



CABINET REPORT

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

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| Cabinet Meeting Date: | 4 March 2015 |
| 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 of capital investment to bring forward Enterprise Zone Infrastructure works.

2. Recommendations

- 2.1 Cabinet notes the progress made to date.
- 2.2 Cabinet approves additional budget of £428,971 to bring forward prioritised infrastructure works within the EZ. This is following a request made to the South East Midlands Local Enterprise Partnership EZ Board. This expenditure is forward funded by NBC from the New Homes Bonus Reserve and is to be repaid through uplift in business rates.

3. Issues and Choices

3.1 Report Background

- 3.1.1 Members will be aware that 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 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 the Enterprise Zone to create at least 908 new jobs by 31 March 2015.
- 3.1.3 The EZ has an established Governance structure, key to managing the implementation of the sites and co-ordination of approvals process. The SEMLEP EZ Board are responsible for the strategic delivery of the Enterprise Zone.
- 3.1.4 The EZ Board has overall responsibility for the delivery of the EZ and includes representatives from Northampton Borough Council (NBC), Northamptonshire County Council (NCC), Department of Communities and Local Government (DCLG), SEMLEP, Northamptonshire Enterprise Partnership (NEP), HCA, University of Northampton and the private sector. The EZ Board reports to the SEMLEP Board and DCLG for monitoring purposes.

3.2 Progress to Date

- 3.2.1 The EZ is making significant progress and a 2014 DCLG report put Northampton Waterside Enterprise Zone in the top quartile (4th out of 24) for overall performance. The latest quarterly monitoring return, submitted to DCLG in January 2015, highlighted the following results:
- Since its establishment, companies in the EZ have created 762 new jobs and is on course to hit the target of 908 jobs by 31 March 2015;
 - Over £112m of private sector investment has been spent across the EZ, with more in the pipeline;
 - Nearly 24,000 square metres new floor space has been developed;
 - The EZ has attracted 12 new enterprises.
- 3.2.2 Progress on March 2015 committed projects has been good. All of the 6 projects that NBC committed to deliver under the early phase of the EZ programme, are either completed or on course to complete. Specifically:

- **Carlsberg (Site 20a)** – completed in March 2013. Development of new bottling plant, which created 67 new jobs, £25m private sector investment and 6,788 square metre new floorspace.
- **St Johns Student Accommodation (Site 19)** – Completed February 2014. Development of 400 high quality apartments. £24m private sector investment and 12,700 square metres new floorspace.
- **Northampton Castle Station (Site 12)** – Completed December 2014 and officially opened January 2015. £20m public sector investment, 2500 square metre new floorspace and 4 new retail enterprises. Final jobs numbers to be confirmed in the final quarter DCLG monitoring return in April 2015.
- **Cosworth (Site 11)** – NBC worked with DCLG, SEMLEP and the company to bring forward the development of a 5,800 square metre advanced manufacturing facility. The Council used its own borrowing powers to provide the land and build the facility, which it then leased back to Cosworth. The investment will create 70 new high skilled jobs and 15 apprenticeships, as well as establishing a new Centre of Excellence for Advanced Manufacturing. The new facility was officially opened by the Prime Minister on 18 February 2015.
- **Innovation Centre (Site 13)** – The University led project was completed in February 2015 and will serve as an incubator for up to 55 new businesses which support the social economy. It represents £8.5m private sector investment and will create up to 180 new jobs and 2,438 square metres new floorspace. The facility will be fully operational by April 2015.
- **St James Mill Road (Site 9/10/11)** – The Council have worked with the HCA to bring forward a Local Infrastructure Fund loan of £1.035m to improve the power supply to the estate. The loan agreement was finalised in January 2015 and works have commenced.

3.2.3 **The second phase of EZ delivery** takes a 5 year look beyond March 2015 and seeks to deliver the following prioritised projects, many of which are already underway:

- **St Peters Waterside (Site 13)** – Working with Kier, Lambert Smith Hampton and potential end occupiers, to develop the site to turn it into the commercial heart of the town. The site is capable of accommodating 20,000 square metres of floorspace and will create around 2,500 new jobs.
- **Castle Station Phases 2 and 3 (Site 12)** – Demolition of the old station is underway and should complete by the summer of 2015. Discussions are currently underway between NBC and Network Rail to bring forward a new multi storey car park in 2015. This will open up the land on which the existing car park is situated. A parallel piece of work is also ongoing between NBC and CBRE to determine the mix of development which would be relevant, appropriate and viable on this site.

- **Sixfields (Site 3e)** – Planning permission has recently been granted for a mixed use development to include single storey retail buildings, car parking, residential development up to 255 units, extension to the West Stand to form a conference centre and up to 100 bedroom hotel, along with landscaping.
- **University of Northampton (Site 21b)** – Remediation, site clearance and new infrastructure works are underway, as is the construction tender process. Detailed Planning permission was granted on 17 February 2015 and the project remains on course for opening in the academic year 2018. The £330m development will consolidate two out of town campuses and bring 14,000 students and 3000 members of staff into the town centre.
- **Vulcan Works (Site 17)** – Comprehensive redevelopment of the vacant Vulcan Ironworks building to create a hub for digital and creative businesses. SEMLEP has approved an allocation of Local Growth Fund for the financial year 2016/17 and NBC has made a separate application via NEP to the Public Works Loan Board in order to commence works in 2015/16. This project will deliver 50 new start-up businesses and create around 100 jobs and is scheduled to open in Summer 2017.
- **Edgar Mobbs Way (Site 7c)** – An agreement has been reached between the landowner, HCA and an end user.
- **St James Mill Road Link Road (Site 11)** – SEMLEP has agreed a contribution of £400k from the Growing Places Fund and £600k from the Local Growth Fund to construct a link road to the South of the St James Mill Road estate. Network Rail has confirmed the decommissioning of the track and NBC in partnership with NCC is working on designs which incorporate wider access issues.
- **First Bus Site (Site 5)** – Agreement has been reached with Churches Shoes for two sites and this investment will create nearly 9,500 square metres of new floorspace and over 300 new jobs in both skilled manufacture and warehousing. A planning application is expected shortly.
- **Albion Place Hotel (Site 18)** – Works have commenced on a new 105 bed Premier Inn, which is expected to complete in Autumn 2015, creating around 50 new jobs and 1,300 square metres of new floorspace.
- **Project Angel (Site 18)** – Construction has commenced on the new NCC headquarters which will consolidate around 2,000 jobs on site and create 27,000 square metres of new floorspace. Completion expected by the end of 2016.

3.3 Financial Model

- 3.3.1. A detailed Financial Model has been developed as an assessment of the estimated Business Rates Uplift income and the estimated infrastructure/development and administration costs that will need to be funded from that income. The Financial Model incorporates the costs of infrastructure necessary to enable the development of projects within the EZ where funding from Business Rates Uplift has been approved and where any funding has been secured.
- 3.3.2 Infrastructure costs can be advance funded from a variety of different sources and it may be possible to recover this (along with any interest incurred) from Business Rates Uplift. So far, £7m has been approved from SEMLEP's Growing Places Fund for St Peter's Black Lion Hill Roadworks for the Cosworth production facility (a total of £6.6m has now been drawn down) and £400k for the St James Mill Road Link. £1.035m loan has been approved from the HCA's Local Infrastructure Fund. As well as this, associated Administration costs and Marketing have also been agreed.
- 3.3.3 The SEMLEP EZ Board requires all individual requests for advance funding to be approved and the 11 December 2014 EZ Board included a list of requests to be incorporated into the Financial Model (see table below).
- 3.3.4 The Financial Model is kept updated on an ongoing basis.

4. Request for Advance Funding on the Assumption of Business Rates Uplift

- 4.1 As more projects are brought forward for development (see the comprehensive list at 3.2), then it will be essential to use assumed Business Rates Uplift to advance fund essential infrastructure costs. Without this facility, it is unlikely that current momentum will be maintained and it will not be possible to meet Government targets or NBC economic aspirations.
- 4.2 At the 11 December 2014 EZ Board, the following projects were brought forward for approval to be incorporated into the Financial Model:

| Item | £ |
|---|----------|
| <u>Survey and Technical Works – Vulcan Works</u> A range of Construction Specialists including Architects, QS, M&E, Surveyors, Engineers, Project Management | 280,000 |
| <u>St James Mill Road</u> Early decommissioning of the railway lines | 25,000 |
| <u>Feasibilities</u> | 50,000 |

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| Early development feasibility for LGF | |
| <u>Green Infrastructure</u> | 10,000 |
| Contribution to desktop survey for an EZ Green Infrastructure Strategy | |
| Additional Administration Costs | 26,425 |
| Additional Legal Advice | 34,000 |
| Additional Business Rates Cost | 3,546 |
| Total | 428,971 |

4.3 It is recommended that Cabinet approves the additional advance funding from assumed uplift in Business Rates.

5. Choices (Options)

5.1 Do Not Approve Additional Advance Funding:

This would have the immediate impact of NBC and partners being unable to bring forward development projects and thus meet future DCLG job targets and NBC's own economic aspirations. Not recommended.

5.2 Approve Additional Advance Funding:

This will allow new projects to be brought forward more quickly. It also provides a new model of public/private sector project development which was utilised to build the Cosworth facility and which has been singled out for praise by the Prime Minister, Secretary of State, DCLG and DCLG Senior Officials. Recommended option.

6. Implications (including Financial Implications)

6.1 Policy

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

6.2 Resources and Risk

6.2.1 Financial implications: the financial implications are managed and reviewed on an ongoing basis through the Financial Model.

6.3 Legal

6.3.1 This recommendation is in line with NBC's Memorandum of Understanding with SEMLEP.

6.4 Equality and Health

6.4.1 Successful delivery of the EZ will improve the economic health of Northampton and will provide long term sustained job prospects for residents.

6.5 Consultees

6.5.1 Cllr Tim Hadland (Cabinet Member for Regeneration, Enterprise & Planning), Glenn Hammons (Chief Finance Officer) and Francis Fernandes (Borough Secretary) 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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