



CABINET REPORT

Report Title	Northampton Waterside Enterprise Zone (NWEZ)
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AGENDA STATUS: PUBLIC

Cabinet Meeting Date:	8 October
Key Decision:	No
Within Policy:	Yes
Policy Document:	No
Directorate:	Regeneration, Enterprise and Planning
Accountable Cabinet Member:	Cllr Tim Hadland
Ward(s)	Various

1. Purpose

- 1.1. To update Cabinet on progress made to date in the Northampton Waterside Enterprise Zone.
- 1.2. To recommend approval to increase capital funding to deliver Enterprise Zone electricity supply upgrades to facilitate inward investment and business growth in the St James area.

2. Recommendations

- 2.1 Cabinet notes the progress made to date.
- 2.2 Cabinet approves an additional request to the Homes & Communities Agency (HCA) of £341,795 into the Capital Programme through its Local Infrastructure Fund programme scheme to bring forward further power supply work within the EZ and for this to be repaid through uplift in business rates.

3. Issues and Choices

3.1 Report Background

3.1.1 The Council was awarded Enterprise Zone status by the Government in October 2011, with provisions starting in April 2012. We are one of only 24 in the country. The EZ runs along the River Nene from Sixfields in the West over to Avon Nunn Mills in the East. It comprises 120 hectares of land which has the potential to create over 420,000 square metres of high quality commercial and industrial floor space.

3.1.2 The benefits of the Enterprise Zone, include:

- Business rates discount of up to £275,000 per business over five years;
- A set of Local Development Orders (LDOs) to encourage development and simplify planning;
- Superfast broadband.

3.1.3 The Enterprise Zone presents a huge variety of opportunities:

- Large brownfield sites for both industrial and commercial development;
- Existing industrial estates with potential for growth;
- 2 professional sports clubs with aspirations for expansion;
- A University which is consolidating 2 out of town locations on to the EZ;
- A marina which is a focal point of our visitor economy;
- 3 successful breweries;
- Town centre and including our cultural quarter.

3.1.4 The EZ has a 25 year masterplan agreed with Government, with set targets on the creation of new jobs and business investment. The initial target agreed with Central Government is for Northampton Enterprise Zone to create over 900 new jobs by March 2015.

3.1.5 The EZ has an established governance structure, key to managing the implementation of the sites, co-ordination of approvals process. The South East Midlands Local Enterprise Partnership (SEMLEP) is responsible for the strategic delivery of the Enterprise Zone.

3.1.6 The EZ Board has overall responsibility for the delivery of the EZ and includes representatives from the Borough Council, County Council, DCLG, SEMLEP, Northamptonshire Enterprise Partnership (NEP), HCA, University of Northampton and the private sector. The EZ Board reports to the SEMLEP board.

3.1.7 The EZ Executive Group leads on projects for each EZ programme, reviews resources and reports to the EZ Board on key issues and opportunities.

3.2 Progress to Date

3.2.1 The EZ is making significant progress and a recent Department of Communities and Local Government (DCLG) report put NWEZ in the top quartile (4th out of 24) for overall performance:

- Since its establishment, the companies in the EZ have created 536 new jobs.
- Over £70m of private sector investment has been spent across the EZ, with much more to come;
- To date, nearly 24,000 square metres of new floor space has been developed;
- A total of 8 new enterprises have located in to the EZ;
- Northampton is top for business rates discounts - £1.5m authorised within the EZ to date, allowing business located within the EZ to reinvest the discount to provide more growth;
- The Council works proactively with the private sector to fund development projects and infrastructure, using loan investments where necessary. For example, Growing Places Fund, Public Works Loan Board, and the Council's own prudential borrowing. This has been necessary to bring forward developments, like the University and Cosworth.

3.3 EZ Commitments to March 2015

3.3.1 An EZ 2015 Action Plan has been agreed with the Department of Communities and Local Government, which sets out 6 “committed” projects to be delivered by March 2015. These are listed below:

- a) Cosworth (site 11) – a funding package has been put together using the Council's own borrowing powers to support development of a new 40,000 sq ft advanced manufacturing facility. This is built on Council owned land and will be complete by December 2014. This new facility will be leased to Cosworth. The investment will create a minimum of 70 new jobs and introduce a dedicated apprentice academy through the established Advanced Manufacturing Centre of Excellence. The academy will initially create 15 apprentice opportunities, with more as the centre becomes more established;
- b) Castle Station (site 12) – a £20m redevelopment of the railway station and enhancement of a major gateway for the town. The new station is scheduled to open shortly;

- c) Innovation Centre (site 13) - the University is building a high quality incubator for 55 new starter businesses in support of the social enterprise sector. The development started on site November 2013 and a topping out ceremony was held on 3rd September 2014. The facility is due for completion in February 2015;
- d) St James Mill Power Enhancement - the Council is working closely with the HCA to enhance power supply for St James Mill to support business growth and inward investment to accommodate the additional power requirements;
- e) Carlsberg (site 20a) - completed development of a new bottling plant creating 60 new jobs and £25m of private investment;
- f) St Johns Student Accommodation (site 19) - completed development of 400 high quality apartments, in the heart of the town centre. This facility was completed in January 2014 and students are moving in for the current academic year at the present time.

3.4 EZ Pipeline Projects 2015 - 2020

3.4.1 The EZ 2015 – 2020 Action Plan sets out agreed projects which form the basis of the next 5 years of delivery:

- a) St James Mill Link Road (St James Mill). The Council has been awarded £600,000 of Local Growth Funding through SEMLEP. This is to bring forward development of the link road to join up St James Mill Rd to St James Mill Rd East and onto Towcester Rd. The link road crosses the disused track and discussions are ongoing with Network Rail and Department for Transport. The process for disposal of the track will take up to 6 months and has been accelerated at the Council's request in order to get it completed within the 2015/16 financial year. Network Rail has commenced the clearance process, and the Office of the Rail Regulator will then undertake the formal decommissioning of the track. The Council will continue to seek ways of bringing this project forward.
- b) Upton Way (sites 2a & b). Discussions are ongoing between the Council and the HCA in bringing the site forward for delivery. There is interest in the site for development. .
- c) Church's Shoes Expansion (sites 5). Following the Council facilitating the acquisition of the First Bus Depot by Church's Shoes, 150 new skilled manufacturing jobs will be created. A further 50 new jobs will be created on the adjacent HCA site (Sharman Road Lake) which will be used for warehousing and storage.
- d) Edgar Mobbs Way (site 7c). The HCA has agreed to an open market disposal of the site. Commercial agents have been appointed to manage the disposal and sale process is now underway. A final decision on the

preferred 'offer' is expected to be announced by November 2014. Both the Council and HCA are keen to see the site developed for appropriate employment use.

- e) Four St Peters Waterside (site 13). The Council is working with Kier Construction on the St Peter's Waterside gateway location site, in order to turn it into the commercial heart of the town. Around 20,000 square metres of high quality commercial floorspace will be built to provide a real sense of arrival in a modern Northampton. It has the potential to create up to 2,500 new jobs in the business & professional services sector. This is a long term programme which will see us working closely with Kier and with new inward investors with the aim of bringing around 2,500 new jobs.
- f) Albion Place Hotel (site 18). Work will start October 2014 on a new £8m Town Centre Hotel. It is anticipated that a minimum of 50 new jobs will be created.
- g) Sixfields (site 3e). A £12m loan agreed by Northampton Borough Council into Northampton Town FC to expand stands and create a range of commercial and leisure facilities, conference centre, and hotel. Planning permission has already been granted for the stadium redevelopment. A subsequent planning application has been submitted to build 255 homes on a site near the stadium, as well as some retail development and a conference centre and hotel.
- h) Franklin Gardens (site 4b). A £5m loan agreed by the Council for the RFU Club to build a new North Stand to increase capacity to 15,500 and facilitate greater commercial opportunities; also to be able to host cup games and internationals. Completion is expected summer 2015.
- i) Castle Station Phases 2 and 3 (site 12). Phase 2 will develop a multi storey car park, which will then open up large parcels of adjacent land for mixed commercial and light industrial use for Phase 3.
- j) Vulcan Ironworks Creative Hub (site 17 - part). Plans to redevelop the vacant Vulcan Ironworks building are being brought forward to expand the existing Cultural Quarter offer. Investment is required to create a new and unique managed workspace facility to support a dedicated creative industries hub. Investment will bring the Vulcan back in to use. The project will deliver up to 60 new start-up businesses and support the creation of a potential 240 new jobs for the sector. A separate Cabinet report is presented on the Vulcan Ironworks project on this agenda.
- k) Project Angel (site 18). A new County Council HQ bringing 2,000 people into a modern town centre building by 2016, further improving the Town Centre economy in terms of retail and leisure footfall.
- l) University Campus (sites 21). Within the EZ at Avon Nunn Mills. To be completed by the start of the Academic Year 2018. As well as a new £330M University campus, this development also creates commercial,

leisure and hospitality development opportunities on the adjacent site, and provides a strong link into the Town Centre. The new University campus will consolidate 2 existing out of town sites and bring 14,000 students & 3,000 members of staff in the town centre.

4.2 Upgrade of Power supply in the EZ to facilitate company location or expansion

4.2.1 There is currently a need to upgrade the power supply in parts of the EZ with a number of existing companies working to available capacity. It is important the Council addresses this issue in order to allow the growth of local businesses and further inward investment into the EZ.

4.2.2 The power upgrades focus on sites which already have businesses who do/may wish to expand and vacant sites to support development. The sites which will potentially benefit from the increase in power include:

- Site 2A/B, 7C – currently vacant land with private sector interest to bring forward development for employment;
- Sites 8, 9A/B/10 and 11- existing industrial estates needing additional power and to support expansions for companies.

4.2.3 The Council is in negotiations with Western Power Distribution to agree on a programme of electricity connection works to meet specified demand. Western Power Distribution are the preferred large supplier in the area and already own much of the cabling works, substations and Primary supplies.

4.2.4 The proposed cost of the works is quoted at **£1,241,795 (inc VAT)**.

4.2.5 The Council has agreed a Local Infrastructure Fund loan with the HCA for **£900,000** towards the project. Additional capital of **£341,795** is required to fund the gap and enable delivery of the connection works by March 2015.

4.2.6 It is recommended that Cabinet approve additional capital funding. The Council will seek to increase the amount of HCA loan by an additional **£341,795** to meet the project costs and this would be repaid using the uplift which would accrue from additional business rates.

5. Choices (Options)

5.1 Option 1. Do not approve additional funding for increased power supply to the EZ. This would have the immediate impact of no capacity for new investors to the existing industrial estates, eg St James Mill Road. Because of the Freefoam and Cosworth expansions, this estate is now practically at its full capacity and no further inward investment or significant expansion can be accommodated. Not recommended.

- 5.2 Option 2. Approve the increase in Local Infrastructure Fund loan. This would allow some future proofing of the estate and also increase the overall capacity within the EZ. Recommended.

6. Implications (including financial implications)

6.1 Policy

- 6.1.1 This report is within policy, as the EZ is a Corporate and SEMLEP priority.

6.2 Resources and Risk

- 6.2.1 Financial implications: The financial implications for the EZ are managed and reviewed on a regular basis by the Council and periodically reported to SEMLEP through the EZ Financial Model. For the additional works with regards to upgrading the power supply this would require an increase borrowing to take account of the increase in Local Infrastructure Fund uptake to be funded by uplift in future business rates. The EZ Financial Model will need to be taken into account.

6.3 Legal

- 6.3.1 There is already a loan agreement in place with HCA and this would require an amendment to the existing funding requirement and repayment schedule. The agreement makes cost overruns the responsibility of the Council and the HCA is not obliged to provide any extra funding. There is a possibility the gap may need to be funded from the Capital Programme should HCA not agree to the additional loan amount.
- 6.3.2 The contract value is over £1m and has not been subjected to competition so an exception report will be required explaining why Western Power Distribution have been or will be awarded the contract without competition.

6.4 Equality and Health

- 6.4.1 Successful delivery of the NWEZ will improve the economic health of Northampton and provide long term sustained job prospects for the people of the Borough.

6.5 Consultees (Internal and External)

- 6.5.1 Cllr Tim Hadland (Cabinet Member for Regeneration, Enterprise & Planning) and Glenn Hammons (Chief Finance Officer) have been consulted.

6.6 How the Proposals deliver Priority Outcomes

- 6.6.1 Delivers against Corporate Plan priority Northampton Alive – A Vibrant Town.

6.7 Other Implications

6.7.1 None

7. Background Papers

7.1 None

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