Some business advice is available online, via Business Link site. Other support is available from business networks such as the Chamber of Commerce or FSB.</p> <p><b><i>Local Business Forum</i></b></p>

## Step Three

As businesses grow more confident and develop stronger sales and better supply chains, they may want to move into more mainstream premises which provide more opportunity for dedicated workspace (rather than shared) and a more sophisticated 'shop window'- but still some element of support through availability of managed services, Step Three of the Business Ladder therefore provides opportunities for businesses to move up a gear, have greater independence but still be in a supportive business environment if that is what they would like. They are likely to continue to sell mostly to a local market, along with online trading.

STEP THREE		
GOODS	SERVICES	SUPPORT
Retail units in town centre of neighbourhood centres  Commercially operated and with longer contracts and higher rents	Commercial office space  <i>Larger units within a Cranbrook Enterprise Centre; managed workspace available on easy in-easy out rental terms and with some central services and business support</i>  Commercial Workshop units	Investment becomes more important as a business grows and takes on more staff and commitments. Specialist advisors from business networks, consultancies, business support programmes  <b>Local Business Forum</b>

### Step Four

Some businesses may grow sufficiently that they will require more space and access to wider markets than are available within Cranbrook. The neighbouring business parks of SkyPark and the Science Park will offer a range of commercial, industrial and distribution space to suit fast growing businesses. Retail businesses may choose to relocate to bigger urban centres, such as Exeter, or to keep a presence in Cranbrook and open additional stores in other towns. At this point the expectation is that businesses would go into mainstream commercial workspace provision, having now brought their business to a point of greater sustainability and able to make that next step. Whilst this step may not be in the direct control of the Cranbrook, the wider Economic Development Strategy provides the structure for it and the Cranbrook Business Ladder would work in partnership with other providers to ensure an ongoing progression of business workspace and support.

STEP FOUR		
GOODS	SERVICES	SUPPORT
Larger commercial retail units in Cranbrook  New retail premises in Exeter, or similar  Additional shops in other towns	Purpose built office buildings - e.g. SkyPark  Warehouse and distribution space  Bespoke workshop units outside Cranbrook	Specialist advice and investment support are key at this stage.  Other Business Forums

## Business Support

Providing suitable space for local businesses to start and grow is only one part of the equation. There will need to be access to a wide range of support mechanisms - ranging from legal advice, access to finance to specialist services.

The proposed business support package will be tailored to the needs of all types of businesses and for every stage of their development. It is important to provide pre-start up advice in order to stimulate the market for enterprise. Depending on the changing demographics within Cranbrook, there could be a specific emphasis on encouraging, and supporting women and young people into business.

The business support market has fragmented recently with the Government's decision to pull back the Business Link offer to an online one. While there are still a number of routes to access support and advice, it can be confusing and hard to access.

A key part of the plans for the Business Ladder is the establishment of a Cranbrook Business Forum. This would provide a signposting service to local companies and offer mutual support to members.

There are opportunities to focus business support towards different groups in the community e.g. women, older people, younger parents (who currently constitute a significant part of Cranbrook's new residents), to support enterprise development appropriate to their needs and provide advice and training in ways which will support their participation.

Social and community enterprises will also be an important to consider as they could emerge as good opportunities for meeting local service needs e.g. childcare. Ensuring business support is available to support their start up and development is also important for supporting small enterprise development through the Business Ladder.

Potential support schemes include<sup>12</sup>:

- [Heart of the South West Business Support](#)  
Access to a local business adviser; a range of events and workshops; dedicated programme to support women in business; business support network to collaborate and share knowledge.
- [Department for Business Innovation and Skills](#)  
Help on starting and running a business, Business support helpline; online information on a wide range of business issues; voucher programme for small businesses.
- [Business Link](#)

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<sup>12</sup> This is not an exhaustive list, it gives examples of currently available schemes

For people planning to create a new business the best source of help is the Business Link website. Business Link is a free business advice and support service, available online and through local advisers

- [EDBI \(East Devon Business Initiative\)](#)

Offers networking and referrals; also the value added extra of business support and advice as well as a regular schedule of informative and inspirational speakers

- [Business Information Point](#) (at East Devon Business Centre, Honiton)

Providing business support to small businesses to help them start up, grow and succeed

- [EDVSA](#)

Building micro social enterprises to increase training and employment opportunities for people with learning disabilities, mental and physical health problems in East Devon

- [Women's Development Unlimited](#)

Support for women led enterprises, providing women friendly business support, training and personal development, working across South West England.

Other local business support networks include:

- Airport Business Park Group
- Federation of Small Businesses
- A38 Business Club
- Business Network International
- The Business League
- Exeter 4Networking
- Exeter and East Devon Business Club
- Cosmic
- Exeter Property Forum
- Making It Local - LEADER funding programme
- South West Investment Group
- The Fruit Tree for Business
- School for Social Entrepreneurs - Dartington
- Cooperative Enterprise Hub

## Opportunities and Challenges of the Business Ladder

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We have looked at the benefits and problems inherent with the Business Ladder concept. The SWOT analysis (see below) flows from the evidence base and our experience. It draws out the key points for each of the four parts of the SWOT, including where the opportunities lie for the Business Ladder to make a difference for Cranbrook.

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>• Good provision of publicly funded infrastructure enabling development to proceed, including good transport links locally and to the strategic transport network.</li> <li>• Clear set of outline plans for creation of a new town (taking its place in the natural hierarchy of Devon towns and forming a focus for existing communities to the east of Exeter), rather than an urban extension.</li> <li>• Established community network and embedded community development worker.</li> <li>• Development of initial plans for enterprise in Cranbrook.</li> <li>• Early provision of primary school and community building.</li> <li>• District heating system providing energy security and costs benefits</li> <li>• Good broadband provision.</li> <li>• Large-scale housing development provides scope for a differentiated offering and potential niche products - i.e. home work 'pods'.</li> </ul>	<ul style="list-style-type: none"> <li>• East Devon wage levels and productivity are below average.</li> <li>• Without positive action, there is a danger that Cranbrook will perpetuate the broader low productivity economy.</li> <li>• No shared view or complete understanding of flexibility of individual positions between consortium and stakeholders on the retail and commercial development at Cranbrook.</li> <li>• Unclear functional relationship between Cranbrook, the neighbouring strategic employment allocations and existing development in Exeter and East Devon.</li> <li>• Lack of linkages with neighbouring businesses on the former A30.</li> <li>• No major 'anchor' employment business(s) identified for Cranbrook.</li> </ul>	<ul style="list-style-type: none"> <li>• Rapidly growing population – and therefore labour force/market.</li> <li>• Detailed Cranbrook plans developing and open to positive influence.</li> <li>• Strong Exeter and East Devon local economy provides a good business environment.</li> <li>• Strong start-up SME economy with good rates of business formation and above average survival rates</li> <li>• Based on our estimates, there may be 350 micro-businesses by the time Cranbrook is built out.</li> <li>• Establishment of education links may create a skilled prosperous local workforce with disposable income.</li> <li>• Potential partner support for enterprise facilities and support at Cranbrook.</li> <li>• Clyst Valley Regional Park to provide commercial leisure opportunities.</li> <li>• Phase 2 education campus and sports/leisure facilities will generate footfall and market interest.</li> <li>• Flexible employment space could complement traditional space in rest of Growth Point</li> <li>• New secondary school with strong enterprise, innovation and business focus</li> </ul>	<ul style="list-style-type: none"> <li>• Scale of challenge to create a new town centre and business functions at Cranbrook.</li> <li>• Other proposed retail and leisure developments in the east of Exeter and at M5 J27, which may displace footfall and expenditure.</li> <li>• Without an aspirational proposition for the new town, other planned development in the EED Growth Point may dilute demand for housing and retail facilities at Cranbrook.</li> <li>• Continued international economic fragility which could affect development at Cranbrook as well as the UK.</li> <li>• High profile employment sites nearby may reduce demand for business premises in Cranbrook.</li> <li>• A softening in the housing market may have an impact on the speed of delivery.</li> <li>• Reliance on Help to Buy to date – a risk if this incentive dries up and no sustainable jobs market available to home buyers</li> </ul>

## Developing the Business Plan

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The development of the Cranbrook Business Ladder proposals has been an iterative process starting from the first seeds of the Cranbox ideas which could provide shops, cafes and other facilities for Cranbrook residents, provided by local businesses and building into a broader small enterprise support model, still with Cranbox as a core element. The months since our first Our Place submission have seen a huge amount of work happen to develop our proposals, not least from members of the community, and we know there is still more feasibility and business planning to do. Nevertheless we have now developed a model which we consider robust and which will help the community shape and even lead some of the workspace development that Cranbrook needs.

Given the scale of our proposals and its interlinked elements we have developed both a logic model and undertaken a cost benefit analysis. The following two sections go through each of these, to explain the rationale, inputs, activities, outputs, outcomes and impacts of the Business Ladder.

## The Logic Model

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A Logic Model has been developed for the Cranbrook Business Ladder. The Draft Operational Plan logic model described the work in progress on its development and some of the intended outcomes and impacts. It has been further developed for this Final Our Place Plan, this time focusing on what we hope to secure for Cranbrook from the Business Ladder. It represents how our community led approach is currently planning the activities of the Business Ladder.

Given the multi-faceted nature of the Business Ladder proposal, we have described each of the components of the Logic Model with some detail in the boxes in Annex 3, and summarised this in the Logic Model diagram below.

# The Cranbrook Business Ladder - Logic Table

**National policy**  
 Contributing to new planned communities nationwide ; ensuring sustainable development and delivering sound placemaking, in in line with national planning policy  
 Giving more power and responsibility to the local community in line with the Localism Act.

**Local Conditions**  
 A fast growing town largely made up of young families with adults aged between 30 and 40 and children under 5.  
 Around 40% of Cranbrook’s development to date is affordable housing.  
 There are no shops or services/ facilities as yet but these are high on the community’s needs list - a community market has started and some retail space is just being built  
 Local economic assessments and projections of new jobs needed identify potential for business start ups  
 Some major business parks are being developed near to Cranbrook. Which business development in Cranbrook needs to link with

**The Challenge**  
 The challenge is how to bring forward local employment opportunities in Cranbrook itself, that meet community needs, provide goods and services to residents and bring forward the opportunities for

**Our Place Plan aim:** *To create a vibrant local economy led by local people through the development of the Cranbrook Business Ladder*

**Objectives:** *Help build an economically and socially sustainable new town; enable the community to shape their own economic environment; and support/influence local businesses, including services and their provision.*

**Rationale**  
 Cranbrook new town needs to be a sustainable community including economic sustainability.

Developing small enterprise through business start up and growth in Cranbrook needs support and facilitation.

Cranbrook Business Ladder has developed to do this through a community led approach

**Inputs**  
 Workspace provision: total capital investment c£3.59m over 8 years  
 Land: estimated at £660,000  
 Ongoing rental stream from workspace  
 Cranbrook Enterprise Company delivery vehicle – community led, with paid staff, managing workspace as community assets  
 Voluntary time and support of partners

**Activities**  
 Immediate: detailed delivery plan development; Cranbrook Enterprise Company development  
 2015 onwards: Phased programme of capital investment over 6 year period for workspace elements of Business Ladder. Development and delivery of business Forum; facilitation of business support and training  
 Management and development of CEC

**Outputs**  
 Immediate: Completion of EDS  
 From 2015: workspace provision – c1300sq.m total; 8 Cranboxe4s, Marketplace and 12 stalls, 10 home working office pods for rent. Estimated annual full time equivalent jobs of 140  
 Cranbrook Business Forum established  
 Business advice and training facilitated  
 Cranbrook Enterprise Company formally established and operating

## Intended impact

**Business and employment:**  
 Creation of entrepreneurial and innovative business environment, increased service provision, Cranbrook a distinct small enterprise town, supply chain development, links into wider move on business accommodation

**Community sense of place:**  
 Enhanced town centre, reduced out-commuting, contribution to Growth Points Programme, aspirational and inspirational place to live

**Community capacity and cohesion:**  
 Company experience leads to other community initiatives, community leadership developed with governance benefits, greater social interactions, more access to locally produced goods,

## Intended outcomes

**Business and Employment:**  
 Micro (including social and community) enterprise support, flexible business premises, collaborative business culture, business to business networking, business development and learning, business advice

**Community:**  
 Locally available goods and services, community capacity building and leadership through Cranbrook Enterprise Company, community asset ownership, community influence over local

## Cost Benefit Analysis

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We have prepared an initial outline cost benefit analysis (CBA) for the various infrastructure elements of the Cranbrook Business Ladder. It has been developed for the emerging Economic Development Strategy for Cranbrook and for this Our Place Plan. We thought this was very important to show that the Business Ladder will be used and offer good value for money. It is also important to understand the feasibility of the package of elements that make up the Business Ladder and to help the CEC continue to develop the business plan for their implementation.

As noted earlier, there is no requirement on anyone to provide the components of the Business Ladder. Good placemaking does mean that a new town of the size of Cranbrook would be expected to make land available for employment uses and to provide town centre retail and associated facilities but not to take the small enterprise focus that the Cranbrook Business Ladder has done and focused in the community led way that has developed here. As Cranbrook is a new town, there is no existing provision of any of the workspaces described in the Business Ladder. So in terms of a cost benefit analysis, there is no existing position against which to assess the Business Ladder. Our cost benefit analysis has therefore looked at the Business Ladder components as new provision. It is important to understand that the assumptions underpinning our analysis will need to be tested as the differing business ladder elements begin to develop further.

### Costs and Assumptions of Business Ladder components

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The following summarises the Business Ladder capital investments and company activities which a community benefit company to facilitate delivery of the Business Ladder will lead on. We refer to such a company as the Cranbrook Enterprise Company (CEC) in this section; governance proposals are discussed in more detail in the following section. More information on the assumptions and calculations used in the CBA are available as Annex 4 to this Our Place Plan<sup>13</sup>.

#### Home office pods

Home-based work 'pods' – a limited number of garden 'work pods' that offer a professional and flexible alternative to working from the spare bedroom, principally oriented towards professional services. These will be available for rent from CEC

- There would be 6 pods initially to prove demand, increasing to 10 after 3 years
- Total capital purchase costs for 10 pods: £147,000
- The cost of purchase and installation for a micro-pod is assumed to be £14,700. This has been taken from UK pod space.

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<sup>13</sup> Note that the CBA does not include inflation – costs are at current prices. No specific allowance for VAT is included as it is assumed any VAT will be recoverable.

- We assume a 3-year tenure for each pod installation, circulating around properties as required (in practice this could be longer or shorter depending on user needs). After each 3-year period we assume that removal and re-installation elsewhere costs are incurred for that pod totaling £2000 per pod.
- Office pods could require replacement eventually. No specific annual sinking fund allowance has been made in calculations at present
- Tenants would be responsible for operating costs – utilities, business rates etc.
- Pods would be rented, assumed at £200 per month

### **Marketplace and Market Stalls**

Creation of a market place (hardstanding and open sided roof cover) in the town centre together with purchase of market stalls that can be rented to enhance the retail offering at Cranbrook on a relatively informal (easy-in, easy-out) basis

- Capital purchase costs of 12 market stalls £9,600; creation of marketplace £90,000
- The purchase cost of a market stall equates to £800. This represents a relatively high-end specification based on examples of private suppliers.
- We assume that each market stall is replaced every 5 years. An annual sinking fund allowance is made to enable replacement.
- Repair and maintenance dealt with by the replacement cycle
- Timing needs to fit with development of Cranbrook town centre – so is programmed for 2017/18 start
- Stalls available to rent at £20 per day

It is important to support the evolution of the existing market, to provide an alternative to the new neighbourhood shops. There is a strong group of volunteers who are planning for possible alternative locations and styles. This would offer an interim solution for current residents until a more permanent facility is delivered.

### **Work Hubs**

Flexible integrated workspace that will allow people to work in a friendly and professional environment, including the use of shared services. There will be a range of hot desks and small units aimed at the self-starters, and the internal space will be flexible to allow unit configuration to change. Three workhubs spread across Cranbrook are proposed (west, central, east). This makes them accessible and broadly within walking distance, reducing the need to travel across Cranbrook to access them

- Total capital costs of construction and fit out of three workhubs - £940,000
- Each workhub has 100-105 sq.m. of lettable space
- First workhub proposed for 2017/18, second in 2020/21 and third in 2022/23

- Workspaces available on easy in easy out terms. Workspaces are a combination of small self-contained offices and workstations within a shared space. Two small meeting rooms will also be part of the development
- The 'non-lettable' internal space (calculated at 15% of lettable area) covers toilets, kitchen, corridors, reception area
- Construction costs equate to £1,800m<sup>2</sup> based on industry standards
- Operating costs on a per m<sup>2</sup> basis are assumed, based on a recently modelled new build Enterprise Centre in Wiltshire
- Business rates costs are specifically included on the assumption that a Cranbrook community enterprise company (CEC) would be responsible for these, with the rent being an all-inclusive one to cover business rates as well as other charges. There may however be discretionary rate relief available, which needs to be discussed with the Council
- Rental levels are on modelled on an inclusive monthly figure from £175 - £250, based on review of other workhubs in Devon

There may be an opportunity to negotiate with New Community Partners (the developers of Cranbrook) to use an empty house on a temporary basis as a workhub until such time as the first permanent premises have been constructed. This could bring forward the timeframe for the first workhub and therefore its income stream (and some costs). Subject to discussions it might be achievable in 2015/16.

## **Cranboxes**

Retail (or non retail) units comprising self standing units representing a relatively low cost offering operated on a 'easy-in, easy-out' basis, to complement the retail offering developed elsewhere in Cranbrook and which can support independent local traders and also a venue for a local café or similar

- Total capital purchase costs for 8 units - £160,000; plus site preparation of £15,000
- Estimated cost per unit (including fitting and installation) equates to £20,000. Given that most solutions are offered through a relatively young commercial there are likely to be variations in this estimate.
- Timing needs to fit with development of Cranbrook Town Centre. However there is opportunity for a pilot phase elsewhere. We assume a pilot phase of 3 starting 2016/17, with a further 5 purchased for the town centre (marketplace) in 2017/18
- We base our estimates on a standard unit of 20ft x 8ft (equivalent to 15m<sup>2</sup>).
- Cranboxes could have a limited life expectancy but are anticipated to last at least 15 years. No specific allowance for an annual sinking fund is made in calculations at present
- Operating costs to cover utilities are assumed
- Rental levels of between £80- £150 per m<sup>2</sup> per year is assumed (non town centre or town centre location)

There may be an opportunity to bring forward the timing of the Cranbox pilot (and possibly some other Business Ladder uses). The new secondary school at Cranbrook will have an enterprise focus and is keen to partner and support the Business Ladder development. There is an opportunity to explore with the school's Trustees whether any spare space at the school could be used in the short term to locate the pilot Cranboxes and/or other Business Ladder uses until such time as their permanent premises are available or the school needs to expand into the space.

### **Enterprise Centre**

A larger overall workspace, offering larger individual offices which could act as 'grow on' space for developing businesses in Cranbrook, including those moving on from workhubs or office pods. These will still have shared services for tenants and business networking opportunities and can also enable businesses to be more independent.

- Total capital construction and fit out costs - £1,954,000
- Total lettable area of 920 m<sup>2</sup> plus 15% non lettable space to cover toilets, kitchen etc. (as for workhubs)
- It is anticipated that one workhub would be co-located with the Enterprise Centre (the size and costs of which are not part of the Enterprise Centre but have been dealt with under the Workhubs component)
- Enterprise Centre timed for development in 2019/20
- The sizes of the workspaces are larger than those offered through the workhub – assumed at 20m<sup>2</sup>. Which would be a self contained space. These units will be aimed at businesses that have experienced some growth, possibly 'graduating' from the workhub.
- Construction costs assumed as £1,800m<sup>2</sup> as for workhubs
- Operating costs assumptions as for workhubs
- Business rates costs for void periods on units whilst occupancy is below the assumed 'full occupancy' rate (of 85%) are specifically included on the assumption CEC would be responsible for these. There may be some discretionary rate relief available, which needs to be discussed with the Council. Tenants would be responsible for their own business rates
- Rental levels assumed as £160 per m<sup>2</sup> per year inclusive of service charges

### **Cranbrook Enterprise Company:**

Set up as a legal entity with Board of Trustees or similar and with core staff of two – Development Director and Administrator. Responsible for development and management of capital assets, running of Cranbrook Business Forum and facilitating further business advice and training.

- Annual salaries plus on cost of two staff - £58,500
- Annual office and travel costs £6,200
- All other operational costs assumed part of operating costs identified for each component of Business Ladder

Tables summarising capital costs, operating costs and incomes for each element of the Business Ladder are given in Annex 3 and discussed further in the viability section below. The following diagram summarises the timetable for delivery of the different components of the Business Ladder discussed above:

### Land Take and Costs

The cost benefit analysis has been undertaken excluding costs of land. However there are clearly land requirements associated with the proposed developments. As the Business Ladder components are part of a much wider masterplanning process which are the subject of discussions with developers, planners, the community and other stakeholders, it is difficult to be precise about what these may be and whether it is possible to achieve land gifted to the community as part of the planning gain associated with the development.

Nevertheless it is important to recognise that there is land take and the land has a high value because it is allocated for urban development as part of Cranbrook. Broadly, the extent of land needed to deliver the Business Ladder is estimated at 1.1 hectares:

- 0.4 hectare for Cranboxes and the marketplace
- 0.4 hectare for the Enterprise Centre
- 0.3 hectare for the workhubs

At an indicative value of £600,000 per hectare 1.1ha could have a value in the order of £660,000.

### Cost Benefit Analysis Summary

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Our cost benefit analysis has looked costs and benefits over the period to 2028/29 (10 years beyond investment in the final component of the Business Ladder (the Enterprise Centre) and lining up with development periods for Cranbrook).

Costs and benefits are described in terms of:

- Costs of components of the Business Ladder:
  - the capital costs of purchase/construction of the different workspaces proposed and associated installation or similar costs (noting that land costs are excluded from the CBA calculations)
  - the operating costs (e.g. utilities costs, building maintenance, marketing, building insurance)
- Costs of running the CEC:
  - staff costs
  - office accommodation
  - associated expenses
- Benefits are:

- Economic benefits – the jobs benefits likely to arise, which are valued in terms of gross value added per full time equivalent job (this is a standard type of measure. Figures used are sourced from work undertaken by Oxford Economics for Heart of the South West Local Enterprise Partnership)
- Fiscal benefits – the rental income received from rent of the workspace created

Our analysis has discounted figures to provide net present value comparisons and indicative benefit - cost ratios for the different components of the Business Ladder. These are set out in the following table:

**Table 4: Benefit – Cost Ratios of Business Ladder Components**

Business Ladder elements	Benefit: cost ratio – Yr. 6	Benefit: cost ratio – Yr. 10
Home-based work pods	7.7	11.2
Market stalls	2.1	3.9
Workhub	2.4	6.6
Cranbox	3.1	6.3
Enterprise Centre	2.5	4.2

This indicates that some components of the Business Ladder will achieve higher cost benefit ratios than others, but all show a positive (>1) outcome.

When all parts of the Cranbrook Business Ladder are fully operational, our estimate of full time equivalent (FTE) jobs that could be supported would be around 140. This is an indication of the capacity of the workspaces to provide FTE jobs, based on assumptions we have made about amount of floorspace needed per employee. This is likely to be an underestimate (e.g. market stall jobs are just calculated for the 2 days of market attendance).

Jobs will be both part time and full time. Data for East Devon suggests that the average hours worked by all employees (part-time & full-time) is equivalent to 0.8 of the average hours of full-time workers. Applying this to our estimates of FTE employment that could be supported by the business ladder suggests the actual number of jobs encapsulating both full-time and part-time opportunities could equate to at least 175. Given that we have been relatively conservative in our approach, we envisage this may be an underestimate.

It is also important to note that there will be 'churn' associated with the business ladder, as people arrive and move on different businesses and supported jobs will 'represent' our estimate of 140. This means that on a cumulative basis, the total number of businesses and jobs that will benefit from the business ladder will be greater than the numbers in the table below.

**Table 5: Jobs potential of Business Ladder Components**

Business Ladder elements	Full time equivalent jobs when fully operational (based on density of employment x work area)
Home-based work pods	10
Market stalls	2.9
Workhub	41
Cranbox	7
Enterprise Centre	78

As people come into the Business Ladder and move on from it, there will be some different businesses and jobs represented by that number of 140 each year as well, meaning that the number of businesses/jobs supported on a cumulative basis will be much larger

## Income and Expenditure

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We have specifically looked at income and expenditure projections (our cashflow projections) as part of the CBA work, to explore the issue of revenue viability. The CEC will be managing a number of community assets and needs to understand the revenue viability position, including the impact that capital costs have, should the company be required to source finance itself.

It is important to look at all the steps of the Business Ladder as a whole in this exercise as it is the combination of all elements that provide the important small steps to support small business start up and growth. If one element were to be taken out because it was a less revenue generating option, then the benefits of the Business Ladder would be threatened. Our analysis therefore looks at the Business Ladder as a whole but also identifies each element separately to show how they work together.

Tables 6 and 7 on the following page set out composite income and expenditure projections for the Business Ladder:

- Including or excluding capital costs
- Including or excluding CEC core staffing and associated costs

Income and expenditure projections for each of the Business Ladder components are set out in Annex 3

The two tables indicate that:

- Inclusion of capital costs makes a significant difference to cash flow and revenue viability; cumulatively the deficit would not be cleared by 2028/29 regardless of whether staff costs are included or excluded in the figures. This shows the importance of finding sources of external funding for capital costs, to take these out of the cash flow equation

- Staffing costs also have a significant impact. Without these it is possible to achieve an excess of income over expenditure (if capital costs are not included) on both annual and cumulative totals from the start. The introduction of staff costs for the CEC has an impact on this – but still shows that a positive cumulative income can be achieved.
- Dedicated staff to run the CEC will however be very important – without these the CEC will not be able to manage the development and delivery of these community assets.
- Opportunities to cover staff costs in the early years will also be very important. Table 8 below shows that the impact of taking out staff costs for the first two years of operation (where capital costs are not included) would lead to cumulative surpluses much more quickly

A further consideration is that whilst this overview has been done on the basis of the Business Ladder components, we are aware that other development opportunities could arise for the CEC that might change/add to its portfolio of activities, income and expenditure. Securing grant support for the capital elements will be vital to deliver the Business Ladder and achieve its benefits for the community.

**Table 6:** Income and expenditure for the Business Ladder (all infrastructure components), **excluding** CEC staff management costs; and showing the options of including all capital costs or excluding all capital costs

<b>TOTAL (exc CEC management staff costs)</b>													
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2028/29
Annual surplus/deficit (inc. capital costs)	(82,200)	(58,575)	(461,928)	1,843	(1,882,830)	(204,810)	102,333	(169,075)	175,139	156,239	185,627	185,627	165,547
Cumulative surplus/deficit (inc. capital costs)	(82,200)	(140,775)	(602,703)	(600,860)	(2,483,690)	(2,688,499)	(2,586,167)	(2,755,241)	(2,580,103)	(2,423,864)	(2,238,238)	(2,052,611)	(1,887,065)
Annual surplus/deficit (exc. capital costs)	7,200	16,425	55,398	74,643	71,571	99,691	124,333	148,651	175,139	178,239	185,627	185,627	187,547
Cumulative surplus/deficit (exc. capital costs)	7,200	23,625	79,023	153,665	225,236	324,926	449,259	597,909	773,048	951,286	1,136,913	1,322,539	1,510,086

Source: Ash Futures CBA model developed for Cranbrook Business Ladder

**Table 7:** Income and expenditure for the Business Ladder (all infrastructure components), **including** CEC staff management costs from 2015/16; and showing the options of including all capital costs or excluding all capital costs

<b>TOTAL (inc CEC management staff costs)</b>													
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2028/29
Annual surplus/deficit (inc. capital costs)	(123,150)	(123,275)	(541,128)	(75,858)	(1,960,530)	(282,510)	24,633	(246,775)	97,439	78,539	107,927	107,927	87,847
Cumulative surplus/deficit (inc. capital costs)	(123,150)	(246,425)	(787,553)	(863,410)	(2,823,940)	(3,106,449)	(3,081,817)	(3,328,591)	(3,231,153)	(3,152,614)	(3,044,688)	(2,936,761)	(2,848,915)
Annual surplus/deficit (exc. capital costs)	(33,750)	(48,275)	(23,803)	(3,058)	(6,130)	21,991	46,633	70,951	97,439	100,539	107,927	107,927	109,847
Cumulative surplus/deficit (exc. capital costs)	(33,750)	(82,025)	(105,828)	(108,885)	(115,015)	(93,024)	(46,392)	24,559	121,998	222,536	330,463	438,389	548,236

**Table 8:** Income and expenditure for the Business Ladder (all infrastructure components), **including** CEC staff management costs but from 2017/18; and showing the options of including all capital costs or excluding all capital costs

<b>TOTAL (inc CEC management staff costs from 2017/18)</b>													
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2028/29
Annual surplus/deficit (exc. capital costs)	7,200	16,425	(23,803)	(3,058)	(6,130)	21,991	46,633	70,951	97,439	100,539	107,927	107,927	109,847
Cumulative surplus/deficit (exc. capital costs)	7,200	23,625	(178)	(3,235)	(9,365)	12,626	59,259	130,209	227,648	328,186	436,113	544,039	653,886

## Potential Financing Options

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As the cash flow examples above demonstrate, the Cranbrook Business Ladder will require some grant support if it is to achieve the aim of providing a range of enterprise premises at an early stage of Cranbrook's development. In addition, grants will enable the community to own important assets and use them to derive income for reinvestment more local services.

### **Land**

New Community Partners (NCP), the development consortium, are obliged to provide a certain amount of 'employment' land as part of the planning requirements for Cranbrook. This will also be the case for future applications to extend the town from 3,500 to 7,500 homes. Land earmarked for employment uses will generally be developed and then sold to management companies or end users. In some cases, the land will be sold on for development by third parties.

NCP are aware of the proposals for the Business Ladder and are sympathetic to the concept of Cranbrook as a Small Enterprise Town. They understand the need to provide space for new and growing businesses within the town (most probably as an asset transfer at no cost) and have engaged positively with early discussions.

The District Council will need to ensure that sufficient and suitable space is made available for the Business Ladder during negotiations about new planning applications.

### **Construction**

The construction of the various elements of the Business Ladder will have significant capital costs (over £3million). If the community owned company had to borrow this sum, the debt repayment and interest would prevent the company making a net surplus for many years, even if there were a lender prepared to support.

There are two main options for attracting capital grant to support the construction of the Business Ladder.

The Homes and Communities Agency (HCA), which (along with the SWRDA) invested heavily in the early infrastructure for Cranbrook, are able to receive back 'overage' from the developers. This is paid if agreed profits are exceeded. It is estimated that the 'overage' sum from the first 2 or 3 years of development might exceed £2.5million. It was the RDA's and HCA's intention that any overage would be reinvested into the community from where it arose. This is now subject to negotiation with HM Treasury.

The Heart of the South West Local Enterprise Partnership (LEP) manages economic development and regeneration funding from central government – and delivers locally agreed priorities. A key vehicle for this has been the Regional Growth Fund (RGF) – with early rounds now fully committed. Depending on the outcome of the general election, it is likely that there will be further rounds of the RGF. This would provide an opportunity to seek capital funding for later stages of the Business Ladder.

A further option is to create a Community Share Issue or Community Bonds – where local people invest small sums into the scheme. These investments are protected and can generate interest repayments. These are tried and tested mechanisms and offer a way for local people to support local services.

### **Running costs**

The expectation will be that the running costs of the Business Ladder should be supported from operational income. The cash flow demonstrates the ability of the business to do this over the medium term.

However, there would be considerable advantage if the early development phase were supported, until significant incomes were being generated. This early phase also requires some specialist development experience, beyond the operation of the facilities. In addition, there would be added benefit of locating business advice alongside the Business Ladder – in order to maximise the potential for new businesses to succeed and grow, employing more local people.

The LEP currently funds a business support initiative, called GAIN. Future phases of business support offer the opportunity to provide start-up support and advice for growing businesses in Cranbrook. Early conversations with the LEP and the providers of their business support initiative will identify the specific possibilities and timing of any funded small enterprise support in Cranbrook.

There are a number of business growth and leadership development organisations in Devon, run commercially. Several of these also run work hubs or similar. It remains an option to explore partnership arrangements with commercial providers of business support to provide services within Cranbrook.

Other options to fund posts might include: Big Lottery who have supported communities in developing assets and income to reinvest in local services; other grant making trusts whose aims align with those of the Business Ladder; and the NCP who have funded posts to support the development of the community as Cranbrook grows.

### **Sensitivity Analysis**

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We have done some sensitivity testing on our cost benefit analysis, to test what might happen to overall costs, income and revenue viability if some of the key assumptions were to change. We have looked at five different variables for our sensitivity testing and using the total costs including staff management costs as the baseline. This is contained in Annex 3. The modelling has looked at the options of either including or excluding capital costs for this exercise. The results below are reported for the model excluding capital costs.

The five variables tested are:

- Impact of one additional post of Business Advisor

- Core staffing cost reduction to 1.5 posts (1 Administrator and 0.5 Development Director)
- Operating costs reduced to £70 per sq.m.
- Rental income reduced by 20%
- Development capital of £1 million is borrowed and repaid over a 10 year period at 6% fixed interest rate

The effect on achieving a cumulative surplus (for the option including staff management costs from 2015/16 but excluding capital costs) is:

- Additional post of Business Advisor; cumulative surplus only achieved in final year 2025/26, a delay of four years
- Staffing reduction by 0.5 post: brings forward cumulative surplus by 3 years to 2019/20
- Operating costs reduction: cumulative surplus achieved as before but increased by c£48,000. Annual surplus brought forward two years
- Rental income reduction: cumulative surplus not achieved until 2026/7, a delay of 5 years. Annual surplus delayed by 1 year

The effect on achieving a cumulative surplus (for this variable it relates to the option of including staff management costs from 2015/16 and including capital costs) is:

- Development capital loan of £1m taken out: delays achievement of any annual surplus by two years and means no cumulative surplus is achieved within the timeframe – it is nearly 50% higher than that of the baseline case. This option would still require over £2m to be sourced from capital grants

## MAKING IT HAPPEN - governance

One of the challenges of implementing the overall Our Place Plan is the newness of the town and its community. There are, as yet, few formal structures to build upon and there are significant demands on the relatively small community to engage with various development processes - such as Our Place, Planning, and economic development.

Local people can play a crucial role in making their communities thriving, enjoyable and dynamic place to live and work. This Our Place Plan outlines how local people can take a lead in decision-making and is an exciting opportunity for those who are investing their future in Cranbrook. They can help to shape how it develops and to add value to what others are delivering.

A well-organised community can bring energy, expertise, investment and funding to help realise their vision for their place. They can access money that is unavailable to others and play a partnership role that builds an understanding between partners who often have quite different working practices.

Our job is to support this new community to come together and form a community structure that can play this crucial role. This structure must be open, accountable, democratic and, above all, entrepreneurial. It must enable local people, organisations and businesses to come together to become a respected and trusted partner in the future of the town.

### Cranbrook Context

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Cranbrook is a new community. It will grow rapidly over the years to come. The first residents are 'finding their feet', making relationships with each other and forming local groups from the church, to running clubs and parent – teacher groups. Community leaders are starting to emerge from these early groups, helping to create enterprising ventures such as the local market. This is an exciting yet demanding time for people setting up homes and businesses in Cranbrook.

There are formal structures in the pipeline. The first election to the new Town Council is being held on the 7<sup>th</sup> May 2015 and many of the emerging community leaders are engaged in this process. The Town Council is an important building block of this new community and any other community structure must sit comfortably with this. Equally, we must find ways to encourage other Cranbrook residents to come forward to help share the load. Volunteering and civil society makes places and requires a shared commitment.

Being a 'new' community offers exciting possibilities, shaping the early stages of community life in a new place. It also creates a unique set of pressures and responsibilities on the current residents. Not only do they have to give of their time in their busy lives but they have to do it in a way that 'holds the door open' for the residents and businesses of the future.

## Guiding Principles

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We propose that the guiding principle for the new community structure (s) should be one of 'lasting community benefit'. Creating a new company which is designed to benefit the community would give the whole community something to rally around and contribute to. This new vehicle would seek to:

- Be open, transparent and democratic
- Have a focus on delivering projects with community backing
- Own land and buildings and deliver beneficial services
- Access funding and investment from the commercial, charitable and public sectors
- Be an independent organisation that adds value to (and works in partnership with) the Town Council, Local Authority and the Consortium
- Give local people a role in decision making around the delivery of selected local services and projects
- Reinvest any profits back into the Cranbrook community

## Our Community Benefit model

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The community benefit company concept will offer the community, the Council and the Consortium a tried and tested but innovative way to differentiate the new town of Cranbrook. It will add value to homes and add an incentive to the marketing of the town and the sale of new homes and commercial space. It will look to the long term, investing in the community, the development of the town and the services that people require. It will grow over time, in line with the capacity of Cranbrook residents, to play as ambitious a role in the Town's future as its members determine. The challenge of funding and delivering priority projects would be considerably more difficult without such a Company. It will appeal to key funders such as the Homes and Communities Agency (HCA) and the Local Enterprise Partnership (LEP).

Key questions to be explored in the coming months are:

### **What would it do**

In the immediate future, the priority for the community benefit company should concentrate on delivering and managing the key elements of the Business Ladder including the market, Cranbox an Enterprise Centre and business support (see pages 19-23). This is a priority, programme of development to meet the entrepreneurial and employment needs of Cranbrook. Other functions the community benefit company could perform a multitude of roles from managing the open space and play areas to delivering public art projects and travel plans.

It is important that we generate a strong sense of community for the residents, employers and the workforce of Cranbrook. The community benefit company would have an onsite presence (in

Cranbox and then the Enterprise Centre) with a core staff team. They would assume responsibility for the comprehensive community-facing website with all the practical information about the development and the wider area. They would continue to publish and distribute a welcome pack to every household/business - which is currently done by volunteers. This would include information on how new people can join and contribute to the community benefit company.

The community benefit company has a crucial role in building networks of relationships among the people who live and work in Cranbrook building a stronger and more resourceful community. The initial focus is on delivering the Business Ladder.

### How it would be constituted

The community benefit company would be constituted as a social enterprise, owned and controlled by the residents and businesses of Cranbrook. This open membership would elect a board of directors (as in any company) to steer the strategic direction and operation of the company.

The community benefit company would likely be constituted as an Industrial and Provident Society or Company Limited by Guarantee (with Charitable Status). It will be appropriate for the community benefit company to establish trading subsidiaries to undertake certain projects and/or attract investors and manage risk. These trading subsidiaries will deliver the more 'commercial' projects, enabling shareholding arrangements to be struck with partners and investors. Having an 'asset lock' where community assets are guaranteed to be passed onto a company/charity with a similar objectives in the event of winding up is essential where the community has a controlling stake. The Community Interest Company legal structure or a Company limited by shares may be more appropriate models for 'commercial' developments.

The alternative structures will be worked through with potential members of the company to settle on a chosen structure. A table of legal options has been investigated with a table of possible potential legal structures<sup>14</sup> set out below. Legal advice (to come) will help determine a final model.

Table 9: Possible legal structures for the Community Benefit Company

LEGAL STRUCTURE	PROS	CONS
Charitable Company	<ul style="list-style-type: none"> <li>Possesses legal existence apart from members</li> <li>Can own property and hold contracts Directors can be paid.</li> <li>Combines advantages of registered charity and company limited by guarantee</li> <li>Asset lock</li> </ul>	<ul style="list-style-type: none"> <li>More active and dual regulation – has to report to both Charity Commission and Companies House</li> <li>Even greater responsibility for people involved – become both trustees and directors. Charitable law does not allow trustees to be paid for being trustees.</li> <li>Harder to dispose of property</li> </ul>

<sup>14</sup> Note: a more detailed guidance on selecting the right legal structure can be found at <http://locality.org.uk/wp-content/uploads/Choosing-a-Legal-Structure.pdf>

LEGAL STRUCTURE	PROS	CONS
<p>Industrial &amp; Provident Society</p> <p>for the benefit of the community</p> <p>IPS (Ben Com)</p>	<p>Good for promoting democratic ownership and control through co-operative structures</p> <p>The facility to raise money in the form of shares is something that the group regard as useful (though a one-off membership subscription in a company limited by guarantee format could be a simpler way to do this).</p> <p>Asset lock</p>	<p>The group does not mind having a structure that will be less familiar to some funders, accountants and other professionals.</p> <p>The group does not mind paying additional registration fees for registering the organisation.</p> <p>The group is not too concerned about the additional timescales (as compared with a company) associated with the FSA processing matters such as a change of name.</p> <p>The group is satisfied that it can fit the details of its proposed rules within an established set of model rules with minimal changes</p>
<p>Community Interest Company</p>	<p>Distinct brand for social enterprises</p> <p>Embraces democratic ownership, not for profit and commercial models</p> <p>Combines freedom of entrepreneurial activity with protection of 'asset lock'</p> <p>Directors can be paid.</p> <p>Light touch CIC regulator</p>	<p>Dual regulation Companies House and the CIC Regulator, but work seamlessly together.</p> <p>Not relevant for non social enterprises</p> <p>May be difficult to raise philanthropic donations/grant aid</p> <p>Cap on dividends could depress demand from investors</p> <p>Difficult to openly recruit community members</p>

### The staff resource

In the first instance, the community benefit company would appoint a Development Director to drive the company formation, early communication with the community and focus on delivering the Business Ladder. An administrator would be appointed to support the Director. Any further staffing would then grow in line with the development of this social enterprise, and in line with the chosen funding model (see below). It may be useful to the company to engage specialist support to help manage the design, planning and construction phases of the Business Ladder.

### How it would be funded

There are three options (not mutually exclusive) to revenue fund the community benefit company and to create an investment fund to support capital projects

**Traditional social enterprise option:** such community controlled companies have access to a wide range of loan and grant funding sources from all three sectors (private, public and charitable) to support their revenue and project work. This is a tried and tested (and competitive) model.

**Development Partners:** there are an increasing number of private sector development partners who will consider bringing their expertise and external investment to such projects. This often takes the burden of delivering commercial and other community facilities from the main housing developers. Once again, this can be discussed with NCP (the Consortium) and the Local Authority

at an early stage. In our quoted example, the development company Our Enterprise provided this expertise and investment for the social offer of supported veterans housing, a nursing home, a crèche (and neighbourhood centre) and a 2000sqm Enterprise Centre (owned and controlled by a Community Interest Company with a shareholding of Redrow Homes, Our Enterprise and the local Community Land Trust). See [www.ourenterprise.com](http://www.ourenterprise.com) and [www.wiltonhillpartnership.co.uk](http://www.wiltonhillpartnership.co.uk).

### **Example: Wilton Hill**

This mixed-use development of a 36-acre former MOD site in Wilton, near Salisbury, will become a national example of good practice. Currently on site, this development sees Redrow Homes Ltd and Our Enterprise working alongside the local Wilton Community Land Trust as shareholders in a new Community Interest Company with a charitable subsidiary.

This new partnership will lead the way in 'community building activities' and the development and management of a new 20,000 sq ft Enterprise Hub. This is key to the local enterprise strategy for Wilton - providing serviced business space and hot-desking for new and established businesses. This Hub will give the Community Land Trust a sustainable income source when it is up, running and profitable. The Community Interest Company itself is funded from a one off community levy from the residential and commercial units along with an ongoing annual service charge. The s106 agreement ties much of the developer's funds for travel planning, green space management, community art and other maintenance to the establishment of new social enterprises managed by the Community Interest Company.

The Community Interest Company is also exploring the potential to establish a local energy company and district heating system.

<http://www.wiltonhillpartnership.co.uk>  
<http://www.ourenterprise.com>

**Development Levy:** where there is new development of homes and commercial space there is the opportunity to seek a one off capital and ongoing revenue contribution linked to these units. This is an increasingly popular model and can be linked directly to the s106 contributions for planning consent. A small capital levy is sought for each home and commercial built. This is usually in the region of £200 for a 1 bed apartment to £400 for a 5 bed house. A floorspace or per unit calculation at a slightly lower rate is levied on commercial space. The developer contributes the first capital payment on completion (or point of sale/lease) and the owner/tenant takes on this levy as an annual payment to contribute to the good (and practical) work of the community benefit company.

As from April 2015 it will not be possible to pool more than 5 s106 contributions for any one single purpose. So this will require another mechanism outside s106, such as the Community Infrastructure Levy (CIL) or a precept on Council tax is set by new Town Council.

With the scale of the proposed new development in Cranbrook, nominal levies can generate a substantial capital pot and sustain the revenue of an ambitious

Community Benefit Company going forward (to be supplemented by other income). The capital pot created can be linked directly to the funding of the Business Ladder to be supplemented by funds from the other two options. In addition, The s106 contributions for open space management, travel planning etc can also be linked directly to the community benefit company to capture and retain this value in Cranbrook's local economy. This model can be discussed with the Consortium at an early opportunity.

## How it would work with partners

There are a number of ways that the community benefit company can support and work alongside their partners. Firstly, members of the Company will vote in a board of directors by and from their membership after undertaking a skills and experience audit to match talents to company requirements. The new Town Council, the Consortium and the Local Authority can all be offered co-opted seats on this board as advisors or if directors noting that they will be there in a personal capacity drawing on their skills and expertise not as representatives of these bodies. The community must always remain in the majority. Officers from public and voluntary sector partners can continue to support and advise the new community benefit company in the early stages.

Secondly, the community benefit company can establish trading subsidiaries and Joint Venture opportunities with their partners (and external investors). This enables those involved to drive commercial projects with the rigour these deserve and share the rewards and benefits with the shareholding partners.

Thirdly, the community benefit company can take a lead on community consultation on behalf of the partnership, helping to negotiate and broker positive results on projects, issues and planning consents.

Fourthly, the community benefit company can offer the public face through their onsite presence, website and regular communications with the growing Cranbrook community.

Finally, it is essential that the new Town Council and the community benefit company develop a close working relationship. The Town Council is the statutory, first tier of local government (and therefore closest to the people). They represent the whole electorate and take an active role in key issues facing their community. They have an increasing number of powers available to them as the policy of 'Decentralisation and Localism' continues to receive cross party support. The community benefit company is a 'doing' organisation that can add real value to particular issues, services and projects in their community. It can own land and buildings, raise funds and set up trading subsidiaries to undertake key projects. It seeks to deliver projects and services to benefit the entire community and is responsible to its membership. By working closely together, combining their skills and expertise, they can form a powerful alliance to improve their town. Being clear about who tackles particular issues is the key to success. For example, the Town Council will be concerned about the local employment and training opportunities in Cranbrook. They will want to encourage policies and actions to promote this. With their focus on delivering the Business Ladder, the community benefit company can help to bring about such employment and training opportunities to meet the Town Council's interest in this area.

## Getting the Company started

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We propose that between March and May 2015 those involved in the Our Place Plan establish their new, community benefit company. Our recommendations to guide this work are as follows:

- The new community benefit company is called Cranbrook Enterprise Company signaling the focus on an enterprising approach to all that it does (with an initial focus on the business ladder).
- Cranbrook Enterprise Company is legally constituted as a Company Limited by Guarantee with approved charitable objects to enable charitable registration if so required at some point in the future. Going forward, if the company does decide to seek charitable registration, it will be likely that it will have to establish trading subsidiaries to handle 'commercial' operations. This is a tried and tested structure for community led enterprise. This is subject to legal advice currently being sought.
- Cranbrook Enterprise Company has an open membership structure available to anyone who lives and works within the area of benefit (defined by the Town Council area).
- That membership is free to encourage as wide a membership as possible. There should be three membership categories – over 18's, a youth membership and local organisations.
- There should be a board of directors with an optimum number of 9 people elected by and from the membership. Co-opted places on the board should be considered for key partners and for particular skills the company may wish to attract from time to time.
- In the first instance, an interim board of 9 should establish the company with a commitment to hold the first AGM within 12 months, to build a membership of at least 100 people and all to stand down at the first AGM (with the ability to stand for election if so wished). This signals to the wider community that the first directors of the Cranbrook Enterprise Company are focused on the establishment and early development of this new, community resource.

In relation to a 'Development Partner', we recommend that an approach is made to East Devon Voluntary Services Agency for direct assistance in the next steps and early development of the new Cranbrook Enterprise Company. This assistance will include identifying funding sources for the core staff proposed for the new company and continue to support community participation (as well as other help they can provide e.g. in community asset management, governance and partnership development). It is strongly suggested that this should include discussions with the Consortium and the District Council around the 'Development Levy' approach to long term funding for the company (with the support from EDVSA).

Seeking other 'Development Partners' as required for specific projects (such as elements of the business ladder) will be considered by the board of directors as and when project requirements become clearer.

## MAKING IT HAPPEN – Next steps

This section gives an overview of how the Cranbrook Business Ladder is envisaged to develop and then focuses on some key tasks for the next 6 months.

### Taking forward the Business Ladder

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The development of the Business Ladder, and the wider Our Place plan, is unlikely to be a straightforward process. There are several issues that will need to be clarified and there are several preparatory tasks, which will need to be completed.

We envisage three broad stages: preparation, development and delivery.

#### *Preparation (0-12 months)*

During the initial phase, the emerging community company will need to be formed, partnerships made, funding acquired and more detailed plans made.

During this phase, the emerging company can expect to receive continued support from EDVSA and other specialists. Funding for that process is identified as a priority.

#### *Development (6 months to 4+ years)*

Starting as soon as practicable, the community company will be seeking to develop elements of the Business Ladder, and any support services. Creating early successes, such as using an unsold house as a temporary Work Hub, can create support for the Business Ladder and help local enterprises.

Another part of the Ladder, which could be fast tracked, is to site some Cranboxes on land that is part of the Education Campus. This is a considerable distance from Phase 1 of Cranbrook – and so might not be suitable for retail in the first instance.

However, it is likely to take much longer to start developing the main elements of the Business Ladder. Substantial investments need to be secured; land acquired, detailed plans prepared and construction completed. Some parts of the Ladder will be best sited in, or alongside, the new town centre. As this may not be built out for 3 or 4 years, those elements may need to wait.

During the development phase, the community company has three options for ensuring that they have the right expert advice and experience.

- Employ someone
- Engage consultants
- Work with a development partner

Each has some advantages – and the choice will depend on the availability of funding and the level of risk that the company is prepared to take on.

**Delivery (2 – 20 years)**

In the delivery stage, the company will have taken responsibility for managing the different aspects of the Business Ladder and business support activity that runs alongside. The key issues will be about managing demand, marketing, quality of service, efficiency etc.

At this point the company is likely to have employed professional staff to operate the Business Ladder. However, there are also options to explore a tie up with experienced partner organisations who could manage the running of the Business Ladder and business support services on behalf of the company.

The following is an indicative timetable for development and delivery of the Our Place Plan, based on current assumptions. There are other ways in which the components could be delivered along the timeline, bearing in mind some components do need to fit with wider development timetables in Cranbrook. We accept that timing may change as more detail is developed.

Table 10: Indicative timetable for Our Place Plan

	2105/16				2016/17				2017/18				2018/19				2019/20				2020/21				ongoing											
Quarter	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4												
<b>Preparation</b>																																				
Community support																																				
Legal structure																																				
Fund raising																																				
Partner negotiations																																				
<b>Development</b>																																				
Secure land																																				
Grant applications																																				
Design work																																				
Detailed costings																																				
Planning permission																																				
Issue contracts																																				

Delivery															
Office pods													As and when required		
Market place / stalls													Possible temporary site in Phase 1	With town centre work	
Cranboxes Phase 1													Possible temporary site, with school		
Cranboxes - future phases													With build out of Phase 2	With new market place	As needed
Work Hubs													Possible temporary site in house	With build out of Phase 2	As needed
Enterprise Centre														With build out of town centre	
Business support													Possible occasional surgeries	Funded business support worker	

## The Next Six Months

Our draft Our Place Plan in November 2014 set out a number of tasks which are now complete. We have included a table to note what is completed and where it is found in this final Plan, in Annex 5.

Work is ongoing with the Cranbrook community and the embryonic Enterprise Company to develop the detail of the Business Ladder and establish the Company; e.g. providing more detailed evidence of demand and costings; liaising with potential development partners and investors to secure funding and delivery of Business Ladder components; and managing the establishment of suitable legal vehicles for the Company. These are summarised in the following table.

Table 11: Next Steps

Activity	What	When
Investment	Continue to work with likely funding partners on investment opportunities e.g. HCA, Heart of the SW LEP, with funding applications when required. Continue discussions with landowners/developers and other partners in Cranbrook to explore opportunities for gift/use of land to facilitate delivery of Business Ladder components	March onwards
		March onwards
Legal structures and funding	Approach and negotiate a 'Development Partner relationship with EDVSA Agree legal structures for CEC with community and EDDC. Begin set up phase for community company structure. Pursue revenue funding options for core staff for the new Cranbrook Enterprise Company  Begin recruitment process for staff Negotiate on detailed mechanisms for delivery of Business Ladder components	March – May
		July onwards
Design	Develop detailed design and costings for elements of the Business Ladder (assuming development money secured)	March - August

Activity	What	When
Planning	Continue to work with stakeholders, Council, developers and other locally to identify likely locations for Market, Cranbox, Workhub, and Enterprise Centre linking with masterplanning processes.	March onwards
	Work with Council, developers and others to obtain appropriate planning consents, either directly or through wider plans in development	March onwards

## Fit with wider Cranbrook development work

This work will go on alongside work to write an Economic Development Strategy for Cranbrook and to prepare a comprehensive masterplan for the further phases of Cranbrook expansion. This will ensure that the Our Place Plan is aligned to the Economic Development Strategy. We are working hard to ensure that the community is clear about what these different things are and how they work together.

The preparation of the Economic Development Strategy will build the Our Place enterprise concepts, and the Business Ladder in particular, into the heart of the strategy. Much of the work to be done will contribute to both documents.

## Risks

We have reviewed some key risks associated with taking forward our proposals. The following table sets this out.

### Key:

	Low risk
	Medium risk
	High risk

Table 12: Risks

Risk	Issue and Mitigation Proposed	Risk coding
CEC does not establish itself at all leaving no legal vehicle to deliver Business Ladder and capture community assets	There is a strong groundswell of support for establishing a local community company and this is being facilitated by East Devon District Council, EDVSA and Locality. Ongoing support from these key stakeholders over the next 6 months gives the best opportunity to support its establishment	
The process of setting up CEC takes longer than expected thus delaying progress with the Business Ladder	Establishing a community enterprise can be complicated and sound legal and financial advice is vital to support this. Given the voluntary nature of those involved in the Steering Group and the need for support from stakeholders, progress could be slower than hoped. However, the basic shape of Business Ladder components is known so discussions and negotiations to progress delivery can continue even if the company is not formally established. The key delay will be funding, recruiting and appointing the staff who will have the dedicated responsibility to progress the Business Ladder. Alternative short-term options, such as consultancy support, are being explored.	

Support from the development consortium to gift some land to CEC for the Business Plan components does not happen	Discussions with the developer consortium as part of wider masterplanning and the economic development strategy have begun to indicate some opportunities. In the knowledge of what is now needed to facilitate the Business Ladder components, these discussions and negotiations are anticipated to continue positively	
Insufficient external funding is available to support all the capital costs proposed for all elements of the Business Ladder	Initial discussions with potential funders, including the Homes and Communities Agency, and the Heart of the SW LEP identify opportunities for external support as part of Cranbrook's placemaking activities. Applications will need to be made to these bodies over the coming months	
Demand for the workspace created does not grow to meet the anticipated occupancy levels	The Business Ladder builds in some pilot elements to test demand, whilst the new build workspace elements are programmed in two years, by which time further development work by CEC will have considerably firmed up on potential demand and occupiers. Where temporary workspaces are purchased for rent (office pods, Cranboxes), the ultimate fall back position is their re-sale to recoup capital outlay	
Competition from surrounding employment land adversely impacts on demand for Cranbrook Business Ladder workspace	Discussions are ongoing with adjacent developers of employment space e.g. Skypark, in order to coordinate the Cranbrook offer with these. They are seen as vital move on accommodation for Cranbrook businesses – part of the Business Ladder but beyond the direct management of CEC. Building sound working relationships is therefore seen as critical and has begun. Where smaller units are proposed on surrounding employment land, these are likely to have a specific slant e.g. innovation incubators, which would be complementary to the Business Ladder proposals not competitive – development of sound working relationships should ensure this is the case	
Potential conflicts between the proposed CEC and other community groups (new or existing)	There is potential that the CEC might come into conflict with other community groups over its proposed activities. What will be important to avoid this as far as possible, is for the CEC to be very clear about its role and activities, to have a clear and transparent approach about its local partnership arrangements, processes for community engagement with its plans, representation on the CEC Board/Steering groups or similar (who and how). Sound processes and transparency in management and decision making by the CEC will be important to mitigate this risk	