



<b>Title</b>	Proposed Enterprise Zone	
<b>For further information about this report please contact</b>	Bill Hunt Deputy Chief Executive 01926 456014 <a href="mailto:bill.hunt@warwickdc.gov.uk">bill.hunt@warwickdc.gov.uk</a> Paul E. Pinkney Head of Development Services 01926 456016 <a href="mailto:paul.pinkney@warwickdc.gov.uk">paul.pinkney@warwickdc.gov.uk</a>	
<b>Wards of the District directly affected</b>	Baginton	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No	
<b>Date and meeting when issue was last considered and relevant minute number</b>	n/a	
<b>Background Papers</b>	Minutes of Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Board CWLEP Expression of Interest Department of Communities and Local Government Guidance on Enterprise Zones	
<b>Contrary to the policy framework:</b>	No	
<b>Contrary to the budgetary framework:</b>	No	
<b>Key Decision?</b>	Yes	
<b>Included within the Forward Plan? (If yes include reference number)</b>	No	
<b>Equality &amp; Sustainability Impact Assessment Undertaken</b>	No	
Impact Assessments not required at this stage but may form part of the evaluation and implementation process were a bid to be successfully developed. .		
<b>Officer/Councillor Approval</b>		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Deputy Chief Executive		Joint author
Head of Service		Author
CMT	1/6/11	Chris Elliott, Andrew Jones, Bill Hunt
Section 151 Officer	31/5/11	Mike Snow
Monitoring Officer	31/5/11	Andy Jones
Finance	31/5/11	Mike Snow
Portfolio Holder(s)	1/6/11	Cllr. Hammon
<b>Consultation &amp; Community Engagement</b>		
<b>Final Decision?</b>	No	
<b>Suggested next steps (if not final decision please set out below)</b>		
A further report will be brought to full Council on 29 June 2011 prior to any final bid submission from the CWLEP.		

## **1. SUMMARY**

- 1.1 The purpose of this report is to advise members of the successful Expression of Interest, submitted by the Coventry and Warwickshire Local Enterprise Partnership, to establish an Enterprise Zone in the sub-region and the work that will be required to enable the Council to establish its position on the proposal.

## **2. RECOMMENDATION**

- 2.1 That Executive note the Expression of Interest (EOI) document, submitted to Government by the Coventry and Warwickshire Local Economic Partnership (CWLEP), for an Enterprise Zone (EZ) to be developed within the sub-region.
- 2.2 That Executive note that the CWLEP's preferred location for the EZ is on land adjacent to Coventry Airport.
- 2.3 That Executive note that Government have deemed the EOI to be acceptable and that the deadline for submission to be made by CWLEP of a final, detailed bid is 30 June 2011.
- 2.4 That Executive instructs officers to work closely with all relevant stakeholders to assist with the development and evaluation of the final bid submission in order to protect this district's interests and maximise the potential benefits for the district's residents.
- 2.5 That Executive agrees to a detailed report being presented to the full Council meeting on 29 June 2011 to allow members to consider the Council's 'in-principle' position on the final bid proposal.
- 2.6 That Executive agrees to officers seeking legal advice and opinion from Government, if necessary separately from other parties, to ensure that this Council's position is protected were a proposal bid to be submitted for land at Coventry Airport and to inform the June report.

## **3. REASONS FOR THE RECOMMENDATION**

- 3.1 As one of the tools that will be used to progress the aim of creating significant numbers of new private sector jobs 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 creating new (rather than relocating existing) businesses and new jobs and the promotion of wider economic benefits.
- 3.2 An EZ will offer tax breaks for businesses, including 100% business rate discounts, worth up to £275,000 per 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 rate would be retained for at least 25 for re-investment in the local area to support the priorities of its Local Enterprise Partnership (LEP).
- 3.3 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.

3.4 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, set out in its Prospectus, attached at **Appendix One**, and therefore agreed to submit the EOI document shown at **Appendix Two**.

3.5 However, the CWLEP Board have also determined that the Coventry Airport site would be their preferred EZ location if the EOI was successful. Patriot Aerospace Group, operators of Coventry airport, (<http://www.patriotaerospace.uk.com/index.html>) announced in April their intention to form a joint venture company (JVC) with the industrial development company Roxhill Developments Limited (<http://www.roxhill.co.uk/>). The JVC has subsequently made public their proposal to create a £250 million economic hub at the airport that would deliver 10,000 jobs by 2015 and it is elements of this proposal that the CWLEP intends to promote through its EZ bid.

3.6 The JVC plans are for two complementary development projects: one focussing on the operational airport site; the other on extensions to the business parks to the north and south of the airport. These proposals are shown at **Appendix Three**. To the south the existing Middlemarch Business Park would be extended by approximately 180 acres and to the north a new business park of around 66 acres, on which would be sited a new hotel to serve the airport, would be created from a westwards expansion of the Stonebridge Trading Estate. Vehicular access to and around the site would be improved by the creation of a new access road from the A45 and extensive modification of Tollbar Island (junction of the A45 and A46).

3.7 The CWLEP proposal for an EZ is likely to be based on the new business parks to the north and south of the airport and the transport infrastructure improvements which would allow potential connectivity between the site and the JLR research and development facility at Whitley to the northwest and the site of the former Ryton car manufacturing plant to the south east, now owned by the St. Modwen development group and being marketed as the Prologis Distribution Park.

3.8 The CWLEP Board has been advised by CLG that there will be no formal confirmation as to whether its EOI and those submitted by other LEPS has been successful but that as no concerns have been raised it is safe for them to assume the EOI is acceptable and that it is now up to them to work up a detailed bid in accordance with the timetable shown on page 8 of Appendix One. CLG have subsequently advised that any such bids need to be submitted by 5pm on Thursday 30 June.

3.9 Success in securing approval for a viable EZ within the sub-region would be a significant boost to stimulating the economy. Were the site of such an EZ to be

located within Warwick district it would offer the opportunity to maximise the potential benefits for our residents, in full support of our Sustainable Community Strategy objectives and corporate Vision. It is therefore recommended that Executive instructs officers to work closely with all relevant stakeholders to assist with the development and evaluation of the final bid proposal for an EZ on the Coventry Airport site. Failure to fully engage in the process would jeopardise our ability to protect this district's interests and maximise the potential benefits for the district's residents

- 3.10 However, it must also be acknowledged that the development of an EZ proposal for this site presents a range of significant challenges. These will not only need to be considered and addressed before a viable bid proposal can be submitted but will also need to be specifically considered by this Council before it is able to determine its position of any final proposal, including whether it is able to support a bid involving this site. The timetable for finalising an EZ bid proposal means that it will require submission in advance of the next Executive meeting in July. It is therefore proposed to bring a further paper setting out the details of the final bid proposal and how this plans to address the various challenges to full Council on 29 June.
- 3.11 Whilst a variety of challenges can be identified these have yet to be discussed in detail by the group that will need to develop a CWLEP final bid. Warwick District Council will need to be a core member of the CWLEP run group as we are both the planning authority for the proposed site and the responsible authority for the collection of business rates. Coventry City Council as a significant landowner and planning authority were the bid to include a new transport link to the Whitley site, Warwickshire County Council as highway authority and potentially Rugby Borough Council as planning authority and/or business rates collection authority if the proposal were to include any elements of the Ryton site will also need to be represented, as will relevant private sector businesses and stakeholders.
- 3.12 Amongst the issues and challenges that will need to be addressed (although this is by no means an exhaustive list) are:
- The precise definition of the EZ area and, unless coterminous, the wider area that would benefit from the re-investment of business rate growth;
  - The means of funding the required transport infrastructure improvements at Tollbar Island and for the new link road island and whether public investment, e.g. Regional Growth Fund or European Regional Development Fund monies, is available;
  - Assessment of whether additional transport infrastructure enhancements along the A45 and A46 are necessary and viable, including consideration as to whether these could be used to stimulate growth at other sites such as Ansty and Stoneleigh Park;
  - Confidence that viable levels of business rates and job growth can be achieved without displacement from elsewhere in this district or the wider sub-region;
  - Agreement as to how business rates growth will be identified, collected and re-distributed;
  - Understanding of the potential application of Tax Incremental Funding to the EZ to maximise the monies available for re-investment within the sub-region to stimulate economic growth, improve infrastructure and create new jobs;
  - Understanding of any relationship between the proposed EZ and the commercial operation of Coventry Airport and/or the Ryton and Whitley sites;

- Understanding as to whether the EZ proposal would require the production of an Environmental Impact Assessment and, if so, on which authority or agency this requirement would fall and how costs and resources for its production would be allocated;
- Understanding of the issues posed by the allocation of land currently designated as Green Belt to accommodate the EZ, including consideration as to whether the 'very special circumstances' currently necessary to justify its release do actually exist;
- Understanding of the potential impact, beneficial or otherwise, of the EZ on currently designated, but undeveloped, employment land elsewhere in the sub-region, e.g. at Tournament Fields, Warwick or within Coventry;
- Clarity around the 'radically simplified' planning processes that would be deployed within the EZ area, including an understanding of the requirements, and agreement on the deployment, of Local Development Orders (see page 10 of Appendix One).
- Understanding of the potential impact of the EZ on the future housing needs of the sub-region;
- Clarity around the potential impacts of the EZ on issues such as transportation, noise, air quality, ecology, archaeology, landscape and visual impact in relation to national, regional and local planning policies;
- Understanding of sustainability issues and how the EZ can be used to re-organise public transport networks to bring workers to the site;
- Confidence that local labour clauses (or similar) can be deployed to maximise the number of jobs available to workers within the sub-region;
- Agreement on a robust consultation process;
- Understanding of how the benefits to and protection of local communities, e.g. at Baginton, Stoneleigh, Bubbenhall, Ryton-on- Dunsmore, Willenhall and the Stonebridge estate in Coventry etc, can be ensured.

3.13 However, in addition to working through these issues with the other stakeholders, necessary to determine whether CWLEP are able to submit a viable bid proposal, there remains the question of determining this Council's position on that proposal. As discussed in 3.8 and 3.10 the timescale set by CLG means that any final proposal will have been submitted prior to the next scheduled Executive, although an opportunity exists for a report to come to the full Council meeting on 29 June. It is proposed that in addition to examining the final bid proposal this will present the Council with the opportunity to discuss its 'in-principle' position even if further work, and subsequent reports, are required to determine a final position when it is known whether the proposal is likely to be accepted or not.

3.14 It seems likely that this Council, regardless of any work undertaken by the stakeholder working group charged by CWLEP with delivery of the bid proposal, will wish to obtain its own specialist advice or legal opinion on some of the issues listed in 3.12. For example, legal advice may be required on matters relating to the release of significant amounts of green belt designated land including the process required for doing so to enable members to make informed decisions on any final proposal involving land at Coventry Airport.

3.15 It is not apparent whether CLG, in giving the advice on the EOI as discussed at 3.8, would have considered, or even been aware that one of the 3 potential sites listed within it involved green belt designated land, virtually in its entirety. It is therefore also likely that officers, regardless of any approach made by CWLEP or other stakeholders, may also need to approach CLG for their opinion

as to whether this might bar the site from becoming a viable proposal for an EZ location.

- 3.16 There may be other technical issues that emerge during the detailed work on the preparation of a final bid proposal that require us to take separate advice, or seek separate guidance from CLG, from that being sought by other partners or stakeholders. For example, in relation to the second bullet point within 3.12, on the means of funding off-site highways work, there may be a need to seek clarity on a number of technical issues that affect this Council above and beyond the work that the group charged with developing the final proposal would need to do to establish whether the levels of funding necessary to determine if the bid proposal is viable can be identified.

#### 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 The progression, or otherwise, of a viable EZ proposal will inform the development of this Council's Local Plan.
- 4.3 The detailed consideration of the issues and challenges listed at 3.12 will be necessary to determine whether the finalised EZ proposal is contrary to or can be accommodated within local planning policy.

#### 5. **BUDGETARY FRAMEWORK**

- 5.1 The timescale for formulation of a final EZ bid proposal is extremely short. The process is unlikely to require a financial commitment other than the deployment of officer time. Whilst this can be accommodated within existing resources it could potentially have an impact on existing project work. Any such impacts would be closely monitored by CMT and discussed with the Leader and Deputy Leader on a weekly basis.
- 5.2 The detailed consideration of the issues listed in 3.12 will be used to identify any future budgetary implications that might impact on this Council, which would, if necessary, be explored further within the 29 June report.
- 5.3 Modelling of potential future business rates growth will be undertaken in the coming weeks and will also be reported in the next report to members.
- 5.4 Recommendation 2.6 recognises that the Council may wish to seek its own legal opinion or specialist advice on planning or technical issues, separate from any other agency or stakeholder. It is not possible to identify potential costs for any such work that is required at this stage but it is anticipated that they could be accommodated within existing budgets. Details of any direct 'up-front' costs, other than officer time, incurred in the bid preparation stage will be reported in the 29 June report.
- 5.5 It is also recognised that, subject to a viable bid proposal being submitted and accepted, there might also be considerable 'downstream' costs that could potentially fall on the Council. For example, if, as appears likely, an accepted EZ

proposal predominantly covering land currently designated as green belt would require an Environmental Impact Assessment to be conducted the financial burden for its preparation would normally fall on the planning authority for the area. This could potentially result in a significant future cost to this Council, for which no budget provision currently exists.

- 5.6 It is therefore proposed that the work undertaken by officers to support the preparation of a final bid proposal, which will include discussion to address the issues listed at 3.12, will also need to identify any issues with the potential for placing a 'downstream' cost burden on this Council to allow them to be considered in the subsequent 29 June report. This report will also detail any agreements, actual or potential, with other stakeholders as to how costs and resources would be allocated against such issues.

## 6. **ALTERNATIVE OPTION(S) CONSIDERED**

- 6.1 Members could decide not to support the development of an EZ proposal for land at Coventry Airport. This has been discounted on the grounds that such a decision would be premature given the detailed work that is required to address the issues identified within 3.12. 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 before a complete understanding of the potential implications of the means of doing so has been fully investigated is not recommended.
- 6.2 Members could choose not to instruct officers to engage in the intensive work required to formulate the final proposal. This has also been discounted on the grounds that the CWLEP is committed to pursuing the bid and to engage in the process would leave the Council unable to influence its development which, given the potential impact of the issues highlighted in 3.12, would not be in the best interests of the Council or the residents of the district.
- 6.3 Members could choose not to receive a report at Council on 29 June and instead take longer to consider their position and whether or not they wish to support any bid proposal submitted by CWLEP. It is acknowledged that recommendation 2.5 will present officers with a challenging timetable for producing a comprehensive report, not least because Committee deadlines are likely to mean that the report will need to have been written prior to finalisation of the bid proposal.
- 6.4 As a minimum this is likely to mean that although a version of the report can be submitted with the agenda, a final, revised, version of the report may subsequently need to be circulated or even tabled (with an appropriate presentation from officers as necessary). Members may feel this will not present a sufficiently robust process to enable them to make the informed decisions necessary to determine this Council's 'in-principle' position on such an important issue.
- 6.5 The alternative option is for members to not to receive a further report until after any bid proposal has been submitted by CWLEP. Whilst this would allow more time for all the possible impacts and consequences to be considered it has been discounted on the grounds that it would be desirable for the Council to establish its 'in-principle' position on any such bid as soon as possible in case that position might require it to lobby, whether in support or opposition, on the final bid proposal.

