

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b>	Discretionary /	Be entirely within Cabinet's powers to decide	YES	
	Operational	Need to be recommendations to Council	NO	
		Is it a Key Decision	YES	
Lead Member: Cllr Nick Daubney E-mail: cllr.nick.daubney@west-norfolk.gov.uk		Other Cabinet Members consulted: Cllr Alistair Beales		
		Other Members consulted:		
Lead Officer: Ostap Paparega E-mail: ostap.paparega@west-norfolk.gov.uk Direct Dial: 01553 616890		Other Officers consulted: Ray Harding, Management Team, Lorraine Gore, Joanne Stanton		
Financial Implications YES	Policy/Personnel Implications NO	Statutory Implications YES	Equal Impact Assessment NO	Risk Management Implications NO

Date of meeting: 9<sup>th</sup> September 2015

### NAR OUSE BUSINESS PARK ENTERPRISE ZONE

#### Summary

The Borough Council has been invited by the New Anglia LEP to put forward a site for Enterprise Zone status as part of a multi-site New Anglia Enterprise Zone. This report outlines the key elements of the new wave of Enterprise Zones and details the proposal to put forward the employment land – Nar Ouse Business Park - on Nar Ouse Regeneration Area (NORA) for Enterprise zone status.

#### Recommendation

It is recommended that Cabinet:

1. Approves the submission of Nar Ouse Business Park for Enterprise Zone status as part of a multi-site New Anglia Enterprise Zone, as outlined in Appendix 1.
2. Endorses the proposed Business Rates Growth sharing formula, as described in paragraph 8 of this report.
3. Delegates authority to the Chief Executive in consultation with the Leader of the Council to undertake any further negotiations with the New Anglia LEP to enable the Enterprise Zone proposal to be submitted to Government by 18 September 2015.

#### Reason for Decision

This proposal meets the following corporate objectives, as stated in the Corporate Business Plan 2011-2015:

People in West Norfolk benefit from a growing economy:

- Stimulate business growth and investment

- Support new and growing businesses and promote business success
- Ensure local business needs and priorities are reflected in the sub-regional economic strategies prepared by the two Local Enterprise Partnerships covering West Norfolk
- Promote West Norfolk as an area to invest in
- Remove physical barriers to growth
  - Ensure an adequate supply of land and premises

People in West Norfolk maximise their potential:

- Develop a skilled workforce
  - Support the growth of local employment opportunities

## Background

1. The new generation of Enterprise Zones (Wave 1) was first announced by Government in 2011 when 21 were established across England. They “reflect the Government’s core belief that economic growth and job creation should be led by the private sector”. (Enterprise Zone Prospectus, DCLG, 2011).
2. “At the heart of these new Enterprise Zones is a desire to remove barriers to private sector growth through reduced burdens for businesses, particularly in terms of lower tax levels, planning and other regulatory and administrative burdens”. (Enterprise Zone Prospectus, DCLG, 2011).
3. Wave 2 of the New Enterprise Zones was announced in July 2015 and will offer the following incentives (EZ application form, DCLG, July 2015):
  - Local Enterprise Partnerships (LEPs) retaining 100% of business rate growth for 25 years. Government expectation is that this will be used to fund development required on the Enterprise Zone sites.
  - A business rate discount for occupiers for five years. Central government will reimburse a 100% discount for five years up to the maximum state aid *de minimis* threshold (up to £55,000 per year or up to a maximum £275,000 over a the five year period), for businesses that enter the zone before 31 March 2022, e.g. if a business enters the zone on 31 March 2022, it can receive the discount (subject to *de minimis*) until 30 March 2027.
  - Where a site is in an assisted area, companies investing in plant and machinery can qualify for Enhanced Capital Allowances (ECAs). Capital allowances allow businesses to write down the costs of qualifying plant and machinery assets against their taxable income. This does not apply in West Norfolk.

## **New Anglia LEP proposal**

4. NALEP Board has agreed at its July meeting to submit a bid for a new Enterprise Zone with the theme of “turning innovation into growth”. The proposal is to create a multi-site Enterprise Zone across Norfolk and Suffolk, which will have a “sharp thematic focus”.
5. The emerging themes proposed are: agri-tech, food & health and digital / ICT. Also, NALEP is also proposing linking universities and innovation centres to the new EZ locations, connecting and driving knowledge transfer to businesses.
6. NALEP will decide which sites will be included in the Enterprise Zone bid to Government through open competition. All local authorities in Norfolk and Suffolk have been invited to put forward a site of between three and 20 hectares, that is clean (i.e. no contamination or existing buildings) and deliverable i.e. works can start on site in April 2016.
7. Key selection criteria for sites are readiness in planning and infrastructure terms.
8. Although LEPs are entitled to retain 100% of business rates for 25 years, NALEP are proposing a formula splitting the rates as follows:
  - 10% retained by the Local Authority – no conditions
  - 35% ring fenced for investment in the Enterprise Zone site
  - 55% paid to the LEP to create a fund to invest in development projects across the entire LEP area.
9. All sites submitted will be appraised by the LEP Executive in the week beginning August 10<sup>th</sup> and the site selection agreed by a specially created LEP sub-group in the week beginning August 17<sup>th</sup> or August 24<sup>th</sup>. NALEP Board will sign-off the bid in the week beginning September 14<sup>th</sup> and the bid will be submitted to Government on Friday 18<sup>th</sup> September.

## **Summary of NORA proposal**

10. The full Outline Proposal is attached at Appendix 1. Below is a summary of key elements.
11. NORA will have a sector focus on advanced manufacturing / engineering, as it is considered one of the underpinning sectors, which supports the core innovation sectors.
12. The site is 11.5 hectares (28.5 acres) and could accommodate in the order of 48,000 sqm of employment floorspace.
13. The site benefits from existing outline planning consent for a mix of offices, research and development, warehousing and industrial units. An indicative quantum of floorspace based on the approved Masterplan is:

- B1 (offices) – 24,000sqm
- B2 (general industrial) – 15,000sqm
- B8 (warehouses) – 9,000sqm

Market demand

14. Table A below shows inward investment enquiries received by the economic development team from 2011 to date:

**TABLE A**

Enquiries	April 2011 to May 2015	
	Sqm	Hectares
Local businesses	52,800	8
External enquiries (West Norfolk specific)	45,100	8
<b>TOTAL</b>	<b>97,900</b>	<b>16</b>

15. The figures in TABLE A reflect enquiries by local companies and external enquiries, which were West Norfolk specific i.e. West Norfolk was identified as a preferred location.

16. NORA can accommodate around 48,000 sqm of employment floorspace, although the figures in TABLE A above show that demand outstripped supply in the past few years with enquiries totalling 97,900 sqm of employment space.

17. Table B below shows demand profile by uses.

**TABLE B**

<b>Use/Sector</b>	<b>Local Enquiries</b>	<b>External Enquiries</b>	<b>Total (%)</b>
Advanced Manufacturing & Engineering	64.3%	64.3%	64.3%
Food Manufacturing & Processing	7.1%	7.1%	7.1%
Low Carbon & Renewables		7.1%	2.4%
Call Centres & Offices	3.6%		2.4%
ICT, Telecoms and Digital	3.6%		2.4%
Warehousing and Logistics	14.3%		9.5%
Other	7.1%	21.4%	11.9%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

18. Table B shows that almost two thirds of all inward investment enquiries were for business in the advance manufacturing & engineering sector, which is the proposed sector focus for the Nar Ouse Business Park Enterprise Zone.

#### Business rates

19. The quantum of uses described in paragraph 13 would generate £33.6m in business rates over a 25 year period (£1.34m per annum). If the LEP's sharing formula is applied, then the annual distribution is as follows:

- 10% Local Authority - £134,400
- 35% NORA development - £470,400
- 55% NALEP - £739,200

20. If the LEP's business rates sharing formula is applied, then approx. 45% of the business rates growth will be retained locally.

21. Under the current Norfolk Business Rates Pool arrangement the Borough Council retains 50% of its local share of retained business rates growth with the remaining 50% going to the Pool. Based on the potential additional business rates generated the Borough would retain £226,800 of the growth and £226,800 would go to the Norfolk Pool.

22. Retained business rates works as follows:

Total Business rates collected:

- 50% central share
- 40% Local share Districts
- 10% Local share County

23. Without a pool, 50% of its local share of retained business rates growth is retained by the District with the remaining 50% going to Central Government

### Options Considered

24. Options 1 - Develop NORA with Enterprise Zone status

Table C outlines the benefits and disadvantages of putting the Nar Ouse Business Park forward for Enterprise Zone status.

**TABLE C**

Option 1 – Develop NORA with Enterprise Zone status	
Benefits	Disadvantages
<ul style="list-style-type: none"> <li>• Attraction of new businesses/inward investment and jobs through tax breaks</li> <li>• Potential to accelerate development of the site</li> <li>• Access to funding for site infrastructure and other development requirements</li> <li>• Prioritised enhanced marketing by UK Trade &amp; Investment and New Anglia LEP</li> </ul>	<ul style="list-style-type: none"> <li>• Restricts development to agreed sector focus of advanced manufacturing / engineering</li> <li>• Risk of employment and business displacement</li> </ul>

25. Option 2 – Develop NORA without Enterprise zone status

Table D outlines the benefits and disadvantages associated with developing NORA without Enterprise Zone status.

**TABLE D**

Option 2 – No Enterprise Zone status, site developed in accordance with Masterplan	
Benefits	Disadvantages
<ul style="list-style-type: none"> <li>• No restriction on types of business as long as conforms to master plan</li> <li>• Expansion plans of local businesses can be accommodated</li> </ul>	<ul style="list-style-type: none"> <li>• No or severely reduced access to external funding for key infrastructure and other development requirements</li> </ul>

### Preferred option

26. On balance, the benefits of Option 1 outweigh its disadvantages and the benefits of Option 2 and therefore Option 1 is recommended to Cabinet for approval.

### **Policy Implications**

27. This proposal meets the Corporate Business Plan's strategic objectives of stimulating business growth and investment, removing physical barriers to growth and developing a skilled workforce.

### **Financial Implications**

28. The Council's Financial Plan 2014-2018 does not include any allowance for additional business rates growth from the development of the NORA site. There is therefore no immediate financial impact on delivery of the Financial Plan 2014-2018.
29. Approval of an Enterprise Zone for the NORA site would mean there would only be potential for retained business rates growth from the NORA site for 25 years as detailed under the NALEP arrangements (paragraph
30. Development of the NORA site to generate business rates growth is dependent on investment in the infrastructure. The Council's approved capital programme 2015-2018 does not include any budget provision for infrastructure on the NORA site and would require capital resources to be identified. The NALEP arrangement would provide funding specifically for development of the NORA site.
31. Any local business displacement would trigger a loss of business rates, the extent of which cannot be quantified before it actually happened.

### **Personnel Implications**

32. There are no personnel implications. New Anglia LEP will appoint an Enterprise Zone Coordinator to manage the zone on a day-to-day basis, however it is very likely that the Borough Council's Economic Development team will work closely with the Coordinator to promote and develop the site.

### **Statutory Considerations**

33. There may be a need for the Local Planning Authority to prepare and implement a Local Development Order (LDO), which would grant automatic planning consent for agreed uses within the Enterprise Zone.

### **Equality Impact Assessment (EIA)**

(Pre screening report template attached)

### **Risk Management Implications**

### **Declarations of Interest / Dispensations Granted**

None

# New Anglia LEP Enterprise Zone Submission

from Borough Council of King's Lynn and West Norfolk

## Nar Ouse Business Park, King's Lynn

### Key points

- Site is 11.5 hectares
- Proposed sector focus: advanced manufacturing & engineering
- Demand outstrips supply:
  - Supply: 48,000 sqm employment space developable on site
  - Demand: 97,900 sqm (64.3% enquiries for advanced manufacturing & engineering sector)
- 2200 new jobs
- £33,600,000 in business rates over 25 years
- Clean, clear site in Borough Council ownership
- Outline planning consent for B1, B2 and B8 uses
- Strong fit with New Anglia LEP's Strategic Economic Plan and Borough Council's Strategic Economic and Infrastructure Investment Plan
- Strong synergy with King's Lynn Innovation Centre (KLIC) on adjacent site
- Primary infrastructure and utilities delivered, but there is a need for further works (phase 2) costing in the region of £3,000,000

### Conditionality

- This submission is subject to Cabinet approval on 9 September 2015
- This submission is conditional to NALEP commitment to provide infrastructure funding, as detailed in Section 6 below.



## 1. Location and Size

Nar Ouse Business Park is situated on the Nar Ouse Regeneration Area, King's Lynn approximately one mile south of King's Lynn town centre (Figure 1). A link road (Nar Ouse Way) runs through the site providing direct access to the A47 (which runs adjacent to the site), A10 and A17. These provide strategic road links to the regional cities of Peterborough (35 miles), Norwich (45 miles) and Cambridge (45 miles). A direct hourly rail service to London via Cambridge operates from King's Lynn train station (1 hour 40 minutes journey duration).

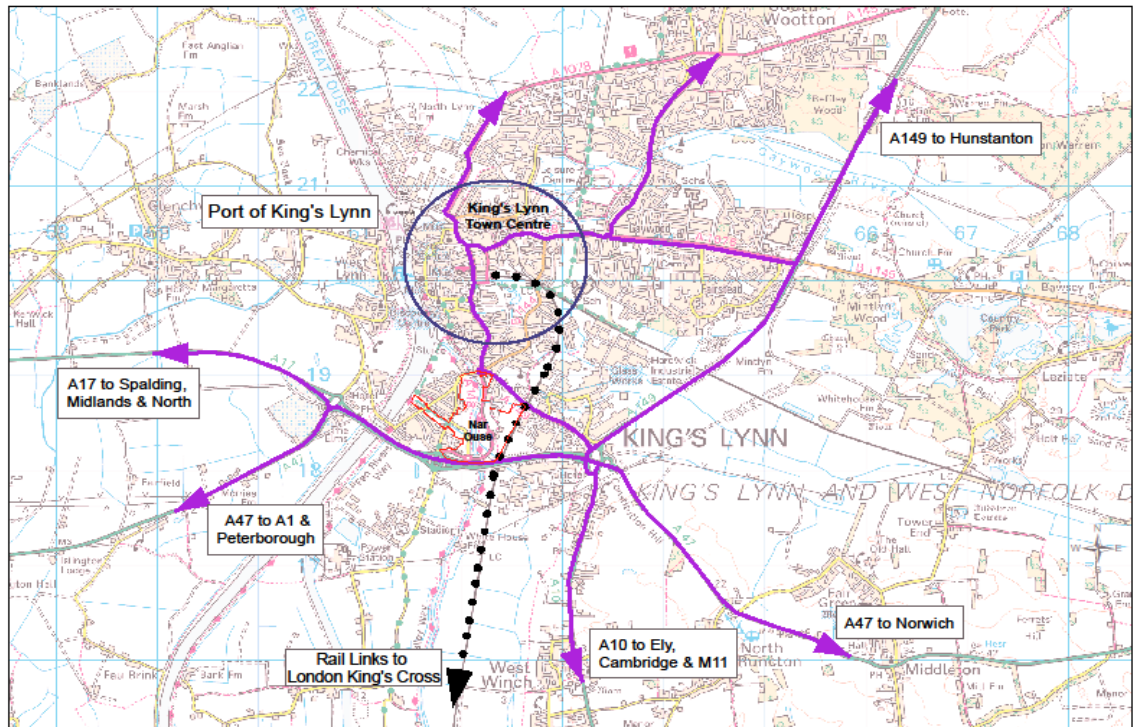


Figure 1: Location of Nar Ouse Business Park, King's Lynn.

The site is 11.5 hectares (28.5 acres) (Figure 2) and could accommodate in the order of 48,000 m<sup>2</sup> of employment floorspace. This could create in the region of 2200 jobs<sup>1</sup>.

It is proposed that Nar Ouse Business Park will have advanced manufacturing and engineering sector focus and will accommodate the King's Lynn Innovation and Enterprise centre.

<sup>1</sup> Based on HCA Employment Densities Guide 2010

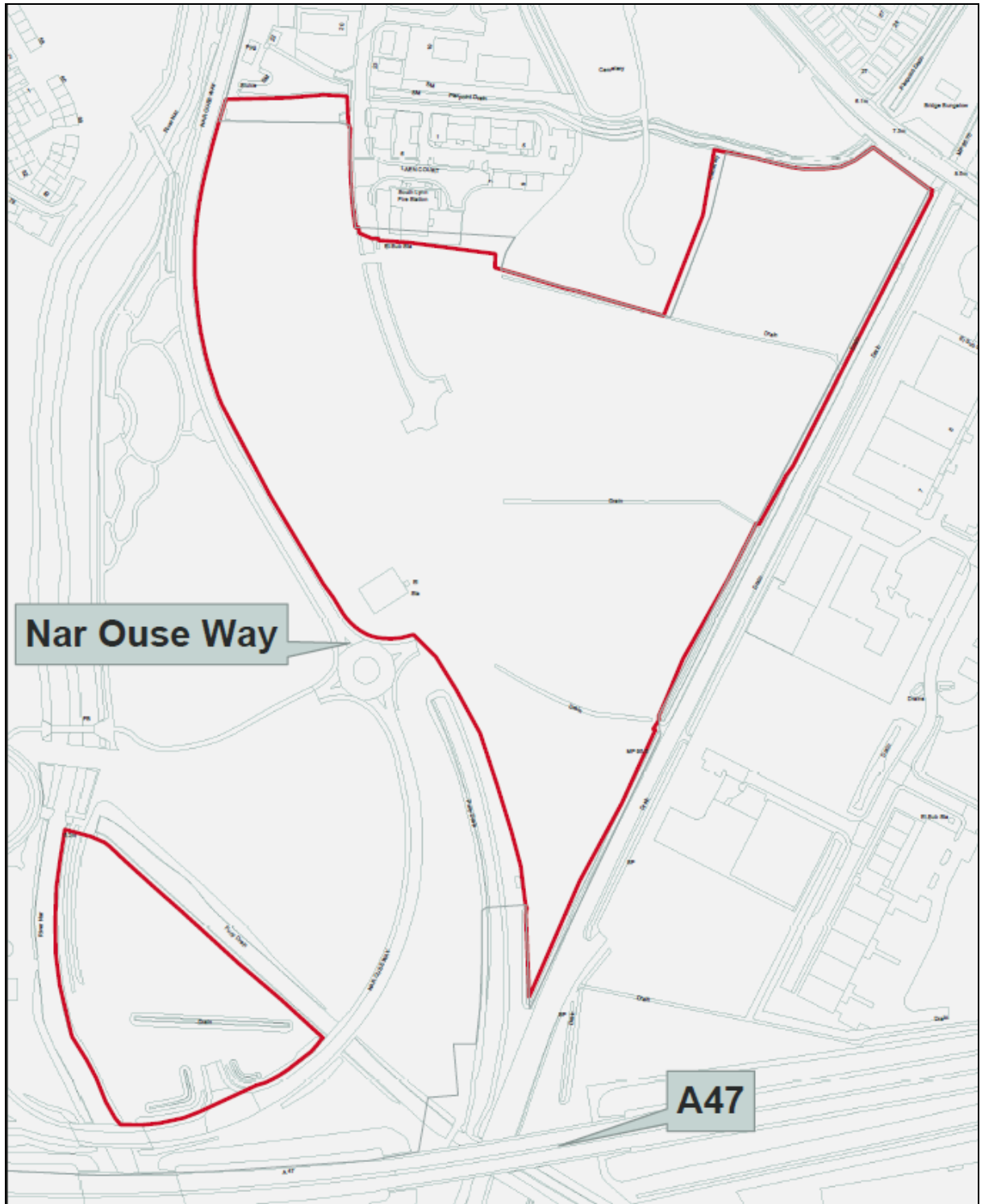


Figure 2: Boundary of Nar Ouse Enterprise Zone

It is a clean and clear site. There are no existing buildings and the statutory liabilities on land remediation have been discharged.

## 2. Strategic Fit

King's Lynn is the economic driver for a defined and relatively self-contained economic sub region of 200,000 population within the LEP area. There is a clear vision for growth, as set out in the adopted Local Development Framework Core Strategy, aimed at increasing the population of the town to 50,000, accommodating 7,000 new houses and at least 5,000 additional higher value jobs.

The Council's Strategic Economic and Infrastructure Investment Plan identifies the main sectors which are and will remain major contributors in terms of jobs and GVA and where there is a long term growth potential.

West Norfolk has core advantages in these sectors in terms of the numbers of businesses, the skill base and the supply chain that creates a critical mass. The key sectors include:

Food manufacturing and agri-tech businesses – this sector embraces the complete food supply chain from primary production through to food processing and distribution including agrichemicals and biofuels, research and development of technology and the manufacturing of agricultural and processing machinery. The borough has a strong representation in this sector and a number of leading edge businesses. The sector employs 6,200 people which is equivalent to 13.0% of the workforce compared with 9.4% nationally.

Advanced engineering and hi-tech manufacturing - this sector includes manufacturing, engineering, technical consultancy and associated research and development. This sector is well developed locally, benefitting from significant expertise amongst the existing businesses and the supply chain activity. The sector is estimated to provide 2,400 jobs in the area, representing 5.1% of local employment (compared to 3.8% nationally). This sector has the potential to boost the area's GVA and productivity, especially through export growth.

The creation of an Enterprise Zone will have a strong fit with the priorities and outcomes of the New Anglia LEP SEP:

- It will have a central role in developing and growing the economy within the A10 King's Lynn to Downham Market Growth Location and will contribute in securing the target of 5,000 additional higher skilled jobs in the local economy by 2021. The additional jobs will be part of the 95,000 additional jobs the LEP is targeting by 2026. (Growth Locations)
- the Zone will support and facilitate growth in the LEP high impact sectors of advanced manufacturing and engineering, agri-tech and food and drink.(Growth Sectors)

- business support will be delivered through the Innovation Centre. The focus of the support will be on promoting and facilitating business and productivity growth, especially in SMEs, business start-ups, encouraging enterprise and improving access to markets. (Enterprise and Innovation)

The zone will provide a range of development opportunities that will complement and add to the existing employment base. The types of activity will include advanced manufacturing and engineering, food manufacturing and processing and agri-tech related businesses along with knowledge based enterprises and associated R and D activities.

As a result of the distance from the City Region economies of Cambridge, Peterborough and Norwich and the contained nature of the local economy it is unlikely that there will be displacement within LEP area. Growth is envisaged to come from new business ventures from existing businesses, indigenous business creation as well as new investment.

The business rate discount will act as a significant development incentive to attract direct and indirect job creation to the northern, more deprived part of the LEP area.

In summary, the creation of an Enterprise Zone on the Nar Ouse Business Park will make a direct contribution to realising the priorities and growth aspiration of both the LEP and local authority by:

- Providing a catalyst for sustainable job growth in an area of significant deprivation
- Building on the key sectoral strengths of advanced engineering and manufacturing, food manufacturing and processing and agri-businesses that will increase GVA, employment and supply chain competitiveness
- Providing land, premises and support for high growth SMEs and new business ventures.

### 3. Types of Buildings

The approved Masterplan for the site identified a mix of offices, research and development, warehousing and industrial units.

An indicative quantum of floorspace within the Enterprise Zone, based on the Masterplan, is:

B1 - 24,000m<sup>2</sup>

B2 - 15,000m<sup>2</sup>

B8 - 9,000m<sup>2</sup>

These uses would generate £33.6m in business rates over a 25 year period.

#### 4. Deliverability

The area is identified for employment uses in the Local Development Framework and planning consents for employment uses have been granted (Planning consents: 05/00691/OM and 09/02010/F)

The use of Local Development Orders would be applied to specific developments in accordance with the existing masterplan and the plans already approved by the Planning Authority.

The Enterprise Zone is available for business with the land fronting on to the Nar Ouse Way available for development now. However it is anticipated that the Zone will accommodate a number of developments and this will require further infrastructure and utilities to be provided to open up the land to the rear into a number of plots. Details on costs and timescales are set out in Section 6.

#### 5. Land Ownership

The site is in the ownership of the Borough Council.

#### 6. Infrastructure issues

The primary infrastructure has been constructed and the utilities have been brought onto the site. However it will be necessary for a further stage of servicing (Phase 2) to provide the infrastructure required for individual plots.

Further road infrastructure and utilities need to be provided to the individual development plots. Preliminary design for the alignment of the road and potential plot layouts has been prepared but still require the detailed design work to be commissioned (Figure 3).

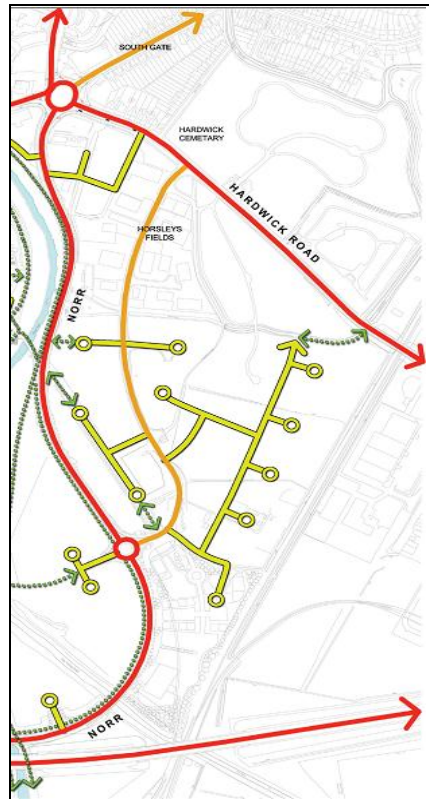


Figure 3: Indicative road layout.

There will also need to be some ground stabilisation works of the areas to be used for parking within the individual developments. The need for the ground stabilisation is because of the abnormal ground conditions which would impose costs over and above those normally associated with standard development costs and has the potential to create a barrier to development.

### Costs

Spine road and utilities	£2,000,000
Ground Stabilisation	£ 750,000
Design and Fees	£ 250,000
Total	£3,000,000

### Delivery of Phase 2 infrastructure works

#### *Highway and utility infrastructure*

Feasibility and design of the service road has been completed to RIBA Stage E / Stage 2.

The next stages of the road infrastructure would include:

- RIBA Stage F-H / Stage 4 (Detailed design, early contractor involvement) from April 2016 – A A47 2016

- RIBA Stage J-L / Stage 5-6 (mobilisation and construction) from August 2016- December 2016

These dates could be brought forward if there was an early announcement on the awarding of Enterprise Zone designation and the funding being released.

### *Ground improvements*

The feasibility and methodology of the ground improvement requirements have been established through the works undertaken as part the development of the King's Lynn Innovation Centre on a neighbouring site. The actual works will be carried out in association with development of the individual plots as they will need to reflect the end use and building footprint.

## 7. Market Analysis

The Borough Council receives investment enquiries from both existing businesses looking to expand their operations in West Norfolk and from businesses considering West Norfolk as a new business location.

Between 2011 and 2015 the Council received 14 external enquiries that specifically identified West Norfolk as a preferred location. These enquiries totalled 45,100 square metres of employment floorspace and 8 hectares of employment land. In addition local enquiries were for 52,800 square metres of floorspace and 8 hectares of land. In total the potential demand was for 97,900 square metres of employment floorspace and 16 hectares of employment land.

The profile of the demand by uses was:

Use/Sector	Local Enquiries	External Enquiries	Total (%)
Advanced Manufacturing & Engineering	64.3%	64.3%	64.3%
Food Manufacturing & Processing	7.1%	7.1%	7.1%
Low Carbon & Renewables		7.1%	2.4%
Call Centres & Offices	3.6%		2.4%
ICT, Telecoms and Digital	3.6%		2.4%
Warehousing and Logistics	14.3%		9.5%
Other	7.1%	21.4%	11.9%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

In addition the Council receives enquiries from UK Trade and Investment that have identified New Anglia LEP and GCGP LEP areas as potential investment locations. The Council responded to the majority of these but the search area for these enquiries is wider than the Borough they have not been included in this market analysis.

The figures shown above demonstrate that potential demand for employment floorspace outstrips supply, as Nar Ouse Business Park has the potential to accommodate 48,000 sqm of employment floorspace, but enquiries have totalled 97,900 sqm.

8. Business Rate Retention

The Borough Council would be supportive of the formula for the business rate retention as set out in the New Anglia Board paper (Item 5a) 21<sup>st</sup> July 2015.

9. Other Issues

An area of land (0.7 hectares) abutting the proposed EZ is currently in the hands of an Administrator. The Borough Council has made a conditional offer for a number of sites within the overall Nar Ouse Regeneration Area, including this land, and the Administrator has advised the Council that it is the preferred purchaser. The sale is expected to be completed imminently.

However the Council is aware that this land is contaminated and will require remediation before it could be developed, although this land may be able to accommodate car parking or could form a strategic planting belt.

Given the uncertainties relating to this piece of land it is being proposed that it is excluded from the Enterprise Zone boundary, but the Borough Council would welcome the view of the LEP on this.