

Appendices:

None



NORTHAMPTON
BOROUGH COUNCIL

CABINET REPORT

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| Report Title | Northampton Waterside Enterprise Zone |
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AGENDA STATUS: PUBLIC

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| Cabinet Meeting Date: | 14 th September 2011 |
| Key Decision: | No |
| Listed on Forward Plan: | YES |
| Within Policy: | YES |
| Policy Document: | NO |
| Directorate: | Planning & Regeneration |
| Accountable Cabinet Member: | Cllr Tim Hadland |
| Ward(s) | St James, Castle, Delapre & Briar Hill |

1. Purpose

- 1.1 To advise Cabinet of the award of Enterprise Zone status from the Department of Community Local Government (CLG) to the Northampton Waterside Enterprise Zone proposal submitted by South East Midlands Enterprise Partnership.
- 1.2 To inform Cabinet on the next steps necessary to implement the Northampton Waterside Enterprise Zone on behalf of the South East Midlands Local Enterprise Partnership (SEMLEP), and to seek authority to proceed.

2. Recommendations

- 2.1 That Cabinet welcomes the award of Enterprise Zone status for the Northampton Waterside Enterprise Zone following the bid submitted by and endorsed by the South East Midlands Enterprise Partnership (SEMLEP).
- 2.2 That Cabinet notes the extensive activity needed from the Borough Council and partners to implement the Northampton Waterside Enterprise Zone, as set out in the report.

- 2.3 That Cabinet instructs the Chief Executive and the Director of Planning and Regeneration to take such action as is necessary in consultation with the portfolio holder for Regeneration and Enterprise, and the Leader of the Council, to progress the workstreams identified in this report.

3. Issues and Choices

3.1 Report Background

- 3.1.1 On 6th July 2011, NBC Cabinet endorsed the submission through SEMLEP of the Northampton Waterside Enterprise Zone application to Government. On 17th August 2011 the Department for Communities and Local Government (CLG) announced that Enterprise Zone status has been awarded to the proposed Zone.
- 3.1.2 As part of the Budget in March 2011, the Chancellor announced the Government's intention to identify a total of 22 Enterprise Zones. Some were identified nationally, others were subject to a national competition for the Enterprise Zone benefits.
- 3.1.3 Northampton is part of the South East Midlands Local Enterprise Partnership (SEMLEP) that covers a wide geographical area including most of Northamptonshire, Bedfordshire, Luton, Milton Keynes, Cherwell, Aylesbury Vale and Dacorum.
- 3.1.4 SEMLEP went through a competitive selection process. Seven bids were presented to SEMLEP, resulting in Northampton's Enterprise zone being chosen to progress to the national competition as the regional bid.
- 3.1.5 Northampton Borough Council (NBC) has taken a lead role, with the substantial support of partners, in developing a bid for the establishment of a Northampton Waterside Enterprise Zone.
- 3.1.6 Enterprise Zones seek to stimulate economic growth through fiscal incentives, reduced planning restrictions and the provision of "superfast" broadband. They will offer a business rate discount worth up to £275,000 over five years for firms that move into the area before 31 March 2015. Government will reimburse the discounts given up to 2015. The enterprise zone targets to create 7,700 direct new jobs within the Enterprise Zone by 2015 and 17,000 new jobs across the SEMLEP area by 2021.
- 3.1.7 The uplift in business rates receipts after 2015 as a result of the introduction of an Enterprise Zone will be used to support the priorities of SEMLEP. All business rate growth within the zone for a period of 25 years will be retained and reinvested in the local area (as currently set out in the CLG prospectus), to support the local enterprise partnership's priorities.
- 3.1.8 A strong network of key delivery partners has been assembled to tackle the issues and ensure successful delivery of inward investment and job creation under the overall umbrella of SEMLEP. These include West Northampton-

shire Development Corporation (WNDC), Northamptonshire County Council (NCC), Homes and Communities Agency (HCA), University of Northampton (UoN), a4e, and Ingeus and Northamptonshire Enterprise Partnership (NEP).

3.1.9 Key features of the Northampton Waterside include:

- An area that stretches from Sixfields in the west, across St James industrial estate to the Avon/Nunn Mills Road in the east;
- The ambition to become a National Centre of Excellence for advanced technologies, precision engineering, environmental and low carbon technology as well as professional, financial, business services and leisure orientated businesses;
- Key employers and partners in this area who support the bid include Carlsberg, Avon, Travis Perkins and the Town Centre BID;
- Key existing employers, all within the vicinity of Northampton that would help to support the sectors in the zone include: Cosworth, Ilmor Engineering, Mahle Powertrain, Mercedes Benz High Performance Engines and Mugen Euro motorsport;
- An enterprise zone target to create 7,700 direct new jobs within the Zone by 2015 and 17,000 new jobs across the SEMLEP area by 2021.

3.1.10 The Zone will be supported by a Local Development Order (LDO) that enables business to have pre-determined planning rules that encourage development, and remove barriers, thereby accelerating processes and reducing red tape. The full details of an LDO will be the subject of consultation and future Cabinet approval.

3.1.11 Government is still developing the detailed guidelines and criteria around the Enterprise Zone process, in particular its future approach to the redistribution of business rates. The Council will monitor this carefully to optimise the benefits for Northampton and the wider SEMLEP region.

3.1.12 A simplified 'one stop shop' development team approach will be developed to help facilitate an attractive option for investors and employers to choose Northampton and the South East Midlands area.

3.2 Delivery

3.2.1 The delivery of the Enterprise Zone over the next ten years will require the prioritisation of a number of workstreams, which have been initially scoped as follows.

1. Local Development Order - The time scale within the prospectus is for this to be in place by 31 March 2012. This will require extensive work in short period, led by the Council's planning department. Additional resource will be needed, to be drawn from reserves held for the purpose of supporting economic growth and planning.

2. Governance Structure – Governance proposals contained in the submission to Government will now be enacted, with local arrangements to include partners and SEMLEP. These will be supported in their operation by the Borough Council who will be acting as the local lead organisation and administrators.

3. Communications (both public communication and communication with investors and delivery partners) – It is very important to keep the public, local business and the community at large aware of what is happening in the zone and to ensure that information is fully up to date and relevant. At the same time, investors, landowners, developers and end-user businesses need equally powerful and well-focussed information to support their roles in delivery as, of course, do various public agency partners.

Whilst an early website exists, a more fully interactive website needs to be developed that guides people to the information they require quickly such as landowners, potential investors and businesses, as well as the general public. This will also require investment, and discussions indicate that some partners will be able to support this financially.

Forums will be arranged, to give general promotion of the Enterprise Zone across the SEMLEP region and include a wider Enterprise Zone and Landowners forum. The first forum may be timed to co-inside with the development of the Local Development Order consultation and will be an integral part of the Communications strategy.

4. Land management - Initial meetings and information-gathering sessions are needed on the sites to inform development and enquiries. The Homes and Communities Agency (HCA) are currently assisting in the consideration of a joint public land initiative.

5. Developing Opportunities. – We need to explore promotional opportunities working through SEMLEP with UK Trade and Industry (UKTI), and opportunities to ensure that SMEs are fully engaged in the development of the EZ, including exploring the potential for developing space for SMEs with developers. It is expected that SEMLEP and the Borough Council will seek to work with Northamptonshire Enterprise Partnership in a co-ordinated fashion on promotion of the zone for investment purposes.

6. Strategic Partner Relations – The support of partners was essential to achieving the approval of Government. They will also be essential to delivery. Developing constructive and effective relations with key strategic partners including CLG, NCC, WNDC, HCA, Environment Agency, the Chamber of Commerce and the wider Private Sector, and NEP will be an integral part of the process. There will also be potential to explore links to other EZ's and work with them/ learn from them.

7. Project Delivery – A number of major interventions are being managed already by partners and we need to manage the interaction

between them and the Enterprise Zone to gain maximum overall benefit and growth. This includes projects such as the Castle Station, the University Innovation Centre, and Avon/Nunn Mills. The EZ arrangements need to act in support of these projects and ease their delivery, not create any additional complexity.

8. Employment/ training initiatives – It is vital to the EZ that jobs created in the zone will be accessible to all and that where these require training or support to enable those seeking work to gain access, this is provided. The two agencies delivering the work programme (A4e and Ingeus) have been excellent supporters of the zone proposal. This important workstream will explore options and initiatives with key local/ national stakeholders to provide schemes applicable to the EZ and promote training and employment initiatives related to the zone.

3.3 Choices (Options)

3.3.1 At July 2011 Cabinet, members agreed to the proposal to proceed with the application to CLG, having secured SEMLEP's endorsement and national CLG award of EZ status not proceeding at this time would be seriously damaging to the future economic prospects for the town and a major loss of reputation. Not proceeding is not considered a viable option. Members are therefore recommended to proceed.

3.3.2 Choices will exist within each workstream and these will be addressed as the programme progresses, referring to Cabinet as appropriate. It is proposed that the Chief Executive and the Director of Planning and Regeneration consult throughout with the Leader and the Portfolio Holder on key actions and report to Cabinet as required.

4. Implications (including financial implications)

4.1.1 Policy

4.1.1 The Enterprise Zone has the potential to play an important role in increasing the prosperity of large areas of urban Northampton. It will act as a powerful catalyst to enhance the town's reputation, its perception in the market place and accelerate other growth/ regenerations opportunities. It is an integral part of the Corporate Plan and will also support the strategic objectives and vision in both the Northampton Central Area Action Plan and the Joint Core Strategy for the wider area. The focus of both of these strategic planning policy documents is to facilitate growth and substantial regeneration, creating environmental improvement, new jobs and inward investment in Northampton's central area and across the Borough.

4.1.2 Resources and Risk

4.2.1 Nearly half of the proposed zone is already in public ownership, including areas owned by NBC, HCA and NCC and these agencies are agreed, in

principle, to develop a public land strategy. A strategy when developed will be presented to Cabinet for consideration.

- 4.2.2 A general commitment and support from public, private and voluntary sectors is evident and this commitment will make delivery more realistic.
- 4.2.3 WNDC has a £20m capital investment funding programme confirmed for the next three years which will be focused on 5 key regeneration projects, mostly within Northampton. This funding combined with enterprise zone status, section 106 agreements, and other third party sources, will support the delivery of enabling infrastructure for key regeneration projects in Northampton and the progress of the EZ.
- 4.2.4 Set up costs, for both one off and ongoing including those for setting up the systems required for managing the NNDR discount for businesses moving into the zone, would need to be funded, and made available this year and where relevant, built into the 2012/ 2013 budget. Where Cabinet approval is needed, this will be sought.
- 4.2.5 There are key risks with the 'in principle' commitment to use the uplift in business rates in a specific way. At present the business rates collected on behalf of NBC are paid into central Government as part of NNDR pooling and redistributed to local authorities through the formula grant mechanism. Under the Enterprise Zone scheme, the additional NNDR wouldn't specifically return to NBC to be able to be invested in the local area but would be prioritised through SEMLEP. It remains, as yet, unclear how the Government's Enterprise Zone scheme will fit with the Local Government Finance Review, which is heavily based around reforms to the way in which NNDR is distributed to local authorities. As a result there remains a similar risk that the necessary equalisation mechanism would not favour Northampton. These matters and related NNDR issues remain under review.
- 4.2.6 There is further clarity required from Government on the management of NNDR and the mechanism on how this will benefit the local area i.e. reimbursement to local authorities/ local enterprise over the 25 years. The benefit is clearer for local businesses that invest in the local enterprise zone where they will benefit directly from an NNDR rebate.
- 4.2.7 The Government Scheme for Enterprise Zones includes the ability to retain any additional rates generated by the Zone for 25 years to "support the Local Enterprise Partnership Priorities". Whilst this could be highly beneficial to the town, it will require agreement within SEM LEP to determine how this resource will be utilised.
- 4.2.8 CLG's prospectus lists a further benefit will be that properties within the Enterprise Zone will have access to super-fast broadband. How this will roll out in practise is still being considered by Government.
- 4.2.10 It is expected that through the creation of enhanced employment opportunities with the creation of an Enterprise Zone, additional benefits will be realised in the form of reduced unemployment and housing benefits payable by central and local government.

- 4.2.11 Other possible risks, particularly due to the national economic picture, including a slower actual rate of development with business take-up/ occupancy less than envisaged providing reduced early benefits.
- 4.2.12 A full risk register will be prepared as part of our governance process for this initiative.

4.3 Legal

- 4.3.1 We are awaiting paperwork from CLG on the precise terms/ conditions for the Enterprise Zone.

4.4 Equality

- 4.4.1 An Equalities Impact Assessment will be completed on a site by site basis and in relation to the LDO and any related policy/ strategy.

4.5 Consultees (Internal and External)

- 4.5.1 West Northamptonshire Development Corporation (WNDC), Northamptonshire County Council (NCC), Homes and Communities Agency (HCA), and Northamptonshire Enterprise Partnership were all consulted when the bid was prepared.
- 4.5.2 A series of meetings and presentations have been held with key partners. The Leader and Portfolio Holder for Regeneration and Enterprise have been briefed regularly which has proved beneficial. A paper with the CLG bid was presented to Management Board and to 6th July 2011 Cabinet.
- 4.5.3 A significant number of letters of support were also received including: A4e, Automotive Mechatronics Ltd, AVK UK Ltd, Avon, Belway, Brackmills BID, British Institute of NDT, Carlsberg, Carter Jonas, Cave & Sons, Cherwell District Council, Daventry District Council, Deeley Properties, DFA Law, DKL Marketing Ltd, EMB, Evens Easy Space, Federation of Small Business, Frog Island Brewery, General Motors, Green House, Homes and Communities Agency (HCA), HW Chartered Accountants, Ingeus, Itarus Ltd, Kettering Borough Council, Landmark Lifts, Lambert Smith Hampton, Legal & General, London Luton Airport, MAHLE Powertrain, Mercedes GP Petronas & HPE, Milton Keynes Council, National Apprenticeship Service, Northampton College, Northamptonshire Chamber of Commerce, Northamptonshire County Council, Northamptonshire I.O.D, Northampton Town Football Club, Northamptonshire Enterprise Partnership (NEP), Nortoft, Orange Instruments Ltd, , Northampton Town Centre BID, Princes Trust, Ricoh, Scott Barder, Silverstone, SNEB, Stuart Banks Engineering Ltd, Sundial, University of Northampton, Westbridge Motors, Wyboston Lakes and YMCA.
- 4.5.4 Letters of thanks have been sent to all who supported the bid.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 A successful enterprise zone will provide a significant boost to the economic performance of Northampton and will “take Northampton to the market” in a way not seen for many years.

4.7 Other Implications

- 4.7.1 Enterprise Zones are expected to be promoted by UK Trade and Industry. The benefits from this government promotion, as one of only 22 in England, will raise the profile of Northampton as a destination for investment and business creation.

5. Background Papers

- 5.1 CLG Enterprise zone prospectus and guidance.

- 5.2 Bid submission to SEMLEP June 2011.

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