

 WARWICK DISTRICT COUNCIL	Council – 29 June 2011	Urgent Item
Title	Proposed Enterprise Zone	
For further information about this report please contact	Bill Hunt Deputy Chief Executive 01926 456014 bill.hunt@warwickdc.gov.uk Paul E. Pinkney Head of Development Services 01926 456016 paul.pinkney@warwickdc.gov.uk	
Wards of the District directly affected	Stoneleigh	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?	No	
Date and meeting when issue was last considered and relevant minute number	Executive 8 June 2011 – minute number 15	
Background Papers	Executive Report – Proposed Enterprise Zone 8 June 2011 Minutes of Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Board CWLEP Expression of Interest CWLEP working papers Department of Communities and Local Government (CLG) Enterprise Zone Prospectus March 2011 CLG Enterprise Zones; Application Form and Guidance May 2011	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	Yes
Included within the Forward Plan? (If yes include reference number)	No
Equality & Sustainability Impact Assessment Undertaken	No

No internal impact assessments have been undertaken at this stage. A full Environmental Impact Assessment will be required as part of the planning process were the bid proposal to be accepted by Government and WDC may wish to undertake its own internal equality and sustainability impact assessments as a successful bid moves towards implementation.

Officer/Councillor Approval		
Officer Approval	Date	Name

Deputy Chief Executive		Author
Head of Service		Paul Pinkney
CMT		Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer		Mike Snow
Monitoring Officer		Andy Jones
Finance		Jenny Clayton
Portfolio Holder(s)		Cllrs. Doody and Caborn – Strategic Leadership Cllr. Hammon- Development
Consultation & Community Engagement		
Final Decision?		Yes
Suggested next steps (if not final decision please set out below)		

1. SUMMARY

- 1.1 The purpose of this report is to enable members to debate the issues that arise from the potential establishment of an Enterprise Zone on land at and in the vicinity of Coventry Airport, in order to agree this Council's in-principle position on the bid proposal due to be submitted by the Coventry and Warwickshire Local Enterprise Partnership on 30 June 2011.

2. RECOMMENDATION

- 2.1 That Council give full in-principle support to the bid proposal to be submitted to Government by the Coventry and Warwickshire Local Economic Partnership (CWLEP) for an Enterprise Zone (EZ) development within the sub-region on land at and around Coventry Airport, on the basis of:
- The potential for significant job creation and economic stimulus both at the Enterprise Zone site, elsewhere within Warwick District and across the wider sub-region should the proposal be approved by Government.
 - The submission of an outline planning application covering all the proposed development within those parts of the proposed Enterprise Zone, outside of the airport boundary, falling within Warwick district, which will require the applicant to undertake a full Environmental Impact Assessment.
 - The promotion of a Local Development Order for all the land within this district's boundary as set out in the bid, i.e. covering all the EZ land and adjacent existing business parks north and south of the airport, the details and content of which will be determined by this authority
 - Any future LDO not becoming effective until the principle of development has been established through the outline planning application and the development has become lawful.
- 2.2 That Council note that the outcome of the CWLEP bid will be determined by Government in accordance with the assessment criteria set out at Appendices Three and Four.
- 2.3 That Council note that if the bid proposal is successful CWLEP Board governance arrangements will require revision.
- 2.4 That Council note that a further report will be submitted to Executive if the bid proposal is approved by Government.

3. REASONS FOR THE RECOMMENDATION

3.1 The CWLEP bid proposal

- 3.1.1 The current draft of the CWLEP bid proposal is attached at **Appendix One**. The document is not yet complete and the final version for submission will be circulated to members.
- 3.1.2 The bid is for an EZ of c150 hectares comprising land surrounding the JLR Engineering Centre at Whitley in the north and land at, and surrounding, Coventry Airport in the south. A map of the proposed EZ is shown at **Appendix Two**. Members should note that there might be minor changes to the boundary of the EZ in the north and there will be changes to the LDO boundary in the south which mean it will reflect the EZ boundary itself rather than the including the 'green' buffer zone around any future development. The map showing the

final boundary, accompanying the submission, will be subsequently circulated to all members.

- 3.1.3 Development of an approved EZ would be in phases. Phase One would comprise of the land to the north of the A45, within the Coventry City Council (CCC) boundary. This previously undeveloped area, owned by St. Modwen Properties PLC, is within the green belt but has existing outline planning approval for development as employment land.
- 3.1.4 Phase Two is likely to be the land south of the A45 but north of Coventry Airport, within the Warwick District Council (WDC) boundary. Development of this previously undeveloped area, owned by CCC, would be brought forward for development by Coventry & Warwickshire Development Partnership LLP (CWDP), a joint venture between Patriot Aerospace Group (operators of Coventry Airport) and Roxhill Developments, and would effectively form a westward extension of the existing Stonebridge Trading Estate. This land is also within the green belt and currently has no employment designation or planning consents.
- 3.1.5 Phase Three is likely to be the land south of Coventry Airport, also within the WDC boundary. This land is in the majority ownership of Severn Trent with CCC a minority landowner and CWDP are again intended to be the developer. This area is also within the green belt but the majority is previously developed land comprising of a sewage works and vehicle testing facility. The area is not currently designated for employment and has no extant planning consents.
- 3.1.6 Land within the boundary of Coventry Airport is also included within the EZ bid. This land is owned by CCC but leased to Patriot Aerospace Group, who anticipate expansion in all of the three of the airport's current areas of operations; passenger, freight and general aviation. New development on this land is potentially likely to come forward concurrently with the other phases of development. The majority of this land has existing planning permission with permitted development rights, except where specifically removed or amended, for example, as with the existing passenger terminal.
- 3.1.7 The proposed development of the EZ land outside of the airport boundary would primarily fall within planning use classes B1, B2 and B8 to accommodate high value transport related, manufacturing, engineering, technology businesses and high quality office accommodation. A particular focus on grow-on space for businesses moving out of the 2 university science parks is planned to ensure these new businesses remain within the sub-region. To support the wider EZ developments some ancillary development including a hotel (3 and 4 star), bank, small local supermarket to serve the EZ, café's, restaurant and, subject to demand, a leisure club/gym is also anticipated within the bid proposal.
- 3.1.8 The proposed development of the EZ land within the airport boundary would largely comprise of the internal and external refurbishment of the existing passenger terminal, replacement of existing buildings, notably hangars, with modern equivalents and the construction of new buildings for aircraft maintenance, hangarage and the secure handling of transit freight. This would be supported by infrastructure improvements such as a new internal road linking the western entrance to the northern side of the airport to reduce airport traffic travelling through Baginton village and potentially a café for airport workers. As the phase 2 works are developed it is planned for the airport's principle access to be relocated to the northern side.

3.1.9 The bid also proposes significant highways improvements to the A45 and A46 national trunk roads, including major works to the Tollbar island and Styvechale Interchange and the creation of a new junction on the A45 with links north and south into the EZ development land. Tollbar is a known barrier to business expansion but no Government funding for any remedial work is likely to be available in the short to medium term. The bid proposes c£30m of highways improvements, funded either through the Regional Growth Fund, or if that funding is unavailable, at a slower pace from the development of the EZ, to create new capacity within the highway network.

3.2 Economic benefits of the proposed EZ

3.2.1 It is estimated that the development of the land included within the EZ proposal will ultimately create over 14,000 jobs on site.

3.2.2 However, the EZ is also intended to be a flagship site providing high quality employment land in a area that already has significant market interest. The creation of a critical mass of new businesses, together with the improvements to the key strategic access routes of the A45 and A46 with their excellent links to the motorway network, and the availability of an operational airport providing business passenger and freight aviation traffic is also intended to provide a strategic gateway to the remainder of the Coventry and Warwickshire sub-region, providing an economic stimulus throughout the wider economy.

3.2.3 It is also important to note that the current Government's policy is for business rates growth accruing from an EZ to be ringfenced for a 25 year period to support local re-investment to promote job creation and business growth in the wider economic area. This funding would be made available to support the relevant Local Enterprise Partnership's economic policy and priorities although the exact mechanism for its distribution has not yet been determined.

3.2.4 Section D7 of the bid, on pages 16/17 of Appendix One, sets out how the revenues raised through the capture of this business rates uplift from the successful development of the proposed EZ are likely to be allocated. The level of business rates uplift is likely to be at least £20m by 2015 and in excess of at least £200m over a 25 year period.

3.2.5 Council will note from the 8 June 2011 Executive minutes, elsewhere on this meeting's agenda, that Executive have agreed to work with CWLEP and the other 6 local authorities represented within it to develop an integrated Coventry and Warwickshire strategic spatial strategy, which will inform, and be informed by, the development of each planning authority's Local Plan/Core Strategy. It is through such a process, and the Investment Strategy that will accompany it, that this district can exert significant influence to ensure that it maximises the benefits accruing from an approved EZ within the sub-region by ensuring future re-investment is used to support strategic priorities and employment sites within our boundaries.

3.3 The bid assessment process

3.3.1 The Government announced the creation of 21 EZs in the Budget on 23 March 2011. The locations of the Local Enterprise Partnership's that would host the first 11 of these were also announced in March.

- 3.3.2 The process for determining which Local Enterprise Partnership areas will host the remaining 10 will be a competitive process. The assessment process will be against the principles contained within the Enterprise Zone Prospectus attached at **Appendix Three** and the criteria contained within the Application Form Guidance, the relevant extract of which is attached at **Appendix Four**.
- 3.3.3 A key element of the assessment will be a consideration of deliverability. To qualify for the 5 year business rates discount a business must have occupied a site within the EZ no later than 2015. CLG is therefore looking for proposals that will demonstrate robust implementation plans that ensure business growth and occupation on site is maximised by this date. Proposals for sites that have planning or other constraints might therefore be at a disadvantage to sites that are ready for development although this is counterbalanced in the assessment process by consideration of additionality, i.e. what will the EZ bring that wouldn't have potentially happened anyway.
- 3.3.4 An EZ Working Group has been developing the bid proposal, the latest version of which is shown at Appendix One, which has included WDC officers. The Working Group is confident that whilst the proposed site does have a number of constraints around planning and highway issues the proposal will be able to demonstrate a 'roadmap' as to how the issues would be tackled in order to ensure the site could be developed. The 'roadmap' demonstrates that all phases of development could either be occupied or laid out for development by 2015.
- 3.3.5 It is not yet known when the outcome of the bidding round will finally be known but a further report on the outcome of the CWLEP bid will be brought to Executive.

3.4 The Outline Planning Application

- 3.4.1 As part of the 'roadmap' referred to in section 3.3.4, the bid proposal will set out at section C2 on page 10 of Appendix One, an indicative timetable for the determination of an outline planning application for the non-airport EZ land within the WDC boundary, i.e. phases two and three of the proposed EZ development.
- 3.4.2 The proposed approach is designed to offset the potential 'constraint' that all the land that is proposed for inclusion in these phases is currently designated green belt and has no existing designation for employment use in our extant Local Plan.
- 3.4.3 The submission of either an outline or detailed planning permission would therefore be the mechanism to establish a principle of development for the land. Assuming the application was granted it would still require referral to the Secretary of State as it would be contrary to current national planning policy guidance, i.e. pertaining to development within the greenbelt. If the Secretary of State's approval was forthcoming the current constraint on development of the land would be removed.
- 3.4.4 The indicative timetable within the bid proposal shows that an outline planning application would be submitted in January 2012, although it is possible it could be brought forward sooner if the EZ proposal is approved. However, any such application is unlikely to be determined prior to September 2012 as it would require a full Environmental Impact Assessment (EIA) and it would not now be possible to complete some aspects of the ecological and habitat surveys that

this would require until June 2012. This would therefore delay the consultation that would be required on the full EIA, whatever the actual date of submission of the application.

3.4.5 The indicative timetable therefore shows that the earliest likely date for a Secretary of State decision would be in early 2013. If the Secretary of State were to determine that development of the greenbelt was permissible it would be for this Council to subsequently decide whether the green belt designation for the land should be removed as part of the Local Plan process.

3.4.6 Members should refer to section 3.5.5 and 3.5.6 below in relation to their potential future role in determining any such outline planning application.

3.5 The Local Development Order (LDO)

3.5.1 The Government's EZ prospectus assumes that all EZ's will be subject to a simplified planning regime to encourage business development. It assumes the use of a Local Development Order (LDO) which would effectively provide businesses with permitted development rights, allowing them the certainty that they could undertake any development specified within the terms of the LDO without the need to submit a planning application, saving them cost and time and providing them with certainty when planning future business expansion.

3.5.2 The bid proposal assumes that all the EZ land would be covered by a LDO. In addition previously developed areas within the WDC boundary (Middlemarch Business Park and Stonebridge Trading Estate) and undeveloped areas with outline planning consent within the Rugby Borough Council (RBC) area (former Ryton plant) would also be included within the proposed LDO boundary in order to maximise the potential benefits to business growth.

3.5.3 Extensive discussions have taken place between the 3 Local Planning Authorities (CCC, WDC and RBC) on the LDO process and WDC has also sought legal advice on its potential future operation. We have concluded that there are likely to need to be separate LDOs for different phases of the EZ and potentially differing LDOs between the EZ and non-EZ land. Such a differential approach is permitted within the planning framework where the process for adoption is in 4 stages; drafting, consultation, referral to Secretary of State for approval and then adoption by the planning authority.

3.5.4 Our legal advice is also clear that the LDO will not be the basis for which the principle of development is granted, that will remain the granting of outline planning consent. The LDO will therefore only come into play once a development has achieved lawfulness i.e. it has outline planning permission and the reserved matters have been successfully discharged.

3.5.5 Council should note that, if the bid is approved, decisions will have to be made in due course about an outline planning application, a LDO (or LDOs) and the implications of the existence of an EZ for the emerging Local Plan (Core Strategy) and that these decisions will involve the Planning Committee, the Executive and full Council. Although the Enterprise Zone Prospectus looks for a bid to have the support of the relevant planning authority, an expression of support for the bid, as per recommendation 2.1, does not give or imply any commitment as to the planning decisions which will subsequently be made or as to the view that will be taken on any specific matter relevant to those decisions.

3.5.6 The economic advantages of an Enterprise Zone would, of course, be a material planning consideration in due course as well as being a reason for supporting the bid. However, the exact nature and scale of those advantages have yet to be determined and tested through consultation and other planning processes. In addition, planning decisions are made with regard to a wider range of environmental and other material considerations than are to be found within the criteria for identifying an Enterprise Zone and with the benefit of a larger amount of evidence and argument, including environmental impact assessments, than is presently available. CLG will be aware of the duty of Members making planning decisions to keep an open mind and will not expect member support for the bid to be in any way inconsistent with that duty.

3.6 CWLEP Governance Issues

3.6.1 Public sector political representation on the CWLEP Board has previously been raised an issue of concern for this Council. Discussions at various levels have established that that the Board recognises that full engagement with WDC would be necessary were the EZ proposal to be successful.

3.6.2 If the bid is successful the Board therefore intend to review the district/borough council representation to ensure WDC is adequately represented.

3.6.3 Any change at Board level would be additional to the continued representation of WDC on the Executive Delivery Board through the Chief Executive.

4. **POLICY FRAMEWORK**

4.1 The principles underpinning the creation of an EZ, i.e. economic stimulus, the creation of significant numbers of new jobs and the re-investment of business rates growth within the local area to provide further sustainable growth, are entirely consistent with the achievement of the objectives within the Council's Sustainable Communities Strategy and corporate Vision.

4.2 If the EZ proposal is accepted the existence of the EZ will become a material fact that will need to be considered during the development of this Council's Local Plan, as discussed in paragraph 3.5.6.

4.3 Should an outline planning permission be granted for the currently designated green belt land, and should the consent be subsequently approved on referral to the Secretary of State a decision can be made as part of the Local Plan process as to whether the green belt designation should be removed, or whether it is retained with acknowledgement that the EZ would form a site of development within the Green Belt.

5. **BUDGETARY FRAMEWORK**

5.1 Since the 8 June 2011 Executive report legal advice has been sought on issues relating to potential pre-determination of future planning decisions (paragraphs 3.5.5 and 3.5.6) and the LDO process (3.5.4), as per recommendation 2.7 of that report. The costs of that advice can be accommodated within existing budgets.

5.2. There are likely to some further legal costs associated with the determination of an outline planning application, consideration as to whether planned development at the airport falls within existing permitted development rights

and the drafting of the LDO(s), although, at this stage, it is not felt that these are likely to be substantial. There will also be staffing resource issues associated with the determination of the outline planning application and preparation of the LDO(s).

- 5.3 Until the outcome of the bid proposal is known it is not possible to fully assess the future resource implications or determine how the staffing resource required to deal with any future EZ development would be allocated. These issues would be addressed in the future report to Executive when the outcome of the bid is known, and if necessary through the 2012/13 budget setting process.

6. ALTERNATIVE OPTION(S) CONSIDERED

- 6.1 Members could decide not to support the CWLEP bid for the development of an EZ within the sub-region. This has been discounted on the grounds that to decide not to support the development of a proposal that could potentially achieve major economic benefits, significant job creation and the ability to deliver business rates growth for re-investment in the local area would not be in the best interests of the Council or the residents of the district.
- 6.2 The bid proposal has wide-ranging support amongst the business communities of interest represented within CWLEP and all the other local authorities within the sub-region. It is considered that supporting the bid and the continued joint working which that would entail is likely to help this Council reinforce its reputation as a reliable and constructive partner. Equally members may wish to evaluate any potential reputational and relationship damage that might result from not supporting the bid and how this might potentially impact on our ability to form or maintain constructive relationships with partners in order to deliver other elements of our Fit for the Future programme.
- 6.3 Members are also reminded that, as stated in paragraphs 3.5.5 and 3.5.6, a decision to support the bid is not an indication of, or any commitment to, future determination of the planning matters that would be necessary if the bid proposal is accepted.

7. BACKGROUND

- 7.1 As one of the tools that will be used to progress the aim of creating significant numbers of new private sector jobs in order to stimulate economic growth the Government announced in the last Budget a programme to establish 21 Enterprise Zones (EZ) within England. Each EZ will offer a package of measures aimed at creating new (rather than relocating existing) businesses and new jobs and the promotion of wider economic benefits.
- 7.2 An EZ will offer tax breaks for businesses, including 100% business rate discounts, worth up to £275,000 to each eligible business, for an initial five year period and potentially capital allowances for plant and machinery, a 'radically simplified' planning regime and provision of 'super-fast' broadband. In addition all business rates growth within the EZ would, under the current Government's policy, be retained for at least 25 years for re-investment in the local area to support the priorities of its Local Enterprise Partnership.
- 7.3 The general locations for 11 EZs were announced in the May budget (with 4 specific locations having subsequently been agreed by Government and the

relevant LEP). The remainder of the LEPs have been invited to bid to host the remaining 10 EZ, with a presumption that only one EZ would be approved in each LEP area.

7.4 The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) considered 5 potential sites for an EZ at its 18 April Board meeting. These were:

- Ansty Park;
- Stoneleigh Park;
- Land north of the Bermuda area, Nuneaton;
- Coventry Airport;
- Land north of the Ricoh Arena, Coventry

The Board determined that the last three of these sites satisfied the Department of Communities and Local Government's (CLG) criteria for an EZ, and therefore submitted an Expression of Interest (EOI).

7.5 CLG did not, as had been anticipated, formally respond to the EOI and only informed the CWLEP Board that it was deemed acceptable when directly approached on 26 May. On the same date they published guidance on the bid process and advised that completed bids would need to be received no later than 5pm on Thursday 30 June.

7.6 The EOI had made it clear that should the proposal be accepted by CLG that the Coventry Airport site was the CWLEP Board's preferred site. A working group was therefore established to work through the various issues that this site presented and take responsibility for the preparation of the bid. WDC has been fully represented on this group, which has also comprised of representatives from Coventry City Council, Rugby Borough Council, Warwickshire County Council, Coventry University, the current airport operators and CWLEP support staff. Additional consultancy support has been provided to the group by PriceWaterhouseCooper who have been engaged through a Coventry City Council procurement framework agreement to work on behalf of the CWLEP .

7.7 The group established that a viable bid proposal was possible, albeit one that has a number of potential constraints that might impact on the CLG assessment process as discussed at 3.3.4. The CWLEP Board therefore formally endorsed the selection of the Coventry Airport site as the location of its bid to develop an EZ within the sub-region at its 13 June Board meeting.