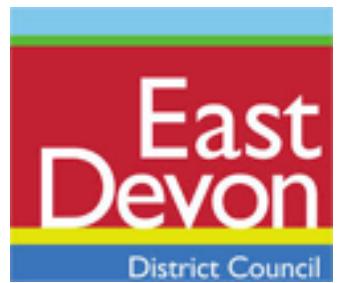




ECONOMIC DEVELOPMENT STRATEGY

for
CRANBROOK

Prepared for





Foreword

Cranbrook is one of the most important developments in East Devon.

It is the first new town in Devon for centuries, and it will become the second biggest town in our district after Exmouth. Cranbrook will become a home to over 20,000 people, a place to do business, and a place that provides services to the surrounding areas.

A part of the Exeter and East Devon Growth Point, Cranbrook has benefited from considerable public funding during its early years and from a group of developers who have worked hard and fast to get the town established.

After three years, there is now a community of over 2,000 people living in Cranbrook - beginning to shape the future of the town and take advantage of all that it has to offer. However, as the town grows, we need to make sure that the services, community facilities, shops and businesses are in place to create a lively and healthy town with opportunities for all its citizens.

This strategy looks at the economic needs of Cranbrook. But it can only be a snapshot - as Cranbrook is changing, and changing fast. In the end, the future of Cranbrook lies with the community, the Council and the Development Consortium. Working together, we will build, support and drive the development of Cranbrook.

Cllr Paul Diviani
Leader of East Devon District Council



Contents

1. SUMMARY	5
2. CONTEXT	6
2.1. Cranbrook: a new town	
2.2. Cranbrook: recent development	
2.3. Cranbrook: part of the Exeter and East Devon Growth Point	
2.4. Cranbrook: planned employment sites nearby	
2.5. Cranbrook: employment and economic development	
2.6. Cranbrook: economic focus	
3. VISION	12
3.1. Vision	
3.2. Rationale for the vision	
4. ECONOMIC BACKGROUND	14
4.1. Introduction	
4.2. Macroeconomic context	
4.3. The Local context	
4.4. Future assessment of the local economy	
4.5. Demand for employment space	
4.6. What does this mean for Cranbrook?	
5. OPTIONS	18
5.1. Development of options	
5.2. Option 1: local services	
5.3. Option 2: local services, enterprise and jobs	
5.4. Option 3: self-contained market town	
5.5. Option appraisal	
5.6. Preferred option	
6. AIMS AND OBJECTIVES	22
6.1. The Economic Development Strategy aim and objectives	
7. THEMES	25
7.1. A thematic approach	
7.2. Theme 1: supporting enterprise with the Cranbrook Business Ladder	
7.3. Theme 2: creating employment and providing services in Cranbrook	
7.4. Theme 3: Building strong links with the Growth Point	
7.5. Facilitating business advice, support and training	
7.6. Cross-cutting principles	
8. DELIVERY	38
8.1. Partnership roles	
8.2. Partnership structures	
8.3. Resourcing partnerships	

ANNEXES	42
ANNEX 1: Exeter and East Devon Growth Point developments	43
ANNEX 2: Planning for the provision of employment in East Devon	44
ANNEX 3: Economic evidence base: further detailed analysis	47
ANNEX 4: Demand for business space	52
Office and other business space	
Retail business space demand	
ANNEX 5: Cranbrook Business Ladder	55
ANNEX 6: Examples of business support programmes	64
ANNEX 7: Economic Development Survey	66
ANNEX 8: Consultation	72

Summary



A key part of the Growth Point, a major source of new housing, a new market town, a centre for jobs and training - Cranbrook will be all of these things.

Although its primary purpose is to provide homes for people, Cranbrook, as a new town, needs to be much more than just housing. Much of its working population will find employment elsewhere in the Growth Point, or in Exeter. Some of its businesses will provide goods and services to larger companies on the Science Park or Skypark. Nonetheless, if Cranbrook is to become a successful and vibrant town in its own right, it will need to create its own opportunities. There will need to be a strong economy **within** the town.

This strategy looks at the factors that will build success and create a strong sense of place. It proposes that it should create a significant proportion of its own economic activity - keeping wealth in the town and providing services that the local community needs. However, given the major employment sites close by, and the competition from Exeter, it is proposed that Cranbrook concentrates on three themes:

- supporting small and growing enterprises.
- creating employment and services
- building strong links with the Growth Point

These themes provide an economic role for Cranbrook to complement the rest of the Growth Point and which offers real benefits for a growing town.

The strategy recommends creating the Cranbrook Business Ladder, run by the community, to provide a range of flexible premises for local enterprises. It proposes a package of business support to improve the success rates of small enterprises. It supports working with the new through school and the colleges to offer relevant training opportunities for young people. It suggests attracting a major employer to anchor the new town centre.

These themes will help Cranbrook to grow into:

a lively, enterprising town with a strong entrepreneurial identity, which builds its own business base and creates strong links with surrounding employment developments.

It is important to recognise that Cranbrook is in transition, and will be for almost 20 years. Things will change - in the wider economy, in the sub-region and within the community. The population will grow from 2,000 to over 20,000, with many of the households being young families. Work opportunities, business growth and local facilities will need to keep pace with the rapidly expanding town.

The preparation of this strategy has involved a number of discussions with the community and with key stakeholders who are involved in the future of the town. There is a great deal of support for the principal ideas set out in this strategy. The developers - New Community Partners - are keen to back the idea of a Business Ladder and create an Enterprise Town; the community are behind the plans, especially those that will create opportunities within Cranbrook; and the public sector partners are willing to help make these proposals a reality.



CREDIT: TIM PESTRIDGE

2.1. Cranbrook - a new town

Cranbrook is the first new town in Devon since medieval times. It is part of the fourth wave of post-World War 2 new towns, along with locations such as Cambourne in Cambridgeshire and Wixams in Bedfordshire. Cranbrook has a design vision to create an 'attractive and vibrant town which combines the rich urban fabric of the historic Devon service centres whilst meeting the needs of 21st century lifestyles'¹. It is seeking to take its place in the natural hierarchy of Devon towns by becoming a modern market town with close functional links to the other developments in the growth area, such as Skypark (a major business park next to Exeter International Airport) and Exeter Science Park. It is seeking to create a self-contained, low-carbon new community close to skilled employment opportunities, which will encourage people to use sustainable modes of transport and reduce the need for them to travel between work and home by car².

Cranbrook has excellent transport and energy infrastructure, though mobile coverage and broadband reliability need improvement. Early public investment has kick-started the development, along with new investment from the private sector. The public investment came initially from the South West Regional Development Agency and then from the Homes and Communities Agency (HCA). It has provided a new motorway junction, new access roads, a new railway station (scheduled to open in 2015), new cycle and pedestrian routes, fibre broadband to every new house, a district heating system and new schools.

The vision and challenge for Cranbrook is to create an attractive and vibrant town which combines the rich urban fabric of an historic Devon market town with the needs of a 21st century lifestyle.

Exeter and East Devon Growth Point

Successful places 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 services and shops, real employment opportunities for local people, spaces for formal and informal interaction and a clear identity. Cranbrook is no different. Yet it creates several specific challenges and opportunities.

Unlike many new towns, Cranbrook sits next to some major employment sites where there are extensive employment opportunities for people across the Growth Point and beyond. Two sites are under construction just outside the boundaries of the town:

- Skypark is a new commercial and industrial centre intended to be a locally and regionally significant employment location which could provide up to 6,500 jobs when completed. So far, it has provided bespoke premises, the Ambulance Special Operations Centre building and E.On Energy Centre (the hub for the district heating network into Cranbrook and Skypark) are open, and the new depot building express delivery service DPD Logistics is under construction.
- Exeter Science Park is a major new development for innovation and technology businesses, with the Met Office (which is soon to gain a new supercomputer) and the University of Exeter among the partners behind its development. The Science Park Centre, a managed workspace, is under construction, and Eagle House (the first building on the park) is fully occupied by Blur Group, a global technology company.

¹ Cranbrook New Community Strategic Design Guidance. David Lock Associates, June 2010

² www.exeterandeastdevon.gov.uk/Cranbrook/

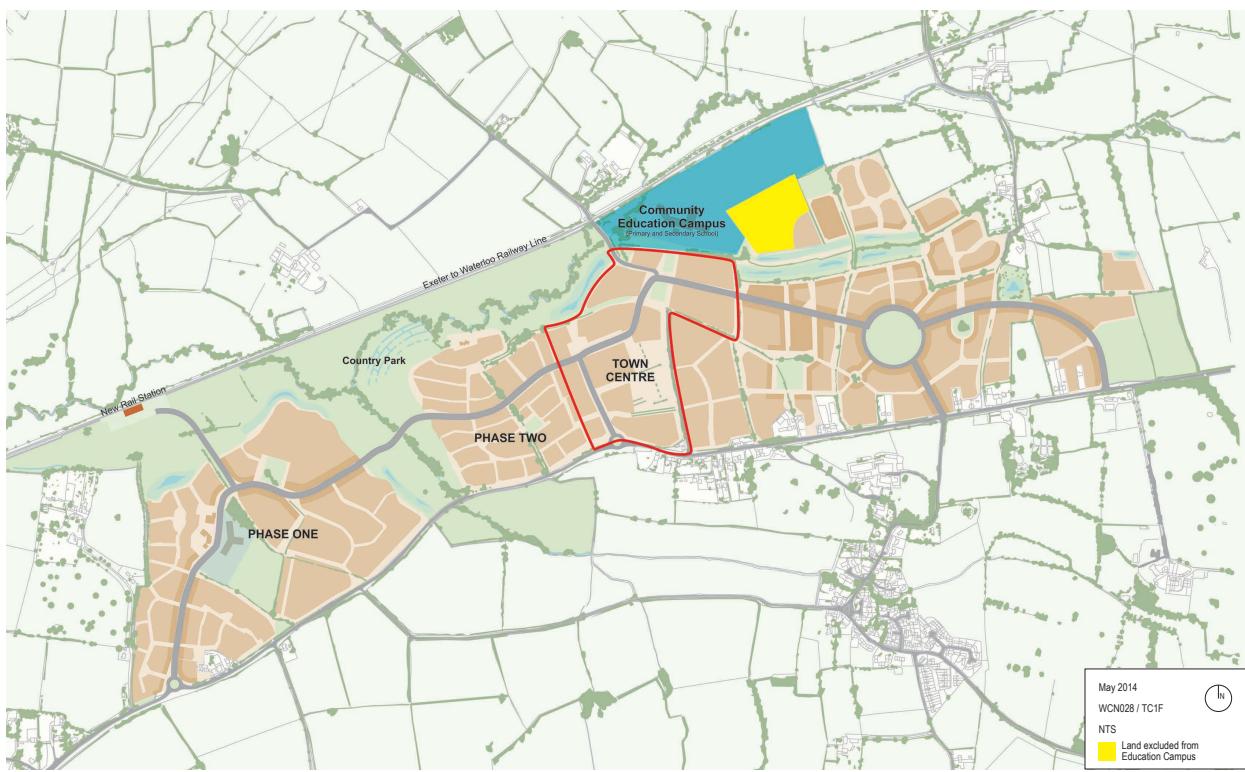
In addition, there is land allocated for a multi-modal freight terminal and distribution centre within the Growth Point Plan and Exeter - with its very successful and fast-growing economy - is only four miles away.

Although there is employment development planned in the Growth Point, as yet there are few opportunities for local people within Cranbrook itself. The first shops are just being built, there is no business space, and the surrounding employment opportunities are in very early stages of development. In terms of other services and facilities, there are no dedicated leisure facilities (although fitness classes are held in the Younghayes Centre, the primary school, and in nearby Broadclyst) and the country park is not yet complete. Resident surveys have highlighted concerns about the lack of services and facilities within Cranbrook itself.

2.2. Cranbrook - recent development

The new Cranbrook community will have 7,000 to 8,000 new homes by 2030, with development of the first phase already underway. It also includes an employment allocation of 15 hectares (ha) within the consented area of the town.

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 HCA-funded affordable housing and the UK's first large-scale district heating system within a greenfield development. A further agreement secures the basis for delivery of an additional 600 homes, taking the overall number to 3,500. The development is through a consortium of development partners made up of Hallam Land, Persimmon Homes and Taylor Wimpey (together the consortium is called New Community Partners).

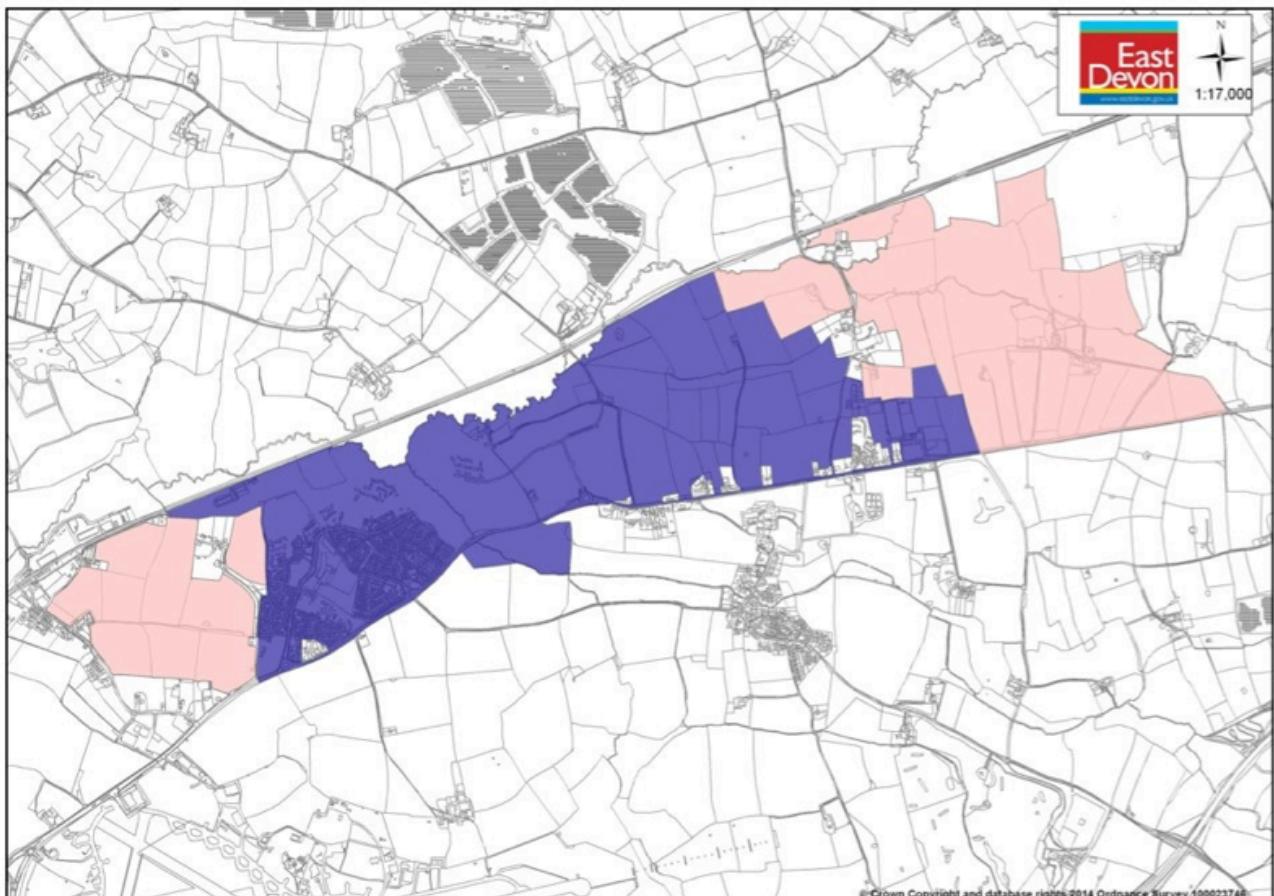


Updated Masterplan for Cranbrook. Source: David Lock Associates, 2014, on behalf of New Community Partners

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 Multi-purpose Centre, and the first six retail units making up the Phase 1 local centre are under construction and due to be completed in 2015.

Phase 2, which covers the remainder of the consented area, includes a new secondary school and a second primary school, as well as a new high street for the town centre, commercial areas, leisure facilities, and further housing. Phase 2 plans to include 10,000m² of commercial floorspace³, in addition to the Phase 1 neighbourhood centre which is currently being completed.

In October 2014, the Consortium announced its 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, a leisure centre with a swimming pool, sports pitches, a pub, restaurants, and more affordable housing. Following up on this announcement, planning applications across three sites - which include some proposals for employment land provision - are now in progress.



Illustrative map showing possible future development phases. There is an additional area, south of the B3174.

Employment and retail provision have always been part of Cranbrook's proposals. For example, a 2008 Employment and Retail Strategy associated with the development proposed up to 12.1ha for a town centre combining uses including business space and retail space⁴. It also considered that there may be opportunities for other uses such as hotel development, public houses and commercial leisure (health clubs for instance) in the new community but noted that experience from elsewhere suggested that demand for such facilities could be unpredictable.

Successful towns take account of local need as it emerges. They need a mix of employment, retail, leisure and community facilities to create a strong sense of place. 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.

³ 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, of 17,500m² 'B' use plus retail floorspace.

⁴ Employment and Retail Strategy, 2008, Cranbrook Consortium

However, within Cranbrook there is a strong community spirit developing along with a desire to see the provision of services and facilities as quickly as possible. The Cranbrook Community Survey in 2014 identified shops as the highest single service/facility respondents wanted to see. Pubs, cafés, leisure facilities, a pharmacy and a surgery were also identified.

A number of clubs and societies have been started, and several small businesses have sprung up to offer services locally. There is now an opportunity for the community to work together to help shape how its economic future might work, supporting businesses and providing the services the town needs.

2.3. Cranbrook - part of the Exeter and East Devon Growth Point

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, and other new housing sites, along with higher and further education investment. These developments have been supported by large-scale infrastructure projects including energy, transport, education and community facilities. The projects making up the Growth Point include developments in East Devon, Exeter and Teignbridge. (Further details are given in Annex 1.) The Growth Point programme is expected to deliver around 20,000 new homes and over 25,000 jobs in the period up to 2026⁵.



CREDIT: STILL IMAGING

Source: Exeter and East Devon Growth Point

Overall, the developments planned in the Growth Point are still in their early stages, although, unlike some other growth locations, there has been considerable progress. Significant public sector investment and forward funding of infrastructure has helped the private sector commence development earlier than might otherwise have happened (particularly in housing but also the Primary School and Younghayes Centre have been provided ahead of schedule), and further development and proposals have continued to emerge as some confidence in the economy has returned.

⁵ http://www.exeterandeastdevon.gov.uk/includes/documents/X1547_Growth%20Point%20A3%20to%20DL%20leaflet_lowres.pdf

2.4 Cranbrook - planned employment sites nearby

The planned employment sites in East Devon's West End total 95.4ha⁶ set out in Table 1 below. The rest of East Devon has an allocation of 42.33ha.

Table 1: Consultation Local Plan Employment land allocations

Location	Planned employment sites (ha)
Hill Barton	8.6
Greendale	2.8
Science Park	25
Skypark	40
Cranbrook	15
Exeter Airport Business Park expansion	5
West End total	96.4

In addition to these East Devon allocations, there are also 11ha allocated at Matford Green, on the SW of Exeter, for B-class uses. Using the East Devon standards⁷ for jobs accommodated per hectare, it is estimated that in the West End and SW Exeter approximately 18,250 jobs may be accommodated on these planned employment sites.

2.5. Cranbrook - employment and economic development

Progress on the different components of the Growth Point has shown that, while housing has been delivered and there is clear interest in providing more housing, the delivery of the employment components has been slower. However, both Skypark and Exeter Science Park are planning for development over a 20-30 year period, so slower development is not unexpected, given the recent economic downturn. Science Park has a gateway policy for occupiers as it is targeted at science and technology uses. Its next stage of development will provide space for the Met Office's supercomputer together with an associated research collaboration centre. This is providing a magnet for technology-based businesses. Skypark, which has had to deal with contaminated land, has been providing bespoke employment space since its inception.

The challenge is to define an economic role for Cranbrook that will help to give it an economic vision and identity as a place in its own right, whilst also recognising the importance of its role within the wider economy across the Growth Point area including Exeter.

The Economic Development Strategy (EDS) needs to look across the different types of business space that could be required including office (B1) uses, light industrial workspace (B2), and warehousing type uses (B8). It is important that the EDS looks widely at employment uses as it needs to identify how its residents' employment needs can be met, either within Cranbrook or through its wider links. This will help to shape the particular role that Cranbrook can take, and what the wider view should be.

2.6 Cranbrook – economic focus

A number of factors have come together to lead Cranbrook's community and stakeholders into exploring what its economic role should be and how this could be developed:

⁶ East Devon Consultation Local Plan page 30. <http://new.eastdevon.gov.uk/media/363094/new-east-devon-local-plan.pdf>

⁷ Report Setting Out Justification for Employment Provision in the Consultation Draft Local Plan. 2011. Report by EDCC, 2011

- There is interest from government for exploring economic development strategies with elements that could be transferred to other New Towns. Cranbrook is keen to find new and innovative ways in which to develop its economic path.
- There is a need to make a strong and positive contribution to delivery of the wider Exeter and East Devon Growth Point plans.
- Unusually, Cranbrook has some large-scale employment developments right on its doorstep. The usual approach for a new development - including employment land provision to meet the requirements of its planned population increases - is not going to work in the Cranbrook context. It needs to find a strong role which is complementary with these surrounding developments but also gives strength and purpose to the sustainable economic development of Cranbrook itself.
- Cranbrook needs to create a strong economic identity, one which ensures it is a place in its own right and not a suburb or extension of Exeter, which contributes to the sustainable placemaking of the town and allows it to take its place in the wider Growth Point.

The Economic Development Strategy (EDS) has been developed against this backdrop of new place, new community, and new opportunities, and these are key factors to address. It responds to the social and economic context surrounding the development of Cranbrook, in particular:

- The growing population and its entrepreneurial aspirations
- The demand already evident for places to work⁸, across Exeter and East Devon
- The demand for local shops and services
- 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-ups and micro-businesses
- The potential pull factor of Exeter as a major location for employment
- The need to bring forward enterprise now, rather than wait for a possible market response in some years' time
- The opportunities for community-owned assets, linking community engagement with local businesses
- the strength of the local High Technology and Innovation industries and the push this creates for start-up space and support.

The critical issue for the people who choose to live in Cranbrook is what sort of town it will become: a thriving, active place for people of all ages and interests – with a diverse and viable local economy – or a collection of housing estates, albeit with some local services. This Cranbrook Economic Development Strategy seeks to address this issue from an economic perspective - aiming to fulfil the Vision:

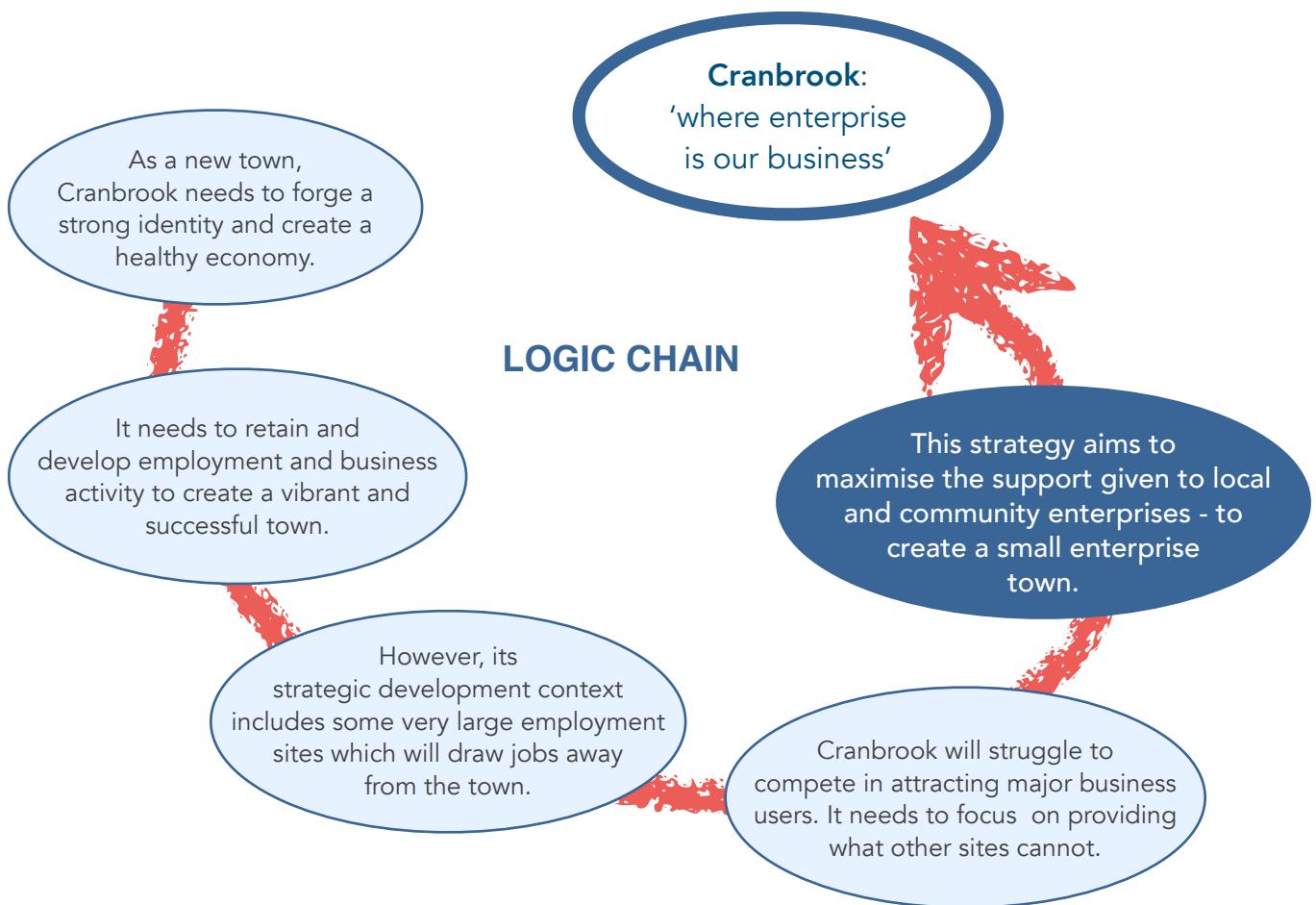
a lively, enterprising town with a strong entrepreneurial identity, which builds its own business base and creates strong links with surrounding employment developments.

^{8 8} Serviced Workspace Demand and Delivery Appraisal, Carter Jonas, August 2014

3.1. Enterprise is our Business

Cranbrook is a lively, enterprising town with a strong entrepreneurial identity, building its own business base and business links with surrounding employment developments.

This vision stems from the need for Cranbrook to develop its own strong economic identity whilst also taking account of the wider employment opportunities in the Growth Point. The logic chain diagram below summarises the thinking behind this vision.



3.2. Rationale for the Vision

Promoting economic development and growth in Cranbrook needs to be done in a way that raises living standards and wider wellbeing, whilst creating a robust and integrated community and defending environmental quality. It needs to generate and maintain local productivity and employment and it needs to build strong local supply chains based on enterprise creation and growth.

It takes entrepreneurs to be creative, take risks, adapt to technology and develop businesses in a way that builds value. The process of new business formation in small communities tends to be driven by local people, supported by local role models. Localism of this sort means a higher likelihood of employing local people who, in turn, spend locally and so generate stronger local multiplier effects. Entrepreneurs tend to know local markets and to be active at an early stage of the product life cycle

where growth can be rapid. To cultivate enterprise, the local business environment must be positive to enterprise and innovation, fostering creativity, and risk-taking, and with good access to capital. A solid social enterprise element can also be beneficial to a local economy.

The Cranbrook community has virtually no prior social and economic history. This offers the ideal conditions as a community for developing an entrepreneurial culture. Cranbrook also sits within a much broader economic hinterland, where innovative business ideas and very large investments are taking place, on which it could capitalise. The EDS for Cranbrook therefore needs to look both inwards, towards how Cranbrook can grow its own business capacity and identity, and outwards, towards its relationship with its developing economic hinterland.

Given the early stage of Cranbrook's development, with no specific business facilities as yet, business development in Cranbrook itself is likely to be driven by relatively small enterprises that can operate from home and the employment opportunities that arise directly from the new developments. Employment in construction and education (at the new schools) are two notable examples of this.

With the exception of one or two large office locations in the town, larger enterprises, activities and employers are likely to be concentrated in other parts of the Growth Point (for example, at Skypark and Exeter Science Park) and Exeter's existing employment centres.

If larger enterprises are better suited to neighbouring parts of the Growth Point, Cranbrook has a real advantage in positioning itself to support smaller enterprises. Smaller enterprises can help provide a range of goods and services for those living, working and playing in Cranbrook. They can also provide services to larger businesses in neighbouring areas through the development of supply chains, business to business networking, outsourcing and remote working. Finding commercial investment for small businesses can be challenging, partly because of greater risks and uncertainties, even though smaller businesses are critical for the economy of a market town. However, survival rates for SMEs in East Devon is better than the national average - with 82.7% surviving two years, compared with 73.9 for England as a whole; and 52.9% surviving five years, compared with 41.2%.⁹

Cranbrook is starting with a reasonably blank canvas, giving it the opportunity to create a place quality as well as quantity, and promote business and employment activities. Cranbrook needs to establish itself as an enterprising town – supporting businesses that can act as anchors of, beacons for, and catalysts of, growth. The anchors are likely to display benchmark examples of best practice and high standards to other enterprises in the town. The beacons are enterprises that might progress through the town and move on to other sites/areas as a result of market success – demonstrating examples of growth through dynamic change. The 'catalysts' will be businesses that attract other co-operative and complementary activities into the area, promoting clusters and specialisation.

Cranbrook can therefore be an enterprise town based on:

- Innovative processes, products and services and encouragement of risk taking
- Good-quality business premises for developing enterprises
- Skilled, high-value workforces, with training in enterprise skills in education and private sectors
- An enabling physical infrastructure
- A supportive range of business advice

This will create the conditions for a range of economic activity, including entrepreneurial businesses that can integrate with wider supply chains and be competitive locally and nationally.

⁹ ONS 2013. Five year data for companies starting in 2008



4.1. Introduction

The economic context for Cranbrook extends from its immediate East Devon locality and links with its adjacent neighbours to a sub-regional, national and, indeed, global horizon. It references trends that have emerged over the last decade or two and extends those trends forward into the 2020s. It covers broad measures of output, employment and productivity, considering structure as well as trends. This section sets out an overview of the economic situation relevant to Cranbrook (with some further detail in Annex 3)¹⁰.

4.2 Macroeconomic Context

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. Cranbrook can be both a source and a beneficiary of this relatively positive outlook. Although Cranbrook cannot escape the influence of the macro potential and risks, it can take steps through its EDS to help it shape a robust and resilient community.

4.3. The Local Context

Economy

Compared with the UK average, the Heart of the South West Local Enterprise Partnership (HoSWLEP) area (which includes Devon and Somerset) is 4.8% below average in terms of incomes per head but 23.4% below average in terms of output per head. Broadly, the local economic issue is one of relatively weak productivity rather than low comparative earnings.

A key part of household incomes, the median Heart of the South West weekly wage in 2012 was £318.70 by workplace and £365.65 by residence. These were both about 5% below the equivalent South West averages and about 15% below the equivalent UK average. Remembering that the UK average is biased upwards by higher pay in London / parts of the Greater South East, Cranbrook's hinterland is one of moderate wages and salaries.

In broad sector terms, Devon County's GVA output of about £13bn per annum is divided into 24% for public administration, education and health, 22% for distribution, transport and accommodation, 29% for financial, business, information and other private services, 14% for production (including manufacturing), and 11% for construction and other land-based activities (including agriculture). This distribution of

¹⁰ It summarises a more detailed paper prepared by Strategic Economics Ltd - an associate partner of Ash Futures Ltd - which is available as separately

activity is not untypical of the rest of the UK economy wherein, over the last ten years or so, private services have gained share relative to production activities.

Further work for Devon County Council (available on Devonomics¹¹) show some particular specialisms in employment in East Devon and Exeter, the top four for each shown in the following table (location quotient compares to national averages):

Table 2: Employment sectors

East Devon 2012	Number	Location Quotient	Exeter 2012	Number	Location Quotient
Air transport	1,200	8.93	Water collection, treatment and supply	700	7.85
Accommodation (tourism)	1,900	3.21	Utilities - electricity and gas	1,600	5.00
Civil engineering	800	2.58	Other professional, scientific and technical	1,700	3.39
Residential care	2,200	2.03	Telecommunications	1,800	2.96

Source: Exeter Area Profile, East Devon Area Profile, Serio & Ekosgen, 2014, using Business Register and Employment Survey data

Whilst there are good reasons for some, - air transport and the presence of Exeter Airport, water collection and South West Water's headquarters in Exeter - it does give a flavour of both the relative importance of service sector and more knowledge-based skills - sectors where productivity levels vary. Cranbrook's location in the West End of East Devon should enable it to capitalise on some of the higher productivity specialisms.

The profiles also model sector growth in employment and real value-added terms. The fastest-growing sectors in East Devon to 2025 in employment terms are modelled to be construction, information & communications, utilities, and transport & storage. In real value-added terms, however, they are construction, business and finance, information & communication, and transport and storage. For Exeter, fastest growing sectors to 2025 in employment terms are indicated as construction, business & finance, utilities, and accommodation & food. In real value-added terms they are the same four as for East Devon. Overall, the profiles indicate that the sectors of East Devon and Exeter are likely to remain largely unchanged to 2025, in both employment and real value added. Cranbrook may be able to capitalise on some of these faster-growing sectors. Construction is one example, given the scale of development programmed for a number of years and potential to supply this sector, or information and communications, with the potential to link with and supply into high-tech businesses on nearby business parks.

East Devon, including Cranbrook, is part of a large sub-regional economy with output and income performances below national averages but of reasonably robust standards (especially if the London bias is removed). The economic structure is largely typical of a mixed urban/rural English local economy. Against this descriptive background, Cranbrook's EDS needs to consider the contribution it can make to raising local productivity in order to sustain local employment growth in a way that boosts local earnings and broader living standards in both absolute and relative terms.

People

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

¹¹ Exeter Area Profile and East Devon Area Profile, Serio/Eksogen for Devon County Council, 2014

Table 3: Key Measures of Local Labour Market (16-64 age range)

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

HoSW = Heart of SW LEP area. TTWA = travel to work area (Exeter and Newton Abbot). E Devon = East Devon local authority area. Source: ONS

Compared with many areas, the East Devon/Exeter TTWA has a good infrastructure of education (universities 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-wide structural issues related to demographic ageing, but this is partly offset by patterns of inward migration (younger age groups 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 (economic profile) on business density, industrial structure, labour market and qualifications¹². 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 use and weak access to services.

Cranbrook therefore sits at the heart of a spatial economy with strong foundations and positive potential. The EDS needs to build a robust, sustainable economic performance for Cranbrook.

4.4. Future Assessment of the Local Economy

The macro economy consensus is one of historically low growth which is 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 now slower. Exeter tends to perform better than East Devon in terms of output and jobs, but not for productivity.

Looking ahead, output growth for 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 is set to recover, 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.

4.5. Demand for Employment Space

Open market interest in commercial offices (provided by developers) in the town centre is only likely to emerge after the town centre has become established enough to provide the vibrant environment that occupiers are likely to seek. In the meantime, developers may go to existing locations such as Skypark – although to date its development has been for bespoke premises rather than speculative ones.

¹² Ward Place Profile, Place analytics – Grant Thornton for East Devon District Authority October 2014

Research by Carter Jonas on behalf of East Devon District Council¹³ found that there is a shortage of small business premises throughout East Devon. **The business survey undertaken by Carter Jonas suggests that approximately 40% of businesses plan to expand or relocate in the next 1-2 years. Most of the demand is focused on the west of East Devon, particularly for offices.** For instance, the occupation levels on the airpot business park and very high. There is a 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. Alder King also advise that there would be a market for small workspace provision in the Cranbrook area.

The Phase 1 neighbourhood centre, at Cranbrook, includes six 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 at the time of writing. Alder King report that interest has been strong and that the units have been let on long leases. The Growth Point Team has also been receiving enquiries for retail premises in Cranbrook, mainly for retail and food and drink premises, but also some enquiries from local service businesses.

More detail on demand for employment space is given in Annex 4.

4.6. What does this mean for Cranbrook?

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 is unlikely to displace economic activity from other nearby areas.

Looking at sector preferences, at one level, the EDS can be sector-blind, encouraging all aspects of entrepreneurial innovation and skills from a wide range of industries and covering many services and products. Nevertheless, there are likely to be some elements of specialisation, especially given the potential to promote clean, technical and value-added activities in the town, and the opportunities to link with surrounding areas, e.g. supplying the Science Park. The extensive building work due to take place in Cranbrook over a number of years could also highlight the construction sector as a specialism (This is covered in more detail in Section 7.5).

In keeping with the strategy to develop a balanced economy that addresses both production and service sector activities, this could cover small-scale, high-tech manufactures and private business and personal services. These may well include aspects of transport and logistics, retail and catering services, as well as health, education and community administration. There could well be aspects of concentration on foods, light engineering and other small, specialist manufactures.

Whilst the EDS may not actively seek to encourage a specific sector, it needs to remain conscious of these opportunities, especially where they provide for higher-productivity businesses and higher-income employment.

There would also be productivity advantages in greater engagement with business-to-business categories in professional services, ICT and a range of other equipment and service support. These could be integrated with the wider Exeter-centred high-value economy.

The EDS therefore needs to identify elements of growth that are likely to change the game for Cranbrook in ways that are creative, market-friendly and distinct and which help to create Cranbrook's own identity. It also needs to capitalise on its major opportunity to connect and complement the surrounding employment space development, but also recognise the need to provide for the important local business services and products that are essential to support a local community on a day-to-day basis.

¹³ Serviced Workspace Demand and Delivery Appraisal, Carter Jonas, August 2014



CREDIT: GRW 2

5.1. Development of options

There are different ways in which the vision for Cranbrook might be delivered. In order to explore these, a set of options were developed to review the implications of different approaches. These options relate to the scale of economic activity in Cranbrook, with other issues such as the sector focus and the delivery mechanisms considered within the preferred option later in the strategy.

The development of the options responds to the key factors (outlined earlier) affecting Cranbrook, which are:

- The importance of ensuring Cranbrook is a successful, vibrant community
- The demand for housing in Cranbrook and rapid delivery of this
- The existing services and employment opportunities provided by Exeter and elsewhere in East Devon (including premises for new enterprises)
- The current and planned housing and employment growth across the Exeter and East Devon Growth Point, including substantial adjacent employment allocations (and premises for new enterprises)
- The evidence of new enterprise in Cranbrook from the growing population
- The evidence of demand for work space in Cranbrook and East Devon
- The market opportunities provided by a new resident population
- The willingness of the New Community Partnership to include spaces for smaller retail, other service provision and employment as part of the place-making for the town
- Good access to markets and resources through road, rail, air and telecoms links
- Evidence of better-than-average performance of the local economy
- The opportunity for Cranbrook to support the growth of a higher-value local economy

These key factors have different implications for the scale of economic activity in Cranbrook. Some factors push towards taking advantage of a positive economic landscape, to include all of the services and employment that a self-contained, independent town might have. However, other factors suggest that Cranbrook needs to be a positive contributor to the rapidly growing Exeter and East Devon economy, with strong links to the services and employment opportunities provided nearby.

The three options considered here all respond differently to these pressures, with Option 1 responding to the nearby opportunities, Option 2 responding to a mix of nearby and Cranbrook-based opportunities, and Option 3 maximising the economic opportunities within Cranbrook. In articulating the scale of economic activity, the options consider jobs and the provision of employment spaces, based on supply enabling the economic outcomes sought.

5.2. Option 1 – Local Services

Option 1 recognises that Cranbrook is very close to Exeter, which provides a wide array of higher-order settlement opportunities for employment, retail, health, education, leisure, and others. It also recognises that, while this Strategy is primarily concerned with the area within the town of Cranbrook itself, the town has a wider sphere of influence thanks to the jobs and enterprise opportunities at Exeter Airport, Skypark, the Science Park and the Inter-modal Freight Terminal all included as part of a wider Cranbrook area. As such, there is little imperative for providing employment in offices and industrial/warehouse premises within the town. The same logic applies to the other services, with only those that need to be local being provided in Cranbrook.

Option 1 therefore provides for retail, food and beverage and some commercial leisure in the town centre and the local centres (i.e. town centre uses), as well as education in the primary and secondary schools and the training centre, and local primary health care (the education provision is set out in the existing plans for Cranbrook, and health is based on standard provision per head of population).

It is estimated that there will be 900 town centre jobs in Cranbrook in 2020, rising to 1,450 in 2025 and 1,990 in 2030. This will require the provision of almost 38,000 m² of town centre floorspace in 2030 and, based on average town centre size in Devon market towns, town and neighbourhood centre areas of about 4.4ha in 2020, 7.0ha in 2025 and 9.7ha in 2030.

Education and health employment is estimated to create around 180 jobs in 2020, rising to 240 in 2025 and 290 by 2030. Combining the town centre and the health and education jobs, the total estimated employment represents about 30% of the working age population in employment within the town itself.

5.3. Option 2 – Local Services, Enterprise and Jobs

Option 2 includes the same town centre, health and education job assumptions as Option 1, but responds to the opportunity of new enterprise formation in Cranbrook as well as the aim of ensuring that Cranbrook is a successful, vibrant community.

Balancing the need to provide employment opportunities within Cranbrook with the new and existing employment opportunities elsewhere in Exeter and East Devon, this option proposes that half of the office, industrial and warehouse-based employment that would normally be provided in an independent Devon market town will be provided within Cranbrook. This recognises that there will continue to be strong links between the town and the surrounding area, as well as responding to the interest in Cranbrook by businesses and the need to have sufficient local employment for a vibrant, economically attractive town.

Including the employment already planned for the town centre, health, and education facilities, this option estimates a total of 2,150 jobs in 2020, rising to 3,460 in 2025 and 4,760 in 2030. These estimates represent about 70%¹⁴ of the estimated working age population in employment.

In addition to the town centre floor space and land areas discussed in Option 1, this option requires approximately 3.9ha of land for office/warehouse/industrial uses in 2020, rising to 6.3ha in 2025 and 8.7ha in 2030.

In developing this option, particular consideration has been given to business start-ups, with employment in businesses in the first three years estimated to provide 100 jobs in 2020, 170 in 2025 and 240 in 2030. Employment in these new enterprises will be up to 5% of all Cranbrook jobs in this option.

5.4. Option 3 – Self-contained Market Town

The self-contained market town option directly responds to the draft East Devon Local Plan target of a local job for every new dwelling in the district, and responds to Cranbrook's locational and other characteristics. It also de-risks Cranbrook's economic performance by reducing the dependence on the other existing and new employment allocations in Exeter and East Devon.

This option includes the town centre, education and health employment discussed in Option 1, as well as the enterprise employment in Option 2. Option 3 then plans for all of the land for office/warehouse/industrial uses that would normally be provided in an independent Devon market town rather than the 50% planned for in Option 2.

¹⁴ The 70% is the effect of 100% of retail and education jobs being within Cranbrook, together with 50% of B-class jobs.

This option plans for:

- 900 town centre jobs in 2020, rising to 1,450 in 2025 and 1,990 in 2030
- 2,490 office/warehouse/industrial, education and health, and other jobs in 2020, rising to 5,460 in 2025 and 7,520 in 2030

These job estimates are equivalent to approximately 107% of the estimated working age population in employment, which recognises that, under this option, Cranbrook will import some of its labour from the surrounding area.

The space required for this option will be the town and neighbourhood centre areas of about 4.4ha in 2020, 7.0ha in 2025 and 9.7ha in 2030 (as per Options 1 and 2), plus 7.8ha of space for office/warehouse/industrial jobs in 2020, 12.6ha in 2025 and 17.3ha in 2030.

The space for the office/warehouse/industrial is equivalent to approximately 2.1ha per 1,000 dwellings. This is less than the median 5.2ha per 1,000 dwellings taken from a review of a sample of major urban extensions in South West England, the Midlands and central England¹⁵. This suggests that the land take discussed here should be at an absolute minimum.

5.5. Option Appraisal

The key factors affecting economic development in Cranbrook discussed above can be summarised as the following appraisal criteria:

- Fitting with overall vision
- Facilitating new enterprise
- Capitalising on Cranbrook's opportunities
- Responding to economic context in the surrounding area

Table 4: Option appraisal

	Option 1- Local Services	Option 2 - Local Services, Jobs and Enterprise	Option 3 – Self-contained Market Town
Fitting with overall vision	No	Yes	Yes
Facilitating new enterprise	No	Yes	Yes
Capitalising on Cranbrook's opportunities	No	Yes	Yes
Responding to economic context in the surrounding area	Yes	Yes	No

5.6. Preferred Option

This high-level appraisal indicates that Option 2 - Local Services, Enterprise and Jobs - has the best fit with the appraisal criteria. This option therefore forms the basis of the rest of this strategy. Table 5 below summarises the key characteristics for this option. The land take estimates for this option should be considered a minimum requirement to accommodate the job estimates.

In order to allow space to take advantage of changing circumstances or unpredicted opportunities, it would be prudent to reserve considerably more space for employment uses than indicated - and the review of employment land on other large scale strategic urban extensions referred to above suggests that this might be doubled. As demand and opportunities become clearer over time, it may then be

¹⁵ Three Elms, Hereford; Lower Bullingham, Hereford; Houghton Regis North 1, Bedfordshire; Houghton Regis North 2, Bedfordshire; North of Luton, Bedfordshire; East of Leighton Linslade, Bedfordshire; Wixams, Bedfordshire; Newcourt, Exeter; Monkerton, Exeter; Weston Villages, Weston-super-Mare.

possible to release some space for other uses such as housing. if it becomes clear it is not required for employment uses. In the same way, care should be taken in the interpretation of the town centre land area estimates discussed in this strategy.

Table 5: Preferred option - local services, enterprise and jobs

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<i>Cranbrook provides local town centre jobs, enterprise and 50% of the other non-B-class and B-class uses</i>																
Town centre employment (no. jobs)	350	460	570	680	790	900	1,010	1,120	1,230	1,340	1,450	1,550	1,660	1,770	1,880	1,990
Other employment (no. jobs)	480	640	790	940	1,090	1,250	1,400	1,550	1,700	1,850	2,010	2,160	2,310	2,460	2,610	2,770
Total employment (no. jobs)	830	1,100	1,360	1,620	1,880	2,150	2,410	2,670	2,930	3,190	3,460	3,710	3,970	4,230	4,490	4,760
Employment as a % of working age population in employment	67%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%	68%
Town centre uses floor-space (m ²)	6,700	8,800	10,800	12,900	15,000	17,100	19,200	21,200	23,300	25,400	27,500	29,500	31,600	33,700	35,800	37,800
Town and neighbourhood centre areas (ha)	1.7	2.2	2.8	3.3	3.8	4.4	4.9	5.4	6.0	6.5	7.0	7.6	8.1	8.6	9.1	9.7
B-class (ha)	1.5	2.0	2.5	3.0	3.4	3.9	4.4	4.9	5.3	5.8	6.3	6.8	7.2	7.7	8.2	8.7
TOTAL (ha)	3.2	4.2	5.3	6.3	7.2	8.3	9.3	10.3	11.3	12.3	13.3	14.4	15.3	16.3	17.3	18.4
<i>Total ha with buffer</i>	4.8	6.3	7.7	9.2	10.7	12.2	13.7	15.1	16.6	18.1	19.6	21.1	22.5	24.0	25.5	27.0



Aims and Objectives

6.1. The EDS Aim and Objectives

The way in which Cranbrook is developing creates a major opportunity for small, and growing, enterprise to provide a range of important functions for the town: jobs, income, meeting demand for goods and services, local retail, and community activity. Such businesses could also be important suppliers to and partners with developing and innovative business opportunities in its hinterland, e.g. at Skypark or Exeter Science Park. The EDS seeks to capitalise on this dual opportunity.

CREDIT: SAMSKARA DESIGN

Not every business will be new and innovative. Some, such as car repair and servicing, or daycare, are vital for supporting day-to-day working and living in a community and so need to be accommodated. But supporting new business start-ups and growth by creating an entrepreneurial and innovative business infrastructure could give Cranbrook a special opportunity. The town could advertise its credentials by positively embracing small business start-ups and growth, and providing the stepping stones for business development that can then capitalise on the wider opportunities in its hinterland.

Cranbrook does not need to, and nor should it, compete with its hinterland for larger businesses – others are already doing this. Rather, it needs to find its complementary niche and then put in place the business infrastructure to deliver this.

With this in mind, the core concept of Cranbrook's EDS is **Cranbrook as the enterprise town with big ambitions**. This embraces the opportunity to put in place infrastructure to support small business development and foster small businesses working in innovative business infrastructure settings, accepts and supports the need for other local business services and products for daily working, living and leisure, and explicitly sets its ambitions for exploiting the potential links with its hinterland.

The EDS therefore works at three levels, each identified as a theme of the EDS and all of which interlink to build Cranbrook as an **enterprise town**:



- **Theme 1:** 'Supporting enterprise with the Cranbrook Business Ladder' is the heart of the EDS – this is the unique element that sets Cranbrook apart, with a particular focus on small business.
- **Theme 2:** 'Creating employment and providing services in Cranbrook - supporting enterprise for work, living and leisure' and so ensuring that a range of businesses, who may not be appropriate to the Business Ladder, are able to grow and flourish in Cranbrook, in both its town centre and on employment sites.
- **Theme 3:** 'Building strong links with the Growth Point' ensures that the opportunities to work with the major employment developments around Cranbrook can be capitalised on.

**The aim of the Economic Development Strategy is:
to build an enterprising culture and so provide employment for
Cranbrook residents who want to work, or run businesses, locally.**

Key objectives are:

- **Providing a range of business spaces** suitable for the needs of businesses as they develop and grow, which will support entrepreneurship, innovation and the need for local services and products
- **Facilitating provision of business support packages** to coincide with the steps of a business's journey through start-up and growth
- **Facilitating provision of local training opportunities** to provide suitably skilled staff for businesses starting up and growing in Cranbrook and nearby
- **Facilitating access to small grants and loans** to assist start-up and growing companies
- **Attracting a major office-based employer** to anchor the town centre, and possibly a post-16 education / training centre linked with the new secondary school
- **Developing partnerships with surrounding employment developers and businesses** to build links and relationships which secure supply chains, move-on space and other business development opportunities for businesses starting up and growing in Cranbrook .

These objectives will support the development of enterprise and work opportunities in Cranbrook.

VISION	ENTERPRISE IS OUR BUSINESS Cranbrook as a lively, enterprising town with a clear identity and strong links with surrounding areas
AIMS	CREATE BUSINESS AND WORK OPPORTUNITIES To build an enterprising culture and so provide employment for Cranbrook residents who want to work, or run businesses, locally
OBJECTIVES	<ul style="list-style-type: none"> • Providing a range of business spaces and sites • Facilitating provision of business support packages • Facilitating provision of local training opportunities • Facilitating access to small grants and loans • Attracting a major office-based employer • Developing partnerships with surrounding employment developers and businesses
FOCUS	BUSINESS START-UP AND GROWTH COMMUNITY ENTERPRISE IDENTITY

The Strategy will enable any type of business to flourish - especially those owned or managed by women, young people and those from hard-to-reach groups. Cranbrook offers fertile ground for a range of community and social enterprises and these should be actively supported. Work and business opportunities will include:

- Provision of retail and catering services for the town
- Business-to-business services
- Personal and household services
- Health, education and civic administration
- Small workspace and distribution units
- Home working and remote working, linking to businesses in Cranbrook's hinterland or beyond
- Possible relocation of major office-based organisations

In order to achieve the aim and objectives of the strategy, certain things will be required:

- sufficient land to create employment space of different types
- excellent digital communications, including high-speed broadband, widespread public WiFi and 4G mobile signal
- availability of business spaces that encourage and excite businesses to start up, grow, innovate and network
- a strong partnership approach which delivers tangible benefits to all parties
- a long-term, strategic approach
- a well-designed, sustainable town which offers a quality living and working environment



7.1 A thematic approach

The EDS provides a framework that allows businesses to form and grow. This will enable all town centre jobs and 50% of the office/industrial/warehousing jobs that are needed to cater for the growing population to be available in Cranbrook on planned employment sites. This is the preferred option for employment provision seeking an approach that balances provision of employment opportunities within Cranbrook with the new and existing employment opportunities elsewhere in Exeter and East Devon.

The EDS has three themes:

- **Theme 1:** 'Supporting Enterprise with the Cranbrook Business Ladder'. The first theme of the EDS concerns developing Cranbrook as the enterprise centre for small business start up and growth. This will be achieved through the Cranbrook Business Ladder, which has been developed to de-risk and support businesses in their start-up and growth phases through the provision of a number of stepping stones. It combines the provision of a range of workspaces for small business start-up and growth, including some innovative approaches, with a support package of business advice and training. This provision will be made through a community-led approach and community ownership and management of assets, thus rooting the provision in the Cranbrook community for its own benefit.
- **Theme 2:** 'Creating employment and providing services in Cranbrook'. The Business Ladder is complemented by the more conventional approach of employment land provision, including provision for town centre uses, that can accommodate the range of B1, B2, B8 and retail uses needed to meet the provision of goods and services to Cranbrook's community, and address the aspiration for the levels of self-containment that Cranbrook is aiming for (50%). This amounts to a total of 27ha (18.3ha plus a buffer area - the preferred option discussed in Section 5). The support package of business advice and training in Theme 1 will also be available to businesses starting up on other employment land in Cranbrook.
- **Theme 3:** 'Building strong links with the Growth Point'. The final theme is one of partnership development and complementary working, to develop the business relationships of Cranbrook beyond the immediate town boundaries to its surrounding employment development areas, notably Exeter Science Park and Skypark and with the Growth Point area more broadly. This will enable businesses within Cranbrook to move on to business accommodation elsewhere in the Growth Point area as they grow and expand, and will provide Cranbrook businesses with an opportunity to supply to businesses on their doorstep through supply chains – both for services and goods. Business support activities can be complementary at this level given the potential for mutual business benefit through partnership working.

The following sections set out the activities, benefits and actions for each of the three themes. They also outline the business support package and its application across the three themes. Finally they identify two important cross-cutting ideas, relevant to all themes.

7.2 Theme 1: Supporting Enterprise with the Cranbrook Business Ladder

Activities

The concept of the Business Ladder is to provide appropriate space for small businesses to grow over their lifetime and to design those spaces to be flexible. That means that the number, style and size of units can change over time - adapting to the emerging and growing needs of the town. The key elements of the Business Ladder can be moved around Cranbrook to match the different phases of the town's development and adapt to changing demand.

The Business Ladder offers a number of options to new and existing small businesses - to take some of the risk out of growing. It does this by offering small steps towards getting space and premises; each step aims to minimise upfront costs and to de-risk investment. A package of measures is designed to complement the Business Ladder - offering a range of other business support (advice, training, finance) which can assist at each step of the ladder. Without that wider support, there is a risk that some businesses would not have the confidence or cash flow to plan their expansion.

The Business Ladder is designed as a complete package. Individual elements are unlikely to have the economies of scale to stand on their own as viable entities. The establishment of the Ladder can, however, take place in phases - as part of a co-ordinated plan - designed to grow with the needs of the town and its entrepreneurs. At each stage, the existing and emerging demand can be assessed and so inform the scale of each development phase.

THE BUSINESS LADDER

STEP ONE	STEP TWO	STEP THREE	STEP FOUR	STEP FIVE
Mainly retail and workshop uses - selling goods		Cranbox	Small retail unit Enterprise Centre	Mainstream retail Business park
Work from home	Market Place Home office pod	Work Hub		Mainly office uses - selling knowledge and services
Work from home				

Business may use all or just one step of the ladder, as appropriate to their needs. However, it will be important that the spaces are used primarily for growing businesses so that there is a constant flow of new enterprises through the workspaces. If too many businesses want to stay in the spaces, it will prevent others from benefiting. Businesses should be helped and encouraged to move on to commercially available space or, in the case of Cranboxes, to buy them and release funds for new ones.

The Steps of the Business Ladder can be summarised as:

- **Step One:** Many people start their business in their home, using the kitchen table or a spare room. These first steps are often taken alongside a job or childcare responsibilities. This is when ideas are tested, prototypes are made and plans are hatched. It is a time when budding entrepreneurs need advice and support, guiding them through the steps to launching their business.
- **Step Two:** As they 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 second step of the Business Ladder - with options of taking a stall in the new market square, or perhaps renting an office 'pod' for the garden. This 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 Three:** 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 businesses off growing. This step of the Business Ladder offers an important intermediate stage which allows a business to grow but with much less risk. 'Cranboxes' are free-standing units, mainly aimed at retail and service sector uses, which can provide a short-term option to test and build business markets on easy-in easy-out terms. 'Work Hubs' offer business spaces on very flexible terms, with support

services, in a business environment supportive of shared business experience and business-to-business networking.

- **Step Four:** As businesses grow more confident, developing stronger sales and better supply chains, they may want to move into more mainstream premises which provide more opportunity for dedicated workspace and a more sophisticated 'shop window', while retaining some element of support through availability of managed services. This step of the Business Ladder therefore provides opportunities for businesses to move up a gear and have greater independence, but still be in a supportive business environment, such as an Enterprise Centre. Businesses at this stage are likely to continue to sell mostly to a local market, along with online trading.
- **Step Five:** 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 where they are able to take that next step. This is the essential link between the Business Ladder and the wider provision of employment land within and beyond Cranbrook (Themes 2 and 3). The Cranbrook Business Ladder would work in partnership with other providers to ensure an ongoing progression of business workspace and support.

The intention is to vest some of the ownership and control of the Business Ladder (Steps 1 – 3) with the community. Depending on levels of financial investment and in-kind support, office 'pods', Cranbrook market, Cranbox, Work Hubs and an 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 other community or enterprise activities.

The Cranbrook Business Ladder has been further developed as a concept through an Our Place Operational Plan. This has been the subject of extensive work through community collaboration and supported by Department for Communities and Local Government's (DCLG) Our Place Programme, facilitated by Locality. A separate Our Place Operational Plan has been submitted to Locality and is available as a separate document. Key elements (activities and costs) are summarised in Annex 5.

Benefits

The opportunities for innovation and community leadership in the delivery of the Business Ladder make it a mechanism that can give Cranbrook an unique way to develop its position as the town of entrepreneurial small businesses. Benefits that it can deliver include:

- Business and employment benefits
- Access to a regular weekly community market
- Micro-enterprises supported through start-up and growth space
- Provision of a range of flexible business premises in a cost-effective and innovative manner, supporting business start-up and growth
- Creation of a collaborative culture where micro-businesses can work in close proximity, sharing ideas and opportunities
- Business-to-business networking and support shared within the community
- Local residents who are more financially vulnerable supported to set up their own business or work for other people in the community

Wider Community Benefits

- Development and sharing of know-how, capacity, confidence and capability within Cranbrook
- Strengthening of leadership and governance roles within the community through Cranbrook Enterprise Company

- Greater community influence on how economic opportunities, including local services and facilities, are stimulated and managed locally
- Opportunities for asset ownership by the community to create long-term public and community-owned facilities to act as a base for future economic development, with the potential to reinvest income back in the community for additional services
- Providing residents with access to a wider range of goods and services without the need to travel out of the community
- More responsive provision of local services and can reduce risks by encouraging a diversity of business base.

Action

Work is ongoing with the Cranbrook community to develop the detail of the Business Ladder and establish a community benefit company. This is being done by, for instance, providing more detailed evidence of demand and costings, liaising with potential development partners and investors to secure

Action	Description	Lead partner	Other partners
Investment	Continue to work with likely funding partners on investment opportunities for the Business Ladder and other business premises	EDVSA CEC GP	EDDC Locality NCP
Legal Structures	Explore possible Development Partner relationships Agree legal structures for CEC Begin set-up phase for community company structure. Negotiate detailed mechanisms for delivery of Business Ladder	EDVSA CEC	EDDC Locality Community
Design	Develop detailed design and costings for each element of the Business Ladder (assuming development money secured)	CEC	EDDC GP Locality
Planning	Continue to work with stakeholders to identify likely locations for Business Ladder components, linking with the Plan for Cranbrook process Work to obtain appropriate planning consents, either directly or through wider plans in development	EDDC CEC	NCP GP EDVSA Locality

Key: CEC – Cranbrook Enterprise Company. EDVSA – East Devon Voluntary Services Agency. GP – Growth Point. EDDC – East Devon District Council. NCP – New Community Partners, the developer consortium for Cranbrook

funding and delivery of Business Ladder components, and establishing a suitable legal vehicle for the Company. These are taking place over the next six months and summarised in the following table.

7.3 Theme 2: Creating jobs and services in Cranbrook

Activities

The Business Ladder will not suit all business activity in Cranbrook. The Cranbrook EDS needs to provide for town centre and neighbourhood centre uses (retail and other related uses) and for other employment uses more broadly. The preferred option for Cranbrook estimates making provision for a total of 2,150 jobs in 2020, rising to 3,460 in 2025 and 4,760 in 2030; of these, around 900 would be town centre jobs in 2020, rising to 1,450 in 2025 and 1,990 in 2030.

What this means in terms of employment land is a total requirement for B-class uses (office/industrial/warehousing) of up to 8.7ha by 2030; and of 9.7ha for town centre and neighbourhood centre uses by 2030, making a total of 18.4ha in all. The options analysis also highlights the need to make an additional allowance of land - a buffer - to take advantage of changing circumstances or unpredicted opportunities ,and indicates a further 8.6ha for this purpose.

The Cranbrook Business Ladder activities of Theme 1 would nest within this wider provision for the purposes of employment land requirements. Broadly, the extent of land needed to deliver the Business Ladder is estimated at 1.1ha:

- 0.4ha for Cranboxes and the marketplace
- 0.4ha for the Enterprise Centre
- 0.3ha for the Work Hubs

The wider Plan for Cranbrook will need to secure these employment land and town/neighbourhood centre area allocations, with their subsequent delivery through market forces and commercial development, in response to market demand and opportunities for bespoke and speculative developments. Should there be any external funding that could bring forward speculative development by a public sector partner, e.g. EDDC, this could help to accelerate build out of B-class employment land in particular.

Benefits

Benefits of this theme include:

- Improving retention of Cranbrook working residents, therefore reducing daily out-commuting which will reduce pressure on the local transport network. This will lead to a more balanced community making Cranbrook a more attractive place to live
- Creating a vibrant town environment, with benefits to the development of other businesses
- Providing local jobs by providing local businesses opportunity to grow and develop
- Creating an aspirational place to live – particularly for entrepreneurs and business owners - which will attract house buyers and other businesses. This should create a virtuous circle which leads to higher demand for houses, increased business rental values, and assist the development process in the longer-term
- Providing residents with access to a wider range of goods and services, without the need to travel out of the community, as well as local provision of retail and business services for consumers and other businesses in East Devon
- Community access to better and more varied recreation and leisure opportunities, and locally-made goods as well as local produce
- Facilitating business growth through opportunities for locally-available workspace, which may then provide demand for grow-on space in other employment allocations in Exeter and East Devon
- Perception of Cranbrook as a place where innovative and growing businesses can prosper

Actions

There are actions that will be needed over the next six months, and in the longer term, to facilitate the ongoing planning and delivery of the employment space proposed in Theme 2:

Actions	What	Lead Partner	Other Partners
Town centre and neighbourhood centres	Town and neighbourhood centres planning (to include Theme 1 elements). This to form part of the overall planning consent	EDDC	NCP CEC
	Marketing of the retail sites by the consortium (or developed by existing partners)	NCP	EDDC GP CEC
	Design and build or speculative build as circumstances dictate.	NCP EDDC	GP CEC
	Agreement of management arrangements for the market square and use of Cranboxes between consortium and CEC (see Theme 1)	NCP CEC	EDDC GP

Actions	What	Lead Partner	Other Partners
B-class employment land	Plan for Cranbrook to determine locations of B-class spaces.	EDDC	NCP GP CEC
	Funding bids by CEC to provide early provision of enterprise B-class spaces (e.g. small workshops and offices in addition to Business Ladder) and agreement of management arrangements		(part of Theme 1 - see earlier)
	Marketing of the remaining B-class sites by the consortium (or developed by existing partners)	NCP	GP EDDC CEC
	Design and build or speculative build as circumstances dictate	EDDC	GP CEC

Key: CEC – Cranbrook Enterprise Company. EDVSA – East Devon Voluntary Services Agency. GP – Growth Point. EDDC – East Devon District Council. NCP – New Community Partners, the developer consortium for Cranbrook

7.4. Theme 3: Building strong links with the Growth Point

Activities

Cranbrook is part of the Growth Point area with some major locally- and regionally-significant business parks on its doorstep, and others in the vicinity. The projections for employment land within Cranbrook have taken this into account and it is therefore vital that the EDS for Cranbrook has strong links with the wider Growth Point. This is needed to ensure that the EDS strategy is achieved.

There are two aspects to activities within Theme 3:

1. The first is to look at the complementarity of business spaces as they develop and build out in order to ensure the ongoing availability of move-on opportunities for businesses, so that there is a clear progression of opportunity and this is understood by local businesses. The Cranbrook EDS does not seek to compete with other Growth Point employment sites. Rather, it seeks to maximise the economic benefits it can achieve from working with these whilst also facilitating a range of employment space opportunities to create Cranbrook as an enterprise town.
2. The second is to work with the Growth Point team on aspects of business support, advice and training that can help to deliver the Cranbrook EDS and the Growth Point programme. As a key component of the Growth Point, the vitality of Cranbrook as a place to live and work is important to support inward investment, whilst the opportunities of major businesses nearby provide significant supply chain opportunities for businesses in Cranbrook. Collaborating on business support and training activities, around inward investment, supply chain development and the knowledge economy, in particular, could be very important for Cranbrook's EDS (see also under Business Advice and Support below).

Both activities will require strong working partnerships with the Growth Point team and programme and with developers/managers of nearby business parks. The key route to doing this is envisaged as the Cranbrook Economic Partnership – discussed further in Section 8. There is also likely to be a series of more informal relationships developing, and this is to be encouraged.

Benefits

Benefits of this theme include:

- Positive contribution to delivery of the wider Exeter and East Devon Growth Point plans, particularly focusing on provision that will be complementary to the larger-scale developments planned for elsewhere
- Contributing to the development of a more productive economy in Cranbrook and the Growth Point by supporting business creation and development
- Supply chain development, supporting and linking to businesses in the Growth Point area

- Supporting the development of a town with vitality where people want to live and work; this is in turn an important draw for inward investors to the Growth Point area
- Ensuring the potential for move-on business space enabling businesses to grow but still remain close to Cranbrook
- Co-ordinating the business space offer between Cranbrook and the wider Growth Point in order to maximise the potential for complementary offers and business benefits

Actions

Actions needed to take forward Theme 3 include:

Actions	What	Lead Partner	Other Partners
Partnership working	Developing a Growth Point representation as part of the Cranbrook Economic Partnership (see Section 8 – Governance)	EDDC GP	St Modwen, Exeter Science Park, CEC, NCP
Supply chain development	Working with the Growth Point Team, with other business park developers/managers (and with businesses), to promote and develop supply chain links with Cranbrook	CEP CEC	GP, EDDC, St Modwen, Exeter Science Park, other business park developers, Cranbrook Business Forum
Business space development	Working with the Growth Point Team, with other business park developers/managers, to build the portfolio of business spaces to support businesses at all stages of their growth including move-out opportunities from Cranbrook	As above	As above
Inward investment	Working with the Growth Point Team, with other business park developers/managers, to promote Cranbrook as part of the inward investment offer – a vibrant town with economic opportunities	As above	As above
	Seeking to secure an anchor office user for Cranbrook Town Centre	NCP	EDDC GP CEP

Key: CEC – Cranbrook Enterprise Company. EDVSA – East Devon Voluntary Services Agency. GP – Growth Point. EDDC – East Devon District Council. NCP – New Community Partners, the developer consortium for Cranbrook

7.5. Facilitating Business Advice, Support and Training

Providing suitable space for local businesses to start and grow is only one part of the EDS. There will need to be access to a wide range of support mechanisms - including legal advice, access to finance and specialist services. Although the EDS is focused on the Business Ladder, facilitation of business advice, support and training will be essential to underpin all three themes of the EDS in different ways:

- In the Business Ladder, it is a fundamental part of the total package to support business start up and growth and will relate to a wide range of business start-up and growth issues, including those associated with social and community enterprise development. Availability of business support and training locally within Cranbrook is seen as vital for this, as is the opportunity to link with the developing education facilities in Cranbrook.
- For creating employment and supporting services more broadly, there is a need to ensure businesses can access support and training by providing a signposting service to schemes that are already available, linking into schemes that may arise through other programmes (especially those of the LEP) and involving businesses in those that are locally available where appropriate.
- The process of building links with the wider area is more likely to focus on key areas of business support such as inward investment and supply chain development. There could also be direct links with businesses elsewhere, if Cranbrook businesses are suppliers / home workers into other businesses who provide training for their employees/suppliers.

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.

Given the focus of this strategy on starting and growing local businesses, relevant stakeholders should consider the potential of establishing a Local Enterprise Area (LEA). While not having the same national designation as an Enterprise Zone, an LEA could provide locally agreed benefits to businesses within Cranbrook. These might include: temporary business rate relief, faster planning decisions, and priority access to business advice and small grant schemes.

Business Advice and Support

Business Advice

Since the closure of the locally-based Business Link service – which offered business support and advice across the business community – there has not been a nationally-available mainstream source of free face-to-face advice to start-ups or established businesses. It has been replaced by the Business Support Helpline, which is a telephone-based service operated centrally. Generally, over the last five years, the business support landscape has been simplified, with the number of sources reduced, and tending to be less regionally specific.

The Local Enterprise Partnerships have recognised the gap in provision, and most do offer a locally-based scheme, although these tend not to be as extensive as those previously provided by Business Link. Most schemes concentrate on either start-ups or those with growth potential. A list of schemes is given in Annex 6 and it is assumed that these would be available to businesses located in Cranbrook if they met the eligibility criteria. We have detailed those that are available to the general business community. There are of other schemes that are targeted at specific sectors, or activities of companies.

Generic business support from government can be accessed from the Department for Business Innovation and Skills (BIS), or via Gov.UK. This offers advice on starting and running a business; a Business Support Helpline; online information on a wide range of business issues; and a Growth Voucher programme¹⁶ for small businesses.

Within the sub-region, the Heart of the South West LEP have a range of programmes¹⁷ that could support jobs and enterprise in Cranbrook. These include the Rural Enterprise Grant Programme, the Growth Hub, Gain Growth Fund and the Unlocking Business Growth Fund.

Business Networking

A key part of the plans for the Business Ladder in particular, but also relevant to other themes, is the establishment of a Cranbrook Business Forum – bringing together businesses in Cranbrook to share experience, network, provide mutual support and a signposting service to local companies, and help facilitate external business services brought in to provide advice, training, etc. It may also be possible to establish a mentoring project to link growing businesses in Cranbrook with larger companies in the Growth Point.

There are other local business support networks with which the Cranbrook Business Forum could link. Many of these could also provide business support and networking opportunities to Cranbrook businesses. They currently include:

¹⁶ <https://www.gov.uk/apply-growth-vouchers>

¹⁷ Heart of the South West LEP Newsletter February 2015

- 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
- Exeter Property Forum
- Making It Local - LEADER programme
- South West Investment Group
- The Fruit Tree for Business
- School for Social Entrepreneurs - Dartington
- Co-operative Enterprise Hub
- Cosmic

A very important part of the mix for growing businesses, especially in new technology and innovative sectors, is ability to use informal and 'social' spaces to share ideas, network and create added value. Professor Boddy outlined 'the possible benefits of trying to reproduce by other means the benefits of urban agglomeration and scale, through strengthening networks, access to markets and information, specialist suppliers and opportunities for collaboration.'¹⁸

Inward investment

In this context, inward investment would be seen as any investment from outside the Growth Point into it. Whilst inward investors are most likely to focus on the regional business space offer in other parts of the Growth Point, the location of Cranbrook within the Growth Point and its position as a lively market town will be a draw to potential investors: a source of housing for employees, of services and of potential business suppliers. Cranbrook is also seeking to bring in at least one larger office-based employer to anchor the town centre. It is therefore in the best interests of both Cranbrook and the Growth Point to seek to develop Cranbrook's economic vitality and to see this as part of the overall inward investment offer for the Growth Point. Liaising with the Growth Point team regarding inward investment will therefore be an important activity to build in both the Cranbrook offer and the potential for business benefits from inward investment into the Growth Point. Further to this, Cranbrook will need to link closely with the Devon Delivers team who promote the benefits of locating in the county.

One particular opportunity is to seek to attract both academic and private sector research and development activity into Cranbrook as a test environment. As a new town, Cranbrook could become a test-bed for new technologies and new delivery mechanisms that could then be replicated in other new towns and regeneration areas. The Business Ladder is one such idea that has attracted considerable interest. The Cranbrook Economic Partnership, together with the Growth Point, should monitor the potential for Cranbrook to pilot ideas - whether new technologies (5G, driverless cars, domestic energy storage), social policies (tool sharing, remote health monitoring) or economic plans (local currency, community share issues).

Sectors

Cranbrook is at a very early stage in its development. There are a number of very small businesses already established in the town, although there is no evidence yet of one type of business becoming prominent. The EDS is sector-blind. Whilst it may be tempting to try to identify specific sectors to support over the coming years, it is more likely that small clusters of similar businesses will emerge organically – depending on the skills and interests of those moving to Cranbrook.

However, there is some potential in exploiting Cranbrook's locational advantage. For example, its proximity to the Science Park and the cluster of innovation and technology businesses, together with the excellent digital connections, make Cranbrook a place where relevant service businesses could be located. These might include accountancy, HR and consultancy companies; IT support; and creative web-based businesses. They could also be businesses providing practical services such as childcare, catering and cleaning to nearby business parks.

¹⁸ Meeting the Productivity challenge: Update. Universities of West of England and Bath for SWRDA. 2006

Construction is another sector that may have some locational advantage for Cranbrook to exploit. It is currently a significant employer in Cranbrook and will be for some time to come, given its development timetable. Whilst major building companies might have their own offices and storage facilities elsewhere, there could be interest in space within Cranbrook for some specialist services in the construction sector or for temporary office and storage facilities during the building period.

The education, health and care sectors may offer another opportunity to explore. Education will be developing as a major employer in Cranbrook as the new schools and UTC get developed. As the town expands, the need for more GP and other local health services will grow. Although the main demographic, at the time of writing, is young families, there are a significant number of more elderly residents. An ageing population will lead to demand for a range of supported living arrangement, both rented and for sale.

At the very local level, there is interest from the current residents for a range of community food opportunities – allotments, gardens and orchards – as well as the possibility of small-scale making and processing, and local sales. A focus on food would play well in Cranbrook, given its rural surroundings and its wish to become one of Devon's market towns.

These types of business can be helped with the right type of advice, investment and space – but sectors and clusters can rarely be 'created' by the public sector and the EDS does not proactively plan to do so.

Training and education

The new through-school, Cranbrook Education Campus, will provide a opportunity for an excellent education, with a focus on enterprise. It opens its doors to its first intake in September 2015. Providing education for children from ages 2-16, the school will play a central role in the life of the community.

With a specialism in Maths and with all of the school's activities rooted in the themes of enterprise and sustainability, the Education Campus will be able to support the development of Cranbrook as an Enterprise Town. It will ensure that young people leaving the Campus understand the potential of setting up their own business and fitting into the local jobs market.

Until the Campus reaches its maximum numbers, in a few years time, it is able to offer unused land, and possibly classrooms, for temporary use for establishing some parts of the Business Ladder. For example, some Cranboxes could be placed on land reserved for the new University Technology Centre (UTC), and a small part of the 'mothballed' wing of the school could provide space for a Work Hub or small Enterprise Centre until permanent locations are found. In both cases, there would be some costs in bringing in key services and fitting out – but this would be offset by the benefit of supporting local companies more quickly.

There is a serious shortage of skilled trades in the construction sector¹⁹. A formal Local Labour and Training Scheme could provide multiple benefits - to the house builders, to local training providers and to local young people who are struggling to find work and build careers. Schemes such as this are commonly linked with major construction sites. Apprenticeship schemes have not always been structured in a way that is encouraging whether to employer or student.

In Cranbrook, the NCP could offer a package of measures to encourage young people from East Devon and Exeter to train, or retrain, in key trades. These might include work experience programmes for school age pupils, formal training programmes, linked with a local Further Education College or University Technical College, flexible apprenticeships and graduate positions - shared across the various companies involved. As an additional proposal, a 'practice site' could be established, under the supervision of a local college or UTC, where students can learn advanced skills. It would be useful to partner with the CITB who have been involved in similar projects elsewhere. To ensure effective delivery,

¹⁹ No More Lost Generations. A cross-party parliamentarians' enquiry 2014
RICS UK Construction Market Survey Q3 2014

there should be a documented Skills Training Scheme and a role dedicated to co-ordinating all the skills development activities.

Another proposal to retain skilled staff would be to develop a self-build programme whereby employees could be allocated a small plot and allowed some time to construct their own home, providing there is a commitment to working in Cranbrook over the long term.

Benefits

Benefits of business advice, support and training activities include:

Actions	What	Lead Partner	Other Partners
Business advice and training	Investigate the potential of establishing a Local Enterprise Area	EDDC	HoSWLEP
	Facilitating business advice and training from elsewhere (this could include exploring the potential for funding a Business Advisor to facilitate delivery in Cranbrook and provide a signpost to business advice)	CEC	CEP GP EDDC EDVSA
	Development of the Cranbrook Business Forum	CEC	EDVSA
Sectors	Establishing a mentoring scheme to link expertise within large local companies with growing businesses in Cranbrook	CEP	GP EDDC
Training and education	Monitoring the sectors of business activity in Cranbrook and keeping under review the opportunities for any business clustering	CEP	CEC EDDC GP
Training and education	Working with the secondary school to develop its enterprise focus and the potential for a UTC	CEC School Trustees EHODSB	CEP EDDC GP EDVSA
	Establish a Local Labour and Training project for Cranbrook - to include a Construction Skills Training Scheme and skills coordinator role	NCP	GP EDDC UTC/College CITB
	Maintain an overview of skills training programmes and opportunities and their potential for delivery for/ in Cranbrook	CEP	GP EDDC EDVSA CEC

Key: CEC – Cranbrook Enterprise Company. EDVSA – East Devon Voluntary Services Agency. GP – Growth Point. EDDC – East Devon District Council. NCP – New Community Partners, the developer consortium for Cranbrook. EHODSB - Exeter and the Heart of Devon Skills Board. UTC - University Technology College

- Mutual support and business-to-business networking opportunities generated through the Cranbrook Business Forum
- Maximising existing business support schemes by facilitating their delivery in Cranbrook
- Rapid implementation of new ideas and technologies
- Locally-available training opportunities, especially in construction, through the proposed UTC and other providers
- Availability of skilled trades to support ongoing construction work in Cranbrook
- Developing understanding of and enthusiasm for enterprise through the secondary school's enterprise focus, with potential benefits for business start-ups and growth in Cranbrook
- Building on business cluster development opportunities should they arise

Actions

Actions needed to progress business advice, support and training for Cranbrook businesses include:

7.6. Cross-cutting principles

Cranbrook will be growing quickly for at least the next 10 years. There needs to be a set of principles established to guide the provision of employment infrastructure, which will ensure the town is evolving for future, as well as current, needs. Two important cross-cutting principles are identified which need to be considered across all themes of the EDS. These are:

1. **Being flexible** Much of the phased development will take place without detailed knowledge of future demand, so flexible urban planning and modular building designs will help the town to grow organically as different uses are identified for buildings and open spaces.
2. **Ensuring sustainability** As the town grows, the urban design and building standards should be as future-proofed as possible. The wider plan for Cranbrook should ensure that renewable energy, energy storage, electric car charging, upgradable broadband, strong mobile communications, reducing water use, flood and storm protection, and space for growing food are issues incorporated into development proposals. The EDS needs to ensure that it continually seeks to balance the dual approach of looking inwards, at what happens within Cranbrook itself to stimulate employment and business opportunities, and looking outwards, towards its interaction with neighbouring employment areas.

We set out below some examples of developing trends and technologies which are likely to influence the way in which towns like Cranbrook grow and mature. These are all issues which are already beginning to grow in importance or likely to become important in the near future. It is important that the plans for Cranbrook enable these sorts of changes and do not make them hard to implement.



A simple example is that of energy. The urgent need to avoid using more fossil fuels²⁰, and the rapidly falling cost of solar units, is driving the very rapid expansion of solar PV and electric vehicles. If the homes and businesses were constructed with PV panels in place, the economies of scale and construction efficiencies, would lead to much reduced costs. However, if these had to be retro-fitted, the costs would be much higher and would delay the reduction in CO2 emissions. Increasingly, home owners are likely to expect to have solar PV provided, just as they now expect water, gas and broadband.

²⁰ International Energy Agency : World Energy Outlook 2012
The geographical distribution of fossil fuels unused when limiting global warming to 2 °C, Christophe McGlade & Paul Ekins. Nature. 2014

8.1. Making it happen

One of the challenges of implementing the EDS, and the Business Ladder in particular, the premise of which is based on community ownership and management, 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.

There are formal structures in the pipeline. The first election to the new Town Council is being held on the 7th 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, other Cranbrook residents need to be encouraged to come forward to help take the load. Volunteering, which is already strong in the town, helps to make 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 an unique set of pressures and responsibilities on the current residents. Not only do they have to give some 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.

The guiding principles for developing structure(s) to deliver the EDS is one of 'lasting community benefit'. It needs to be a structure that is open, accountable, democratic and, above all, entrepreneurial.

8.1. Partnership roles

A strong partnership approach to all aspects of the Business Ladder and Economic Development Strategy is needed for Cranbrook to build its aspirations as a town of small enterprise and big ambitions. The Local Authority, the Community, the development Consortium (NCP) (and supportive developers/investors) will have a key role to play as follows:

- As landowner and lead developer, it is in the NCP's interest to create a thriving, dynamic town through the delivery of all strands of the EDS. A vibrant local economy and good provision of local services and jobs will maintain housing values and saleability of homes as competition increases. The location, timing, development partners, investors and management of each element of the Business Ladder will benefit from the NCP's support and encouragement to realise its potential.
- East Devon District Council will look to tailor their approach to land use and planning policy as Cranbrook develops to support its development as an Enterprise Town. For all elements of the EDS, including home office pods, the market space, and through to the allocation of employment land beyond the Business Ladder, the Council must work closely with the Consortium and other developers/land owners to encourage the right mix and location for the strands of the EDS. The Council's Economic Development function can bring their knowledge and connections to business support, advice and training opportunities to support businesses as they climb the Business Ladder and move on into the broader employment environment. The imminent Plan for Cranbrook process will help develop a spatial strategy that supports the creation of an Enterprise Town.
- The community has a crucial role to play in developing, owning and managing key elements of the Business Ladder. Their chosen legal structure will enable joint ventures (where appropriate), unlock public sector loans and grants unavailable to the private and public sectors and encourage private

investment from supportive developers. This will create a strong, entrepreneurial focus for the community, building an asset base and generating revenues to support the development staff and activities of their chosen legal structure.

- Supportive developers and investors will be required to realise the ambitions of the Business Ladder. From the investment of individual entrepreneurs to the capital support for larger-scale projects such as the Cranbox and the Enterprise Centre, the role of others is a critical ingredient for success.

To ensure the Economic Development Strategy is implemented, we recommend the formation of the Cranbrook Economic Partnership and the creation of a new, community-owned delivery vehicle, the Cranbrook Enterprise Company.

8.2. Partnership Structures

The Cranbrook Economic Partnership

The Cranbrook Economic Partnership will ensure that the Economic Development Strategy is implemented, monitored and reviewed as the town grows. The Partnership will have five core members:

- New Community Partners
- East Devon District Council
- Cranbrook Enterprise Company
- Cranbrook Town Council
- Growth Point

The Partnership will co-opt other individuals, investors and organisations as appropriate. It will meet initially on a monthly basis and will develop its own terms of reference and protocols. The partners will agree how the Partnership is to be serviced, and appoint a secretariat.

Critically the Partnership will include, as observers but nevertheless key Partnership members, representation from Skypark and Exeter Science Park management/developers, and from Exeter City and Devon County Councils. It is vital that a sound working relationship with these wider employment space opportunities is forged, to provide the flow and complementarity of workspaces and maximise the opportunities for business-to-business links and supply chains. The inclusion of a Growth Point representative will also ensure links with the wider Growth Point programme and its other economic components.

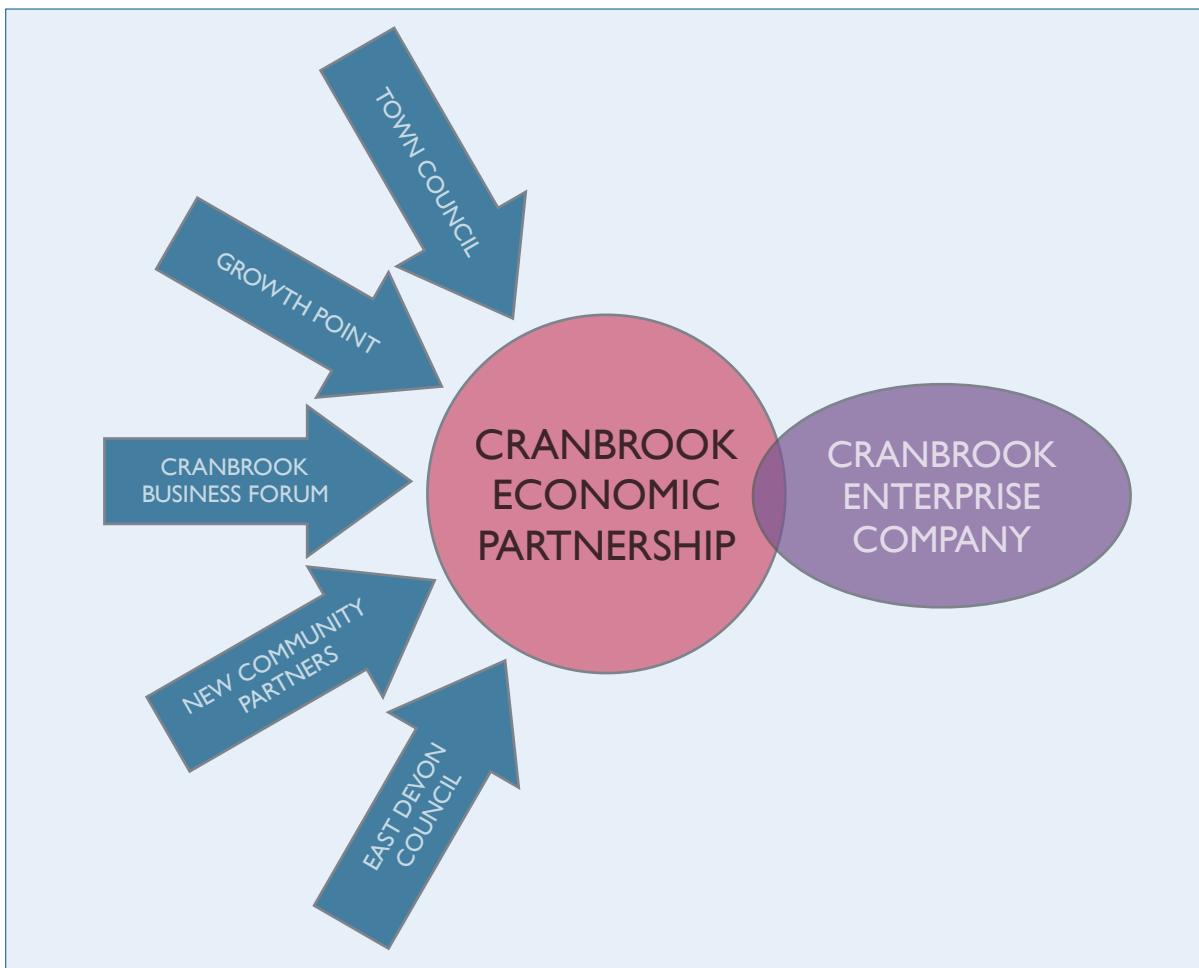
Cranbrook Enterprise Company

A Community Benefit Company concept will offer the community, the Council and the NCP an 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. Importantly, it could take ownership of the development and management of the Business Ladder, generating a set of community assets in community management.

To this end, a Cranbrook Enterprise Company is proposed which will be a new, community-owned delivery company with the aspirations to develop, own and manage key elements of the business ladder. This Company will grow and develop alongside the town itself. Initially, acknowledging the infancy of the town and of the company itself, it will concentrate on establishing a sound structure and training for the residents involved. Developing elements of the Cranbrook Business Ladder such as the office pods, community market and Cranbox are realistic early targets for the Company.

The appropriate legal structure for the Company and its relationship to wider, community-based projects and aspirations are being explored. The Company will aim to be financially self-sustaining by building a portfolio of profit-making projects of which the Business Ladder is its first. More detail about the proposals, costings and delivery of the Business Ladder can be found in a sister document: Cranbrook Our Place - Operational Plan)²¹

The Cranbrook Enterprise Company could establish trading subsidiaries and joint venture opportunities with their partners (and external investors). This would enable those involved to drive commercial projects with the rigour that is required and share the rewards and benefits with the shareholding partners. Ultimately, the Company could seek to financially contribute to wider social projects in Cranbrook.



8.3. Resourcing Partnerships

The Cranbrook Economic Partnership

This Partnership will be initiated by the District Council, who will provide the secretariat until the Cranbrook Enterprise Company is established with a staff resource. At this point the Cranbrook Enterprise Company will assume the role of secretariat.

The responsibility to deliver the Economic Development Strategy will rest with the Cranbrook Economic Partnership. Each partner has an individual role to play while working together to realise the overall strategy. Ultimately, it is the responsibility of the District Council to lead this partnership process.

²¹ Our Place Operational Plan, Ash Futures, February 2015. Available from EDVSA and EDDC.

Cranbrook Enterprise Company

In the first instance, the Cranbrook Enterprise Company would appoint a director to drive the company formation and early communication with the community, and focus on developing and delivering the Business Ladder. A development worker/administrator would be appointed to support the Director. Staffing would then grow in line with the development of this as a social enterprise, and in line with its chosen legal structure.

There are options (not mutually exclusive) to revenue-fund a Cranbrook Enterprise 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 the Consortium and the Local Authority at an early stage.

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 section 106 contributions for planning consent. A small capital levy is sought for each home and commercial unit built. 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 work of the Cranbrook Enterprise Company. We are aware that there is already an annual charge on each house, but we mention the Levy only as a possibility for the Town Council or CEC to consider in the future.

Other sources: there is potential for more local support using the principles of crowdfunding and bringing in investment from the local community - using methods such as investment trusts and community bonds.



ECONOMIC
DEVELOPMENT
STRATEGY
for
CRANBROOK
ANNEXES

Exeter and East Devon Growth Point Developments

Housing

- New town at Cranbrook – 6,000 dwellings planned, of which some 900 were occupied by the end of 2014, with consent for 3,500. Construction is continuing. The planned housing at Cranbrook is 30% of the planned Growth Point total.
- Strategic urban extension at Monkerton – 2,500 dwellings planned, 2,000 have consent and delivery is expected to commence once the Tithe Barn Link Road is complete.
- Strategic urban extension at Newcourt – 3,500 dwellings planned, 550 have been delivered with consent for 2,500. Construction is continuing.
- Strategic urban extension to the SW of Exeter – 2,500 dwellings planned, with a planning application for approximately 1,500 dwellings expected soon.
- Housing development around Pinhoe – 800 and 600 dwellings planned at two locations. 100 dwellings have been delivered with further consents taking the total to approximately 1,700 and a further planning application for approximately 1,000 dwellings expected soon.

Employment

- Skypark – 40ha expected to provide 6,500 jobs. Delivery has begun with the Special Ambulance Operations Centre and the forthcoming DPD Depot.
- Science Park - 25ha expected to provide 3,000 jobs. Initial delivery of offices has commenced.
- Intermodal Freight Terminal – 44ha site planned for freight interchange and a distribution warehouse. Delivery has been delayed due to change of plans by planned occupier.
- Matford Green Business Park – 11ha site with outline consent for 46,500m² of employment uses. Initial construction has started and further construction is planned for 2015.

Retail and Leisure

- Leisure quarter on the Bus and Coach station – 30,000m² of retail planned, recent proposals for 16,700m² of leisure and town centre uses as well as longer term plans for a new swimming pool and sports facilities.

Education

- Flybe Training Academy – opened in 2011
- Exeter College Technology Centre, Monkerton – opened in 2012
- University of Exeter Streatham Campus investment programme – many components completed

Planning for the Provision of Employment Land in East Devon

The Local Plan Approach

The emerging Local Plan for East Devon²² has the following economic objectives:

- Improve average income levels
- Diversify the sector where jobs can be found
- Improve local job opportunities
- Reduce the need to travel by car to secure work and jobs

The Plan has a development target of a new job for every new dwelling. This is in response to the current East Devon jobs density of 0.73 jobs per working age resident, which is at the lower end of jobs density ratios in SW England. Exeter has a jobs density ratio of 1.18 jobs per working age resident. 20% of working age residents in the west end of East Devon travel to work in Exeter. In addition, the out-commuting for employment tends to be for more highly skilled and well paid jobs outside the district.

The 2011 Housing and Employment Study which informed Local Plan development, considered that it may not be unsustainable for East Devon residents to continue commuting to jobs in Exeter. It also considered that infrastructure might be provided to support economic growth through linking residents to higher paid employment opportunities in the west end of the district. The Housing and Employment Study also noted that growing the labour force is less of a challenge (e.g. through housing development) than getting businesses to invest – although providing sites and premises is a response to this challenge. However the development of B-class space is constrained by low rental levels, meaning that in practice only owner occupiers or pre-lets will be built. Within this, the market for industrial space in East Devon is relatively well developed unlike the office market. Issues with developing offices partly reflect the viability gap but also respond to the lack of office occupiers.

The EDDC Local Plan employment numbers developed by EDDC, taking forward the findings of the 2011 study, explicitly excluded employment development in the district's west end, which includes Cranbrook, although the 2011 study did look at the west end area. However the emerging Local Plan does include employment land allocations for the west end, including Cranbrook, discussed further in the following sub-section.

Some 38% of jobs are in a variety of premises outside traditional offices, factories and warehouses, which are B-class uses in the use class order. Non B-class uses are difficult to plan and represent jobs such as education, health and retail which are not normally dependent on designated employment land, but require their own specialist sites and premises and are controlled separately in the planning process. These tend to be more service-led jobs and their expansion and location is likely to be dependent on housing and population growth.

Planned Employment Sites in East Devon

The planned employment sites in East Devon's West End total 96.4ha²³. The rest of East Devon has an allocation of 42.33ha.

In addition to these east Devon allocations, there are also 11ha allocated at Matford Green, on the SW of Exeter for B-class uses. Using the East Devon standards for jobs accommodated per ha it is estimated that in the West End and SW Exeter approximately 18,250 jobs may be accommodated on these planned employment sites.

²² East Devon District Council – The New East Devon Local Plan 2006–2026 – Consultation Draft December 2011

²³ East Devon Consultation Local Plan page 30. <http://new.eastdevon.gov.uk/media/363094/new-east-devon-local-plan.pdf>

Table 1: Consultation Local Plan employment land allocations

Location	Planned employment sites (ha)
Hill Barton	8.6
Greendale	2.8
Science Park	25
Skypark	40
Cranbrook	15
Exeter Airport Business Park expansion	5
West End total	96.4

As well as the new employment allocations, there are also new housing allocations in addition to Cranbrook. Taking into account the planned growth in Monkerton, Newcourt, SW of Exeter, Pinhoe and Cranbrook there are potentially over 19,000 new dwellings. Based on existing household sizes these may accommodate almost 46,000 people, of which around 20,000 will be in employment²⁴. However, of this total new working population, 7,600 (38%) will be in the office/industrial/warehouse jobs (B-class uses)²⁵. This suggests that at a high level, there is enough B-space allocated within these locations. However, it is not clear at what pace new premises and employment will be delivered, or what the mix of premises or jobs will be.

Table 2: New settlements in the Growth Point

Housing	Dwellings	Population	Employment/ self-employment	B-class	Non B-class
Monkerton	2,500	6,000	2,631	1,000	1,631
Newcourt	3,500	8,400	3,683	1,400	2,284
SW of Exeter	2,500	6,000	2,631	1,000	1,631
Pinhoe	2,700	6,480	2,841	1,080	1,762
Cranbrook	8,200	18,860	8,269	3,142	5,127
Total	19,400	45,740	20,055	7,621	12,434

Analysis based on Growth Point, Census 2011, BRES and EDDC Local Plan Employment Justification 2011

By necessity this is a relatively crude assessment of the new employment and sites in the west end and the rest of the Growth point but it does indicate that there is a generous amount of planned employment land for B-class jobs in comparison to the likely growth in the workforce.

The Exeter Employment Study which was part of the evidence base for the Exeter Core Strategy planned for 37,000 additional jobs in the Exeter travel to work area. This study was pre-recession and also included an additional 9,500 public sector jobs. The study noted that delivering this additional employment was dependent upon growth in the local labour supply.

²⁴ Based on analysis using Census 2011 data.

²⁵ Report Setting Out Justification for Employment Provision in the Consultation Draft Local Plan 2011, EDDC

Other considerations

The initial planning for employment space at Cranbrook is to ensure that, like every other market town, Cranbrook had land for businesses, particularly smaller businesses, close to the homes they would serve. This would accommodate start-up businesses and local trades which need small and relatively cheap accommodation, some of it basic, to run garages, building firms, small scale manufacturing, and service businesses. Spatially, this might be scattered about the settlement, with a variety of tenancy types, such as 'easy in and easy out' for start-ups, or longer term leases; and range of sizes for businesses to grow into, close to where they first established themselves – so from small workshops up to small warehouse with compound. There may also be the opportunity for a business centre for micro businesses with space in a serviced building, with a share of the reception and meeting facilities. This provision was anticipated to complement the nearby strategic Skypark and Science Park employment sites. These considerations have been part of the employment land provision options analysis undertaken for this EDS.

Economic Evidence Base - further detailed analysis

Output & Incomes

The key measures of economic structure and performance reflect output and incomes related to the size of, and change in, the local population. There is a range of ways these factors can be represented but the main ones are gross value added (an indicator of total output in a given time period) and gross disposable household income (an indicator of income available for discretionary expenditure in a given time period).

For SW England, divided into its sub-regions as defined by its six Local Enterprise Partnerships (LEPs), these main indicators are shown for 2012 (the latest available) in Table 3 below. These numbers show that, generally:

- The scale of total output and incomes reflects economic and demographic size – hence, Heart of the South West (HoSW) – (the LEP area covering Devon and Somerset) is the largest economy in the SW region.
- The range of performance is wider for output per head than for incomes per head, reflecting the comparative spatial concentration of workplace activity compared with residence and the economic, fiscal and regulatory measures that tend to narrow the distribution of incomes across the population. For HoSW, in terms of the per head measures (both around £16,500), these factors tend to even out, reflecting the mix of both urban concentrations (Plymouth, Torbay and Exeter) and more dispersed communities.
- Urban areas tend to perform well compared with rural areas in terms of output per head but worse in terms of incomes per head, reflecting the workplace/residence split and commuting. Again, overall, HoSW is relatively balanced in this respect although, within the sub-regional total, there are big differentials between, for example, largely urban Plymouth and relatively rural Devon County.
- Compared with the UK average, HoSW is 4.8% below average in terms of incomes per head but 23.4% below in terms of output per head. Broadly, the local economic issue is one of relatively weak productivity rather than low comparative earnings.

Table 3: Key measures of Sub-regional Output and Incomes

2012	GVA (£bn)	GVA per head (£)	GVA ph as % UK average	GDHI (£bn)	GDHI per head (£)	GDHI ph as % UK average
Cornwall & IoS	7.0	13036	61.2	8.5	15654	93.2
Dorset	13.4	18195	86.9	13.2	17537	100.8
Gloucestershire	12.7	21066	98.9	10.8	17975	107.0
Heart of South West	27.4	16319	76.6	27.5	16571	95.2
Swindon & Wilts	14.3	21676	106.2	12.0	17209	102.5
West of England	26.7	25178	116.1	18.3	16821	100.2

A key part of household incomes, the median HoSW weekly wage in 2012 was £318.70 by workplace and £365.65 by residence. These were both about 5% below the equivalent SW averages and about 15% below the equivalent UK average. Remembering that the UK average is biased upwards by higher pay in London/parts of the Greater South East, Cranbrook's hinterland is one of moderate wages and salaries.

In broad sector terms, Devon County's GVA output of about £13bn per annum is divided between 24% for public administration, education and health, 22% distribution, transport and accommodation, 29% for financial, business, information and other private services, 14% for production, (including manufacturing), 11% for construction and other land---based activities (including agriculture). This distribution of activity is not untypical of the rest of the UK economy wherein, over the last ten years or so, private services have gained share relative to production activities.

East Devon, including Cranbrook, is part of a large sub---regional economy with output and incomes performances below national averages but of reasonably robust standards (especially if the London bias is removed.) The economic structure is largely typical of a mixed urban/rural English local economy. Against this descriptive background, Cranbrook's EDS needs to consider the contribution it can make to raising local productivity in order to sustain local employment growth in a way that boosts local earnings and broader living standards in both absolute and relative terms.

Demographics & the Labour Market

The main contextual indicators of population and labour for the Cranbrook EDS are represented in Table 4 below.

- In terms of its working age (16-64) population, the HoSW area comprises 2.5% of the UK population. In turn, the Exeter and Newton Abbott travel to work area (TTW – including Cranbrook) is 20.8% and the East Devon local authority area is 7.2% of the HoSW working population.
- Cranbrook's 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.

It is less clear that the qualitative skills mix and resource efficiency rates are quite so robust: Devon's productivity, measured by GVA per hour, has slipped relative to the UK average since the onset of the 2008 recession and through the subsequent downturn.

Moreover, this has happened at a time when UK productivity as a whole has failed to hit its previous highs (1.9% below in the second quarter of 2014) and has fallen, relatively, against its G7 peers (17% below average in 2013 – the lowest comparator since 1992.

Table 4: Key measures of Local Labour Market (16 - 64 range)

July 2013- June 2014	Population ('000)	Employment (%)	Unemployment (%)	Inactivity (%)	Claimant count (%)	Job density (%)
UK	40,915	71.9	6.8	22.7	3.0	0.78
HoSW	1,021	74.3	5.8	21.1	1.9	0.80
TTW	212	77.7	5.0	18.4	1.4	0.86
E. Devon	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

Other aspects of the local economy

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, broadband capacity), environmental (designated natural areas, overall well-being) and social quality (low deprivation scores).

It shares the UK structural issue of demographic ageing but this is offset partly by patterns of inward migration, a supportive skills base – (although there are some shortages/gaps), and good technological and process innovation.

A recent report shows that local wards are typified by competitive positions (economy profile) on business density, industrial structure, labour market and qualifications²⁶

- Business density is in the top 20% compared with the national average, suggesting an entrepreneurial culture with high self-employment but also some firms of significant scale.
 - The industrial structure is more knowledge based (production and services) than that for East Devon as a whole or, indeed, the Devon average or the UK average as a whole (top 20%).
 - The labour market is, as highlighted above, good at employing its people with an employment rate also in the top 20% nationally.
 - The skills profile suggests a resident workforce in the top 40% nationally, reflecting its relatively high tertiary qualifications rate.
- The social profile depicts a typical age distribution and household structure, a more or less central position for knowledge workers, health and deprivation.
- The environmental (quality of life) profile points to average owner occupation, high private transport and weak access to services.

In common with other UK areas, there are issues about the twin deficits of international trade and public/household debt. The TTW area needs to export and invest more in holistic terms, even though, in relative terms, it has a good foundation for relatively good growth both in the guise of its local 'prime' employers, including Exeter University and the Met Office, and in its network links to other agglomerated cities and markets.

Cranbrook sits at the heart of a spatial economy with strong foundations and positive potential. The EDS needs to project this to a future that builds capacity and capability and the robust sustained and sustainable economic performance.

Future Assessment of the Local Economy

Table 5 below summarises the Office for Budget Responsibility's current UK economic forecasts. They suggest modest growth in the years ahead, with a modest improvement in productivity, low inflation and falling unemployment. There is no improvement in the main debt ratio. Already, this summary, which was published in March 2014, seems to have been eclipsed by higher growth, lower inflation and unemployment rates, and an even worse debt ratio for 2014 but its longer-term prognosis is probably intact.

Table 5: OBR UK Forecasts. March 2014

% ch yoy	2013	2014	2015	2016
Growth	+1.8	+2.7	+2.3	+2.6
Productivity	+0.4	+1.0	+1.6	+1.6
Employment	+1.4	+1.7	+0.7	+1.0
Inflation	+2.6	+1.9	+2.0	+2.0
Unemployment (%)	7.6	6.8	6.5	6.1
PSND/GDP (%)	74.5	77.3	78.7	78.3

²⁶ Ward Place Profile, Place analytics – Grant Thornton for East Devon District Authority October 2014

In Table 5: Growth = real GDP. Productivity = GDP per unit of employment. Employment reflects changes in active labour capacity. Inflation is measured by the consumer price index. Unemployment is the ratio of the active population currently not in use. PSND = public sector net debt.

Indeed, the OBR story is consistent with historically low growth persisting, reflecting the damage of adjustment through the long downturn and analysis of 'output gaps' and productivity potential. As the OBR itself concluded, "Ultimately, productivity-driven growth in real earnings is necessary to sustain the recovery". This foundation was used to explain our earlier macro forecasts and what they imply for the local economy considered in this EDS. In this section, we build on that assessment.

First, we consider the local area performance compared with the national estimates. Charts 1-3 show output, employment and productivity percentage change (growth) data for East Devon and Exeter (Cranbrook's 'catchment' economy) since 1998 and extending to 2020²⁷. Here, the output numbers are based on gross value added (GVA) data in 2010 prices (hence real terms). The employment data is based on full-time equivalent (FTE) employment in thousands. The productivity series is derived from the previous two.

These pictures tell a clear, historical story:

- The series are volatile at a local level. But, they tend to follow national trends – good growth in the 'noughties' and then a period of recession and downturn.
- Exeter and East Devon were growing faster than the national averages before the downturn but slower in the downturn.
- Exeter tends to perform better than East Devon in terms of output and jobs growth but not in productivity terms. This coincides with what we know about the structural differences and the 'normal' gaps between largely urban and more rural neighbouring economies.

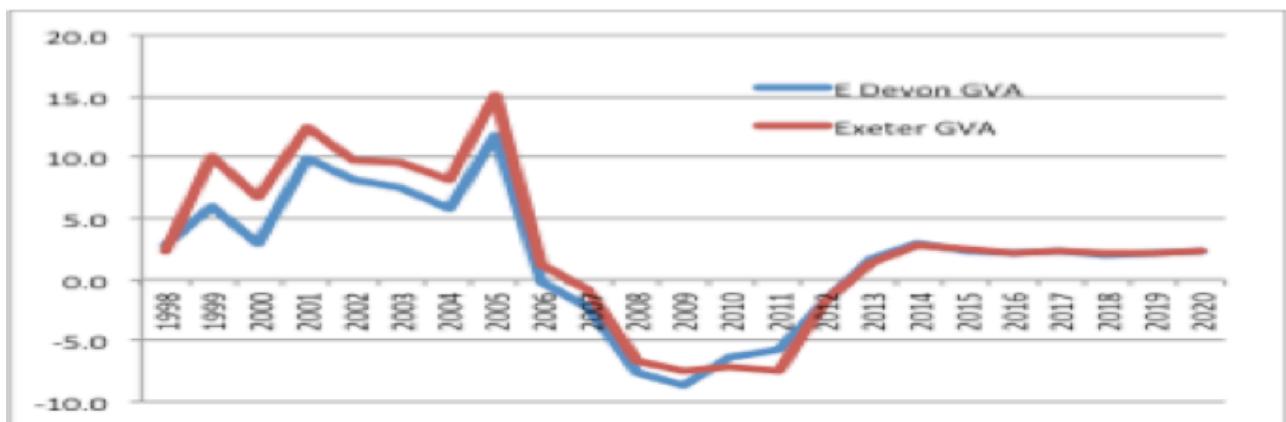
The projections shown are not ours. We might contest certain elements but, overall and broadly, they are consistent with the current consensus, the national OBR baseline, and our own central scenario, as described earlier.

They find:

- Output growth in both areas will recover to about trend over the next six years (and, indeed, well beyond 2020 – not shown), averaging about 2.2% per annum.
- Employment growth is projected to slow over the period from over 2% today to about 0.5%.
- Productivity growth recovers but only modestly, remaining below 2% per annum.

This is a far from stellar performance but is consistent with the global economic context, structural economic imbalances and perceived potential economic growth trends driven by demographics and technological change.

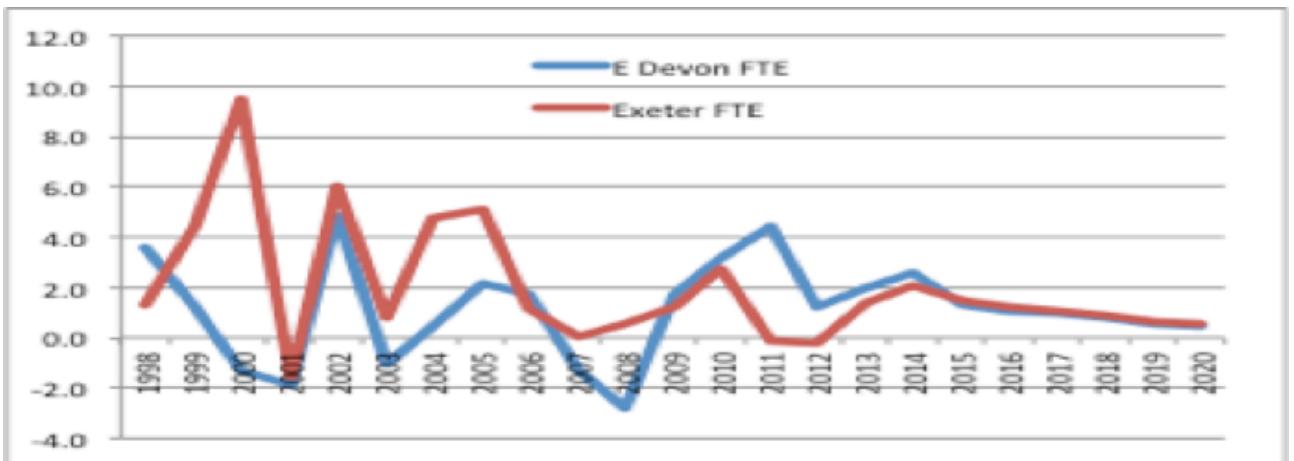
Chart 1: Local Area GVA growth (% annual change) 1998-2020



Source: Experian for East Devon District Council

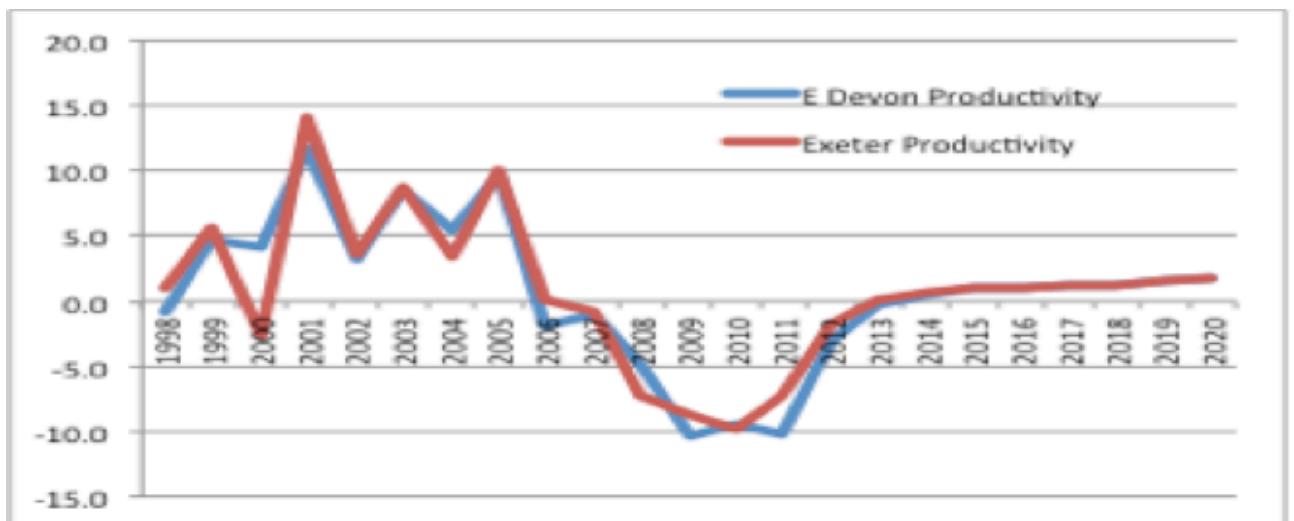
²⁷ This data is derived from previous work provided to East Devon from Experian in 2013

Chart 4: Local Area FTE growth (% annual change) 1998---2020



Source: Experian for East Devon District Council

Chart 5: Local Area Productivity growth (% annual change) 1998---2020



Source: Strategic Economics, derived from Experian for EDDC

Conclusions

Building on these projections, we can make some assessment and reach some analytical conclusions.

A priori, the local outlook is not for a return to pre-downturn rates of economic output growth, which means modest productivity and employment growth and, thereby, constrained overall living standards. Without an aspirational EDS 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 incorporate displacement effects from other nearby areas. More significant and integrated change is needed to raise the local 'game' sustainably.

The EDS, therefore, needs to consider what elements of growth are likely to 'change the game' more profoundly. These should be creative, market friendly and distinct. They are likely to include:

- The skills mix and age distribution of the growing community.
- The sector mix of local employment opportunities, in terms of internal consistency and external linkages, commuter flows and networks.
- The innovation and inward investment mix of the local area, including infrastructure provision for entrepreneurial and international business development.
- The agglomeration benefits of local economic integration with social, environmental and other factors of household wellbeing.

Demand for Business Space

This section looks at market demand for business space in the Cranbrook context, evidenced in recent studies and current lettings.

Office and Business Space

It is anticipated that open market interest in commercial offices (provided by developers) in the town centre is only likely to 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 found that there is a shortage of small business premises throughout East Devon. Forecast data suggest future demand for 6,470m² of office space and 21,245m² of industrial space by 2018. This is set against minimum potential average annual take-up of 70 and 294 for office work hub and industrial workspace respectively within the sector of the market with which the study is specifically concerned, although these could be closer to 260 and 1,115m² per annum under less constrained scenarios. The business survey undertaken by Carter Jonas suggests that approximately 40% of businesses 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.

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) although in the short term this would most likely be on Skypark.

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, East Devon is a gap in the network of work hubs for the wider spectrum of business (Bicton work hub requires tenants to have a sustainable focus). There have been discussions about setting up work hubs in the market towns in East Devon but these have all stalled with no known live proposals at the time of writing²⁸.

Work for this EDS has 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.

²⁸ Existing work hubs are Barnstaple, Bicton, Brixham, Exeter, Torquay (x2), Okehampton, Tavistock, Totnes

Table 6: Micro business estimates

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 (see Section 5) have also looked specifically at potential business start ups that might arise from the housing developments (see Table 7 below).

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 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.

Retail business space demand

The phase 1 neighbourhood centre includes six 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, as of December 2014, 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 an 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. This will need to be closely monitored once the first retail units are occupied.

Table 7: Potential for New Business Start-ups

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
New business start-ups; annual	18	24	30	35	41	47	52	58	64	69	75	81	86	92	98	102
New business start-ups in any incubation space; cumulative	28	46	60	73	87	100	114	128	141	155	168	182	196	209	223	236
Assumed employment in new business start-ups; cumulative	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	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 space	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	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 space	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

Cranbrook Business Ladder

This annex provides further detail on the Cranbrook Business Ladder, a core component of the EDS. Additional information can also be found in the Cranbrook Business Ladder Our Place Operational Plan, available as a separate document.

The first part of the Annex gives an overview of each component of the Business Ladder in terms of what it is, when it will happen and what it will cost. A SWOT is also included. The second part provides some further information on costs and financing.

Components of the Business Ladder

HOME OFFICE 'PODS'

What it is

Home office 'pods' are intended to provide well designed, ready-to-use space for businesses that have outgrown the opportunities within their home. Clearly unsuitable for noisy or dirty activities, the 'pods' would be targeted for office based businesses and small craft enterprises

Available in a range of sizes, they would generally not require planning permission and could be either assembled on site, or dropped in by crane, fully built. They would be insulated and serviced (electricity, wifi / ethernet) to allow immediate use. Options may include plumbing, solar panels, shelving and office furniture.

The intention is that pods would be available for rent from the local Cranbrook Enterprise Company. This would reduce capital outlay and would enable the business to continue a growth path and move up into larger accommodation - freeing the 'pod' for use by another small business.

There are likely to be some limitations on the use of pods, if gardens are of an insufficient size. However this component is very much approached in terms of testing a renting option for pods which can be re-circulated for use. It assumes a relatively modest number of pods are available.



When it will be provided

Given availability of funding and storage facilities for pods, this component could be available quite swiftly - from 2015.

What the capital costs would be

Prices can vary from about £3,000 to over £20,000 depending on size, quality and specification. An indicative Business Plan for the Business Ladder makes the following assumptions:

- 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 (taken from UK pod space)

Pods would be rented, modelled at £200 per month, and tenants would be responsible for operating costs – utilities, business rates etc

COMMUNITY MARKET

What it is

The community market is a permanent, market space, with rentable market stalls, offering opportunities for businesses to retail basic or made goods to local people with very little overheads. It is ideal for small-scale art and craft producers, and food retailers. Depending on the demand from local residents, the market could operate in the day, evenings, weekends or with a permanent presence.

Space needs to be identified on a regular basis and the management of the market needs to be delivered efficiently to ensure timely setting up and dismantling, shared marketing and maintenance. This would offer a unique mix of retail and catering outlets as well as a 'public' space for community events, including a regular market.



When it will be provided

At present there is a market that takes place in the community centre on Thursday evenings. However, there are time pressures as the hall is booked immediately after the market. It would benefit from a link with other community activity and catering space, to generate footfall for the stall holders.

Looking ahead, there is potential to develop a market space as part of town centre development proposals and linking with the placing and design of Cranboxes (see 10.4 below). Timing needs to fit with development of Cranbrook town centre – so is programmed for 2017/18 start (with current community market arrangements continuing to that time). Community markets could be managed by the Cranbrook Enterprise Company as a community asset.

What the capital costs would be

Investment will be needed in a set of stalls to fit with the required ambience of the town and Cranbox. Prices vary from about £400 for a basic steel and fabric design to over £1,000 for a quality wooden barrow cart. It will also need to create a covered hardstanding area for use.

There is a current demand for about 10 - 12 market stalls. However, some traders may decide to expand into Cranbox, so future demand is more difficult to predict. We think that it would be sensible to plan for 12 market units initially (and add more if there proves to be a continuing demand).

- 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.

Stalls would be available for rent, modelled at £20 per day

SMALL WORK HUBS

What it is

Work Hubs are third-party-provided workplaces where the emphasis is on the flexible occupation of space, collaboration and virtual services. They provide the 'office-as-needed', and enable users to occupy space by the hour, day or month, rather than enter into long-term contracts. In many ways they operate like a gym or club, rather than a more traditional office space landlord.

The high level of flexibility and the emphasis on collaboration, shared business spaces, business network and centralised support services, distinguishes the work hubs from more traditional providers of serviced office space, and from business incubators and Enterprise Centres.

A work hub would provide an important step on the Business Ladder as the self-employed and micro businesses opt to move on from home working, or to combine shared space and home working. It offers an intermediary step before committing to space in an Enterprise Centre or commercial building.

Work hubs could be located close to residential areas, or neighbourhood centres. Three small work hubs, each of 100 sq.m lettable space are proposed for Cranbrook, spread across the town so that they are easily accessible at the neighbourhood scale – one in the west, one centrally located and one in the east. Each would have a range of hot desks and small units aimed at the self-starters, and the internal space would be flexible to allow unit configuration to change. Work hubs could be managed by the Cranbrook Enterprise Company as a community asset. A development partner could be considered to take on day to day management of the hubs



When it will be provided

The first work hub is proposed for 2017/18, second in 2020/21 and third in 2022/23

What the capital costs will be

- Total capital costs of construction and fit out of three work hubs - £940,000
- Each work hub has 100-105 sq.m. of lettable space
- The 'non-lettable' internal space (calculated at 15% of lettable area) covers toilets, kitchen, corridors, reception area
- Construction costs equate to £1,800m² based on industry standards

Workspaces would be available on easy in easy out terms and on fully inclusive rents payable monthly. Rental levels are modelled on an inclusive monthly figure from £175 - £250, based on review of other work hubs in Devon

CRANBOXES

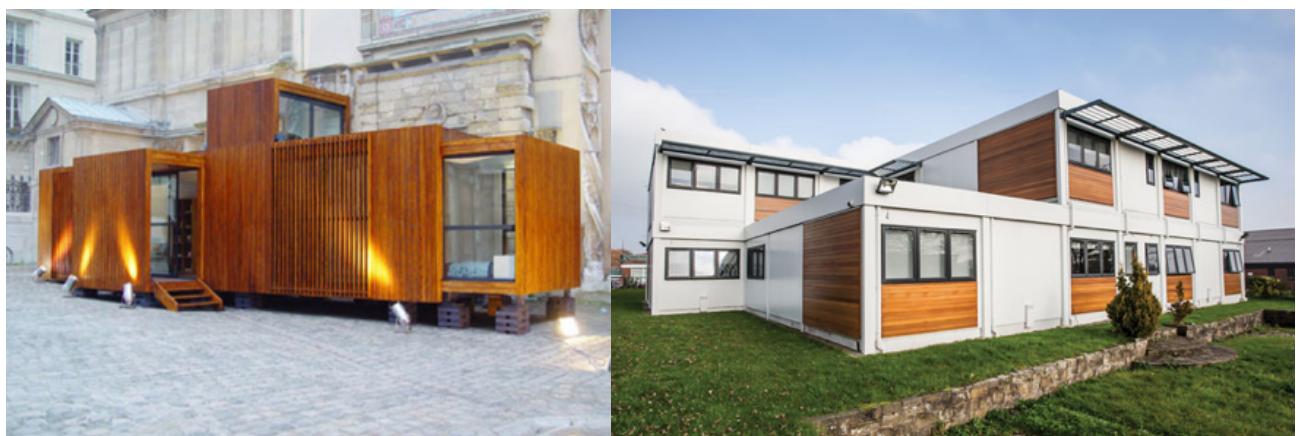
What it is

The basic concept of Cranbox is to provide relatively low cost, modular units for a variety of small business uses. Initially, the uses are likely to be for retail, catering and craft - but small office uses could be accommodated.

The key advantage of Cranbox is that the modular, flexible design enables units to be created early on in the development of the different phases of Cranbrook's expansion. It will immediately offer local people a range of small shops and cafes and workshop units - providing retail and work opportunities. As demand increases, units can be added or reconfigured to fit new uses. In time, the whole structure could be moved to other parts of the growing town - perhaps replaced by more permanent retail buildings, or remaining to provide a useful interim step on the retail business ladder.

Cranbox could be built from a range of modular units - from shipping containers to high-spec ecospace.

There is an important debate to be had between the community, the developer consortium and the planning authority about the design, construction and locations of the Cranbox concept. Some will feel that the urban, industrial look of shipping containers is completely inappropriate to a new, rural town like Cranbrook. Others may feel that it would offer an architectural statement to contrast with the relative blandness of the housing offer. Nevertheless, there are many options available that would provide a high-quality adaptable set of spaces for local businesses. A Cranbrook Enterprise Company could own and manage the Cranboxes as a community asset.



When it will be provided

The timing for Cranboxes needs to fit with development of Cranbrook Town Centre. However 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.

The pilot phase, of 3 Cranboxes, is proposed to start in 2016/17 (subject to discussions and agreements as above), with a further 5 Cranboxes purchased for the town centre (marketplace) in 2017/18, to link with town centre development. There is then potential for the pilot phase Cranboxes to relocate to the east of Cranbrook in the future.

What the capital costs will be

Costs for fully fitted out units would vary from £10,000 to over £50,000 depending on the end use, size, materials, location and environmental quality:

- Total capital purchase costs for 8 units - £160,000; plus site preparation of £15,000
- Estimated cost per unit (including fitting and installation) taken here equates to £20,000
- Costs are based on a standard unit of 20ft x 8ft (equivalent to 15m²).

Rental levels of between £80 - £150 per m² per year is assumed (depending on whether the location is non-town centre or town centre location)

ENTERPRISE CENTRE

What it is

An Enterprise Centre provides managed workspace and office services to small businesses. They tend to be larger and offer more suites of separate offices for individual businesses. They may be more formal in the approach to shared and public-facing services. Many enterprise centres will provide high quality business services, meeting space and business advice / training sessions. The Enterprise Centre at Cranbrook could act as 'grow on' space for developing businesses in Cranbrook, including moving on from work hubs or office pods. It will still have shared services for tenants and business networking opportunities and can also enable businesses to be more independent.

While there are similar centres at Honiton, Exmouth and in Exeter; the west side of East Devon has a relatively high concentration of micro and small businesses. Science Park is building an enterprise centre although this is targeted at science and technology businesses and likely to be linked to Exeter University and innovation support and business start ups . Provision in Cranbrook would not be competitive with this offer – and could benefit from it if there are opportunities to link into, move on to, and provide support services to businesses located there.



When it will be provided

The Enterprise Centre is timed for development in 2019/20 in a single build phase with a total lettable area of 920 m² plus 15% non lettable space to cover toilets,kitchen etc. It could be divided into two build phases if required.

It is also envisaged that the work hub programmed for 2020/21 could be co-located with the Enterprise Centre.

What the capital costs will be

- Estimated total capital construction and fit out costs - £1,954,000
- Construction costs assumed as £1,800m² based on industry standards
- Rental levels assumed as £160 per m² per year inclusive of service charges

OUTPUTS

The **Business Ladder** (all components) is intended to have a range of outputs, scoped as:

Immediate:

Development of detailed business plans for Cranbrook Business Ladder; e.g. land negotiations, Plan for Cranbrook. Cranbrook Economic Development Strategy (incorporating Cranbrook Business Ladder)

2015 onwards

Workspace provision of:

- Home working office pods for rent: initially 6 building up to 10 by 2018/19
- 12 market stalls and creation of market place in town centre from 2017/18
- 3 work hubs each of c120 sq.m. spread across Cranbrook (west, central, east) developing from 2017/18 with final provision in 2022/23
- Initial pilot of 3 Cranboxes (prior to town centre development) from 2016/17, with development of a further 5 Cranboxes in town centre adjacent market place in 2017/18
- 1058 sq.m. Enterprise Centre, constructed in 2019/20
- Estimated full time equivalent jobs available annually by workspace development proposed once fully operational: c140
- 2015/16 - Cranbrook Business Forum established
- Ongoing: business advice and training facilitated
- 2015/16 Cranbrook Enterprise Company – legal status established
- Ongoing: Company operational, managing Business Ladder assets and developing further opportunities for community enterprise as and when possible

Cost Benefit Analysis

An outline cost benefit analysis (CBA) for the various elements of the Cranbrook Business Ladder has been undertaken because it is important to:

- show that the Business Ladder will be used and offer good value for money
- understand the sustainability of the package of elements that make up the Business Ladder
- help the embryonic Cranbrook Enterprise Company develop the business plan towards implementation.

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. The cost benefit analysis has therefore looked at the Business Ladder components as new provision.

The 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

The 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 8: 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
Work hub	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

Table 9: Cranbrook Business Ladder SWOT

Strengths	Weaknesses	Opportunities	Threats
Good provision of publicly funded infrastructure enabling development to proceed, including good transport links locally and to the strategic transport network.	East Devon wage levels and productivity are below average.	Rapidly growing population – and therefore labour force/market.	Scale of challenge to create a new town centre and business functions at Cranbrook.
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.	Without positive action, there is a danger that Cranbrook will perpetuate the broader low productivity economy.	Detailed Cranbrook plans developing and open to positive influence.	Other proposed retail and leisure developments in the east of Exeter and at M5 J27, which may displace footfall and expenditure.
Established community network and embedded community development worker.	No shared view or complete understanding of flexibility of individual positions between consortium and stakeholders on the retail and commercial development at Cranbrook.	Strong Exeter and East Devon local economy provides a good business environment.	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.
Development of initial plans for enterprise in Cranbrook.	Unclear functional relationship between Cranbrook, the neighbouring strategic employment allocations and existing development in Exeter and East Devon.	Strong start-up SME economy with good rates of business formation and above average survival rates	Continued international economic fragility which could affect development at Cranbrook as well as the UK.
Early provision of primary school and community building.	Lack of linkages with neighbouring businesses on the former A30.	Based on our estimates, there may be 350 micro-businesses by the time Cranbrook is built out.	High profile employment sites nearby may reduce demand for business premises in Cranbrook.
District heating system providing energy security and costs benefits	No major 'anchor' employment business(s) identified for Cranbrook.	Establishment of education links may create a skilled prosperous local workforce with disposable income.	A softening in the housing market may have an impact on the speed of delivery.
Good broadband provision.		Potential partner support for enterprise facilities and support at Cranbrook.	Reliance on Help to Buy to date – a risk if this incentive dries up and no sustainable jobs market available to home buyers
Large scale housing development provides scope for a differentiated offering and potential niche products - i.e. home work 'pods'.		Clyst Valley Regional Park to provide commercial leisure opportunities.	
		Phase 2 education campus and sports/leisure facilities will generate footfall and market interest.	
		Flexible employment space could complement traditional space in rest of Growth Point	
		New secondary school with strong enterprise, innovation and business focus	

Potential Financing Options

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, 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.

New Community Partners (the development consortium) 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 with the town 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 (around £3.4million). 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 was 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. A viability assessment undertaken for the Business Ladder demonstrates the ability of the business to do this over the medium term.

However, there would be considerable advantage if the early development phase was supported, until significant incomes were being generated. Opportunities for this could be through the Heart of the SW LEP, BIG Lottery and NCP. Other grant making trusts whose aims align with those of the Business Ladder could also be opportunities.

This early phase also requires some specialist development experience, beyond the operation of the facilities. 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.

Examples of business support programmes

Scheme name	Scheme type	Business type	Brief description
New Enterprise Allowance	Finance	Start-ups – home pod, market stalls, Cranbox, work hub	Can provide money and support to start ups if the individual is receiving certain benefits.
Start-up loans	Finance	Start-ups – home pod, market stalls, Cranbox, work hub	Loans and mentoring for people over 18 years old who are looking to start a business. Backed by the Business Bank.
Better business finance	Finance	Start-ups or established – all elements of the business ladder	Provides UK businesses with free, quick and easy access to a directory of approved finance suppliers including business angels, regional funds and government schemes and banks
Business growth service	Finance	Start-ups or established SMEs – all elements of the business ladder	The Business Growth Service brings together specialist advice, export and finance support so that businesses with ambition and capacity to grow can get personalised support.
Business solutions (South West)	Finance	Start-ups or established SMEs – all elements of the business ladder	The specialist business support products and services are funded through 'Solutions for Business' and the European Regional Development Fund (ERDF).
Heart of the South West business support	Finance	Start-ups or established SMEs – all elements of the business ladder	The support is aimed at people and businesses in predominately rural areas throughout Devon and Somerset. It is part of the Rural Growth Network for Devon and Somerset.
Outset finance	Finance	Start-ups or established micro businesses – home pod, market stalls, Cranbox, work hub	A free access to finance service that offers hands-on help for pre-starts, start-ups and small firms looking to grow
Social enterprise loan fund (England)	Finance	Start-ups or established social enterprises – home pod, market, Cranbox, work hub	Loans for charities and social enterprises that are unable to secure sufficient funding from mainstream sources
South West loans fund	Finance	Start-ups or established SMEs – all parts of business ladder	Loan funds for businesses with growth potential
The Community Generation Fund	Finance	Community/social enterprises	A national fund designed to promote the widespread development of community-owned renewable energy infrastructure projects
Prince's Trust Enterprise programme	Finance	Start-ups – home pod, market stalls, Cranbox, work hub	Supports young people aged 18 to 30 who want to set up their own business but are unable to raise finance
UK Export Finance	Finance	Established – all elements of the business ladder	Trade finance and insurance solutions to support UK exporters.
UK Trade and Investment services for exporters	Finance	Established – all elements of the business ladder	Services offering expert trade advice and practical support to UK-based companies who want to grow their business overseas.
Business support helpline	Support	Start-ups or established – all elements of the business ladder	Generic business support advice on a range of issues delivered via a telephone helpline.

Scheme name	Scheme type	Business type	Brief description
Innovation Vouchers	Finance	Start-ups or established SME – work hub, enterprise centre	An Innovation Voucher of up to £5,000 to work with an external expert for the first time. These include universities, FE colleges, research and technology organisations, Catapult centres and technical, design and IP consultancies.
East Devon Business Initiative	Support & Networking	Start-ups or established – all elements of the business ladder	A non-profit making, networking and referral group made up of enterprising small and medium sized businesses in the East Devon and Exeter areas.
Rural Growth Network	Support	Start-ups or established – all elements of the business ladder	A one-stop portal to help rural business in Devon and Somerset start up and grow via a range of business advice and mentoring, workshops and events to develop business related skills and information about relevant funding opportunities.
Devon Work Hubs	Support & Networking	Starts ups or established SMEs - work hub	A growing community of low-cost and flexible workspace. As well as workspace, several of the work hubs are also able to offer in-house business support.

Economy Survey

This Annex summarises the results of two questionnaires carried out in Cranbrook during December 2014 and January 2015:

- An economy questionnaire targeted at businesses or potential businesses already in Cranbrook
- An economy questionnaire for all residents of Cranbrook

The questionnaire was put onto EDDCs website so people could fill it in online. It was also offered on paper, distributed at the Cranbrook market on two occasions. It was publicised using the Belonging to Cranbrook Facebook page and also by a leaflet that was delivered to most households in Cranbrook. The questionnaire was designed by EDDC and Ash Futures Ltd (contracted by EDDC to help with the Economic Development Strategy for Cranbrook). The results were analysed by EDDC.

Cranbrook's Economy Questionnaire: Business responses

The aim of the questionnaire was to give residents with businesses or potential businesses in Cranbrook the chance to help shape the town. There was only 10 responses to this questionnaire - reflecting the relatively low number of business currently running in Cranbrook.

Summary of results

The **most important** help, out of those they were asked about, for the people of Cranbrook looking to set up businesses were small grants and loans to help growing businesses, and a range of business spaces suitable for the needs of a range of enterprises as they grow.

The **most popular** business spaces, out of those they were asked about, were a home office in the garden, a room at home, retail space in Cranbrox and a small retail space in the town centre.

The **most important** factors, out of those they were asked about, for the people of Cranbrook looking to set up businesses were being able to work close to home, easy commuting and space to expand when needed.

NOTE: This very low number of respondents will make the percentages in the results appear better or worse than they actually are as each person (if all 10 answer a question) equals 10%. Where there is an average (mean) score, the higher it is the more important it is to people. This allows for easier comparisons.

Table 10: supporting growing businesses

Thinking about the business you are running or hoping to run in Cranbrook, how important or unimportant are the following to you:	Percentage of respondents (%)				Average score (mean)	No. of replies
	Not important at all	Slightly important	Important	Very important		
Small grants and loans to help growing businesses	11	11	44	33	3.00	9
A range of business spaces suitable for the needs of a range of enterprises as they grow	13	25	25	38	2.88	8
Local training opportunities offered to Cranbrook residents to help provide staff for businesses in Cranbrook and nearby	13	13	63	13	2.75	8
A range of business support to advise businesses at different stages of their development	13	25	50	13	2.63	8

People were given the chance to say what other opportunities were important. Two people commented:

- We need large discount chains (Aldi, Lidl) and a Poundstretchers not outdated small overpriced local butchers / bakers, etc.
- Low cost start-up premises, i.e. reduced rents for the first year or two, business rates relief. Plentiful free car parking is essential to the town centre.

Table 11: business space

What sort of space do you feel your business, or potential business, would be looking for>	Percentage of respondents (%)					No. of replies
	Yes, as soon as possible	Yes, when I start my business	Possibly in the future	Possibly, when my business expands	No, not interested	
A home office in the garden (a home office pod)	0	0	57	0	43	7
A room at home	29	0	14	0	57	7
Retail space in Cranbox (modular spaces to rent on flexible terms)	0	13	13	0	75	8
Small retail space in the town centre	0	13	13	0	75	9
Large retail space in the town centre	0	0	0	14	86	7
A stall on the local market	13	0	0	0	88	8
A desk that you can rent as and when you need in a local Business Hub	13	0	0	0	88	8
Workshop space in Cranbox (modular spaces to rent on flexible terms)	0	0	0	13	88	8
A rented office in a specialised centre that supports growing businesses	0	0	0	13	88	8
A workshop unit within Cranbrook	0	0	0	13	88	8
A suite of offices in a purpose built office building	0	0	0	0	100	8

Table 12: local issues

Thinking about the business you run, or are hoping to run, in Cranbrook, how important or unimportant would the following things be to you?	Percentage of respondents (%)				No. of replies
	Not important at all	Slightly important	Important	Very important	
Being able to work close to home	0	14	14	71	7
Ease of commuting	0	0	57	43	7
Space to expand when needed	0	14	29	57	7
Lack of traffic	0	14	57	29	7
Being able to use my qualifications	14	14	14	57	7
Good quality working environment	0	14	57	29	7
Opportunities to network with other businesses	14	14	14	57	7
Finding good quality staff	14	14	29	43	7
Being able to provide local services	29	0	29	43	7
Good quality business support services	14	29	14	43	7
Being able to work from home	29	14	14	43	7
Good public transport	29	0	43	29	7

What do you think would make Cranbrook a good place to do business?

Seven people commented:

- Keeping the community feeling, promoting independents over chains to an extent and support for this.
- No-one here is actually in need of anything. We live in new homes. The gardens are so tiny there is no call for landscaping, gardeners, etc. We don't need anything painted.
- Allowing local independent businesses the opportunity to start their businesses rather than being priced out of the market
- Growing number of residents
- Wider range of internet services not just See The Light
- Awareness of local business services available
- Social club

What do you think are the three biggest opportunities for Cranbrook?

Fifteen comments were made altogether:

- New & local business
- Ability to quickly leave Cranbrook, being close to Exeter, the motorway and the A.30
- Leisure - restaurants and bars
- Retail; including food retailers
- Community
- Local food and drink products
- Supermarket
- Independent craft/home furnishing shops
- Professional services including doctors, dentists, pharmacist, solicitors, accountants etc.
- Building links with wider community
- Coffee shop and restaurant
- Doctor
- Catering, including pubs, restaurants and cafes.
- Local shop
- Social club

What do you think are the three biggest threats to the economy of Cranbrook?

Fourteen comments were made altogether:

- Allowing too many chains in
- The fact that 40% of us are poor and can't afford any of the stuff suggested on our behalf.
- Major retailers domineering the market
- Lack of cooperation from the Consortium
- Bigger businesses arriving and out pricing the smaller ones that are establishing currently.
- Lack of interest
- Superstore / supermarkets
- Lack of large discount shops selling items we can afford
- Excessive rents for commercial space
- Lack of investment
- Discounters
- Having to travel over a mile walking down a dangerous road to be able to buy a pint of milk
- Inadequate infrastructure including car parking
- Wetherspoons

Table 13: types of business

How many staff does your business or organisation employ?	Currently	In three years
	Percentage of respondents (%)	Percentage of respondents (%)
Only volunteers	0	0
Just myself	67	50
1 to 4 people	17	25
5 to 9 people	0	25
10 to 19 people	17	0
20 to 49 people	0	0
50 to 199 people	0	0
More than 200 people	0	0
Number of respondents	6	6

Respondents were allowed to tick all the answers that applied. Eight respondents gave 15 different responses.

Table 14: status of business

Is your business or organisation:	Number of respondents
Currently in existence and operating out of Cranbrook	4
Currently in existence elsewhere but am hoping to move it or part of it to Cranbrook	0
Does not currently exist but am hoping to set one up within Cranbrook	1
Other	1

Table 15: number of employees

Which of the following best describes the type of your business / organisation or potential business / organisation?	Percentage of respondents (%)
Provider of business services	29
IT/ web/ web design	29
Food and drink	29
Arts and culture	29
Transport	14
Wholesale or distribution	14
Health or social care	14
Crafts	14
Social or community enterprise	14
Community or voluntary group	14

Cranbrook's Economy Questionnaire: Residents responses

The aim of the questionnaire was to give residents in Cranbrook the chance to help shape the town. There were 109 responses to this questionnaire.

The questionnaire covered various questions related to living in Cranbrook including the leisure and recreation services/facilities available and shopping opportunities. The following summarises the results most applicable to the EDS.

- About 80% of respondents identified services such as shops and cafes as important/very important.
- 49% of respondents identified employment opportunities in Cranbrook as important/very important whilst a further 71% identified employment opportunities outside but near to Cranbrook as important/very important

Table 16: local facilities

How important or unimportant are the following for you to have?	Percentage of respondents (%)				No. of replies
	Not important at all	Slightly important	Important	Very important	
Good local services. For example youth clubs, playgroups, doctors	0	4	28	68	107
Good public transport	3	9	27	61	107
Easy access to Exeter and other towns	1	10	34	55	109
Good schools in Cranbrook	8	5	26	62	107
A wide variety of shops in the town	3	17	34	47	109
Cafes, restaurants and pubs in Cranbrook	5	17	32	47	109
A vibrant local community. For example one where people are active in starting and running clubs and activities.	2	18	39	40	109
Places for physical activity in Cranbrook	4	19	39	38	107
Outdoor activities in the town	3	27	44	26	108
Employment opportunities outside of Cranbrook but nearby	7	22	45	26	106
Employment opportunities in Cranbrook	21	30	31	18	105
Access to local arts and cultural venues	25	45	23	7	108

A further question on shopping and leisure facilities in Cranbrook also identified the importance of locally owned/independent shops, cafes etc.

Table 17: shopping and leisure

How important or unimportant are the following for you to have? Is having the following shopping and leisure facilities in Cranbrook to you?	Percentage of respondents (%)				No. of replies
	Not important at all	Slightly important	Important	Very important	
Locally owned / independent smaller shops selling everyday items, for example bakers, grocers, butchers	1	16	27	57	108
Sports and leisure centre	1	7	45	46	108
Locally owned / independent cafes and restaurants	7	17	27	49	108
Locally owned / independent pubs and bars	8	20	28	44	107
Major supermarket	20	20	24	36	105
Smaller national chain shops, for example Martins newsagents	23	29	38	10	102
Locally owned / independent smaller shops selling non essential items such as arts, crafts and gifts	26	34	22	18	105
Pubs and bars owned by national chains, for example Wetherspoons	39	21	22	18	107
Cultural venue, for example a theatre	27	43	22	8	108
Cafes and restaurants owned by national chains	33	37	18	13	104
Cinema	37	38	19	6	107
Major national retailers, for examples Next, Currys	49	28	13	11	103
Late night music venue	67	19	9	5	106
Charity shops	64	27	8	1	106
Other	0	0	27	73	18

Consultation

Before and during this work on the Economic Development Strategy for Cranbrook, the community and key stakeholders have been closely involved in helping to plan for the future of Cranbrook.

In the autumn of 2013, a community needs survey was run, 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%.

This survey was supplemented by a further survey in December 2014/January 2015 focusing on the economy with questions about services needed in Cranbrook. A summary of this survey is provided in Annex Seven (above). This again identified the importance of services such as shops, café, and pubs:

- 80% of respondents identified services such as shops and cafes as important/very important.
- 49% 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.; 84% identified such shops (selling every day goods e.g. bread) and 76% 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. Since then, several workshops have been held, run by Locality, to develop ideas further and to plan for the establishment of a community company.



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). 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.

③

What should the LADDER include?

- MARKET STALLS IN A MARKET PLACE
- SMALL WORK HUBS
- CRANBROOK - small temporary space
- ENTERPRISE CENTRE

④

Would you support

- PACKAGES OF BUSINESS SUPPORT
- LOCAL TRAINING OPPORTUNITIES
- ACCESS TO GRANTS & LOANS

Anything else?

CRANBROOK - Economic

To support Cranbrook as a Small Enterprise Town a range of business spaces suitable for the needs of businesses to develop from kitchen table to their own dedicated unit taking the risk out of each step as a business grows



Business Ladder - premises for growing bus

CRANBROOK - Economic S

In addition to the premises in the business ladder, we are suggesting other things which can help small businesses to grow.

Local training for small businesses and their staff

Access and signposting to grants and loans

Advice and support for growing businesses

Support for small and community enterp

①

Should Cranbrook aim to be self-sufficient? •••••••

Should Cranbrook have closer links to Exeter? •••••

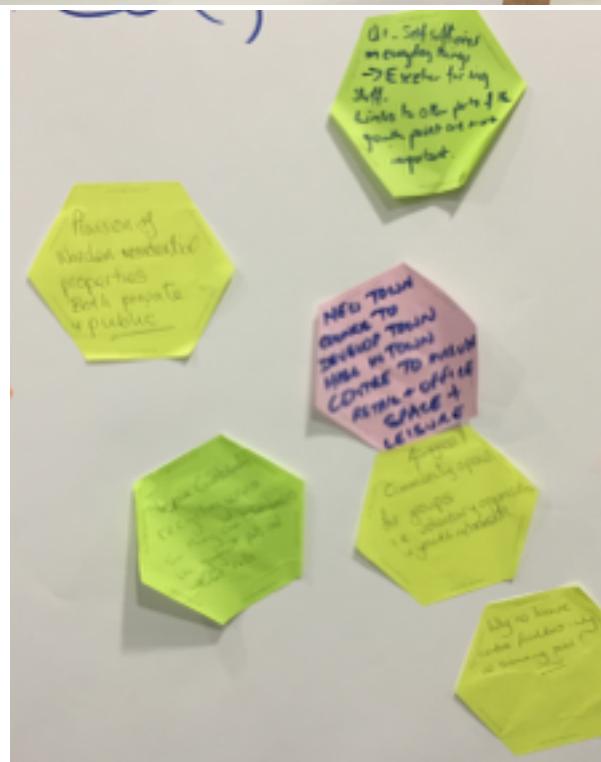
②

Should Cranbrook be more than a "dormitory" town? ••••••

Is it important that Cranbrook has employment & business opportunities? •••••

Where should those activities be?

- Town CENTRE ••••
- SPREAD THROUGH THE TOWN •••••••
- ON THE OUTSKIRTS •••••



Stakeholder involvement

A range of key organisations meet regularly as Cranbrook Delivery partners to ensure close working to shared aims and objectives. As part of the work for this strategy, the consultants have held individual meetings with New Community Partners, Homes and Communities Agency, the Heart of the South West LEP, the interim Head of the the new Secondary School, the Growth Point and the managers of SkyPark and Science Park.