



Department for
Communities and
Local Government

Discovery Park Enterprise Zone

Business Case – Consideration of Enterprise Zone asks relating to incentives or extensions

Purpose

- The Business Case is used to obtain commitment and approval by senior management within the Department for proposals which have either funding requests or future cost implications.
- All such decisions need to be backed by a robust Business Case. However, the amount of work and detail put in to a Business Case should be proportionate to the scale of the project or programme, and the expenditure involved.

Notes

- Business Case will be assessed on a case by case basis. Inviting and assessing business cases does provide any commitment that a proposal will be successful.
- Business cases should be submitted no later than Friday 24th October. Enterprise Zones should work with their EZ lead in DCLG to develop the case.
- Only those Enterprise Zones that made a formal request for a change to their Zone through their LEPs Strategic Economic Plan, may submit a case at this point. Cases should be for changes to the incentives on existing sites (i.e. applying to have an Enhanced Capital Allowance instead of a Business Rates Discount) or for extensions to the geography of Zones. Cases for extensions to the timescales for incentives or for removal of reduction of existing sites will not be considered.
- Cases should be submitted by the Local Enterprise Partnership on behalf of their Enterprise Zone.
- Cases should be submitted to EnterpriseZones@communities.gsi.gov.uk

FULL BUSINESS CASE OUTLINE

Proposal name

Discovery Park: Proposal for extension of Enterprise Zone to include Manston and Betteshanger.

Context and strategic case

Rationale for government intervention

1.1. Introduction

Discovery Park at Sandwich, Kent, is one of England's most successful Enterprise Zones. Recent developments on nearby sites offer the potential for complementary development, building on this success to overcome some of the long term challenges that have faced the East Kent economy.

Last year, DCLG invited submissions for extensions to existing Enterprise Zones, and in the Chancellor's budget statement, it was noted that the Enterprise Zone at Discovery Park could be extended, subject to a full business case.

This proposal therefore sets out the case for the extension of the existing Enterprise Zone at Sandwich, Kent to include three neighbouring sites, shown on the map in Annex 2:

- Extension 1: Manston Business Park
- Extension 2: Manston Airport
- Extension 3: Betteshanger Business Park

Combined with Discovery Park, these three locations form a major commercial growth location. Discovery Park's successful focus on a knowledge-led hub for life science and related businesses complement a growing SME-driven manufacturing base at Manston Business Park; longer term aviation-related (and potentially advanced manufacturing and other additional) uses at Manston Airport and a cluster of environmental technology activities at Betteshanger.

1.2. The case for intervention

East Kent has historically been characterised by low productivity, relatively high unemployment and a historic dependency on lower value sectors. The area has also faced major economic challenges, in particular the significant reduction of Pfizer's activities in Sandwich and, more recently, the closure of Manston Airport. Generally, land values are relatively low, and despite extensive employment land, quality commercial property has traditionally been slow to bring forward.

However, significant improvements in infrastructure (especially the development of High Speed One and the completion of the East Kent Access road network) have improved East Kent's economic outlook and private investment has followed. Since Pfizer's partial exit, Discovery Park Enterprise Zone has proved that there is demand for high quality business space from high value employers. Consequently, a single-purpose site has been successfully transformed into a hub for over 100 research-focused SMEs, supported by a significant educational presence. With commercial interest rising, there is an opportunity to extend this success to Manston and

Betteshanger, to the north and south of Discovery Park, creating a powerful growth hub at the centre of the East Kent economy.

1.3. The existing Enterprise Zone at Discovery Park

The existing Discovery Park Enterprise Zone is an 89 hectare site located to the north of Sandwich. For many years, the site was a major pharmaceutical and research and development centre owned by Pfizer, with an extensive stock of high quality scientific R&D facilities. Following Pfizer's decision to exit the site in 2011 with the loss of over 2,400 jobs, Discovery Park was designated as an Enterprise Zone. The following year, the site was sold to Discovery Park Ltd (DPL) for mixed use development, to include significant scientific R&D occupiers. Part of the site was leased-back to Pfizer who had agreed to retain some of their operations on the site, saving some 600 jobs.

The Enterprise Zone offers five-year business rate discounts and businesses on the site also benefit from flexible lease terms offered by Discovery Park Ltd, access to interest-free loans and equity investment from the Regional Growth Fund-backed Expansion East Kent programme and a significant technical and vocational training presence on site offered by East Kent College.

Discovery Park Enterprise Zone has been highly successful. At the end of 2011, only one company (Pfizer) was located on the site, employing 600 people – 1,800 having been made redundant. Today, 110 companies operate from the site, with a further 10 firms currently in the process of locating onto the site. At present, 2,000 people are directly employed at Discovery Park and the number is expected to rise to 2,500 by the end of 2015.

For commercial development in the vicinity, this success has had three consequences:

- First, it has demonstrated demand and driven investor interest on neighbouring sites, especially Manston Business Park (see below);
- Second, it has meant that DPL has been unable to accommodate a number of enquiries, especially where these relate to manufacturing uses;
- Third, the growth of the market for space for growing R&D-intensive small businesses is starting to increase demand for lower-cost start-up premises which could 'grow into' space offered at Discovery Park itself.

These factors provide the rationale for the expansion of the Enterprise Zone.

Planning status

Dover District Council adopted a Local Development Order for the site in March 2013, with the current draft master plan envisaging the creation of 3,000 jobs by 2017 in scientific R&D, general office, manufacturing and energy, with associated residential, retail and leisure uses.

Alongside the Local Development Order, Dover District Council has maintained a very positive approach to growth at Discovery Park through the planning process. In particular, the Council has granted consent for:

- a) A foodstore and associated development (application DOV/13/00783);

- and
- b) The redevelopment of the site to include demolition, change of use, provision of new commercial uses and associated site preparation and infrastructure works (application DOV/14/00058)

The granting of consent to both of these applications will ensure the comprehensive, sustainable development of Discovery Park in addition to the existing buildings inherited from Pfizer, and will ensure that the positive momentum built up since Enterprise Zone designation was granted is maintained.

1.4. The proposed extension to Manston Business Park

Manston Business Park is an allocated business site directly accessible from the A299 dual carriageway. Some 29 hectares of the site have been developed and it currently accommodates 35 businesses and around 1,000 jobs and is owned by East Kent Opportunities LLP (a joint venture between Kent County Council and Thanet District Council) and by China Gateway.

Complementary to the opportunities at the Airport site, Manston Business Park is suitable for engineering, storage and distribution uses. Commercial demand has increased recently: over 2,800 sq. m built has been built out over the past 18 months, including 49 small business units in two separate developments. This will be supplemented by a further 1,000 sq. m to be delivered over the next year, including an additional 14 small business units.

However, significant capacity remains (just under 46 hectares), with scope for the Park to potentially accommodate a further 2,000 jobs within existing infrastructure.

1.5. The proposed extension to Manston Airport

Manston Airport closed as an operational airport in May 2014 with the direct loss of 144 jobs. The total site covers approximately 300 hectares, including land previously used for direct airport operations and for a limited amount of additional commercial use.

The future use of the Airport site will be determined through Thanet District Council's Local Plan process. The draft Preferred Option Local Plan indicates that "a consideration... should be the retention, development and expansion of the Airport and aviation operations where supported by a feasibility study and a viable business plan... while exploring alternative options... for mixed-use development".

Since September 2014, the site has been owned by a consortium, including two of the owners of Discovery Park. The new owners of the site have extensive experience, both at Discovery Park and at Wynyard Park in Teesside, in bringing forward highly successful commercial developments and have a clear interest in ensuring complementarity with Discovery Park.

The new owners have an aspiration for the site to be developed as a mixed-use scheme incorporating a major advanced manufacturing park, to include significant research and training facilities. They suggest that this is a logical extension of Discovery Park where the relative lack of manufacturing space is hindering the attraction and retention of companies in that sector. These proposals have been submitted to Thanet District Council for consideration

through the Local Plan process.

1.6. The proposed extension to Betteshanger Business Park

Betteshanger Business Park is located off the A258 between Sandwich and Deal. The Business Park was formerly occupied by Betteshanger Colliery and was laid out as a serviced site by SEEDA and the Homes and Communities Agency, alongside an adjacent country park. However, reflecting weak demand in East Kent and the difficulty in marketing former coalfield sites, commercial interest has been slow to come forward. However, the Business Park is now in the ownership of the Hadlow Group, one of the UK's leading land-based educational institutions, providing a new opportunity for a more clearly focused approach to development.

Hadlow Group envisages that Betteshanger Business Park will focus on growing businesses linked with the Group's educational and research specialisms. Specifically, this will target sustainable power development (linked with the energy centre now being delivered on the adjacent country park) and food technology (linked with Hadlow's core food sector specialism), along with the delivery of standard commercial space for let. In the short term, Hadlow will provide access to training and business support to tenants, with the intention of building a further and higher education facility accommodating around 400 students in the longer term. Focused on smaller units and with business and training support offered on site, Betteshanger offers scope for early stage and start-up businesses which could later take space at Discovery Park.

Within the master plan for Betteshanger Business Park, there is scope for 13,500 sq. m commercial space, of which 5,500 sq. m will be delivered by 2018.

The Business Park has a long standing allocation for employment use for many years and is a high priority within Dover District Council's economic strategy. It was previously granted outline planning consent for a mix of B1, B2 and B8 uses and a new outline application will be submitted later in 2015.

1.7. Strategic infrastructure provision

Discovery Park, Manston Business Park, Manston Airport and Betteshanger are all well served by new road infrastructure. The East Kent Access road scheme opened in 2012, providing direct dual carriageway access from Discovery Park and Manston to the motorway network, while work has commenced on the Westwood Relief Strategy, providing improved connections to Broadstairs and Ramsgate.

Betteshanger Business Park is located immediately off the A258 near Deal, with new access infrastructure in place.

All three sites also benefit from proximity to High Speed One rail services. Direct HS1 services already run from Ramsgate, Sandwich and Deal and work is underway to improve line speeds. Funding has also been confirmed to deliver a new parkway station to serve the existing Discovery Park Enterprise Zone and new developments at Manston, and the new station will open in 2019.

1.8. Complementarity between the existing Enterprise Zone and the proposed extension

The existing Discovery Park Enterprise Zone offers a world-class science park location. As envisaged in the original Enterprise Zone business case, most development at Discovery Park will consist of B1a (office) and B1b (R&D) uses, with an element of B1c (light industrial) and B2 (general industrial) use, alongside complementary residential and leisure uses outlined above. Discovery Park will retain this high-value, knowledge-intensive sectoral focus.

It is envisaged that the extensions to Manston and Betteshanger will be complementary, rather than competitive, with the existing Zone.

At Manston Business Park, the initial focus will be on accelerating demand for B2 and B1c industrial floorspace, especially in the manufacturing sector, in addition to some distribution use. This reflects actual demand at Manston as well as the requirements of potential occupiers expressing an interest in B8, B2 and B1c uses at Discovery Park, but which cannot be appropriately accommodated on site. Based on recent occupation, it is envisaged that the majority of businesses will be SMEs.

At Betteshanger, the focus of activity will be on SMEs within the food and renewable energy sectors, reflecting Hadlow College's areas of specialism and the master plan for the site, with the business park also including units suitable for start-ups and early stage businesses with the potential to take up space at Discovery Park in the future.

At Manston Airport, future use of the site will be determined through Thanet District Council's Local Plan process. Advanced manufacturing and/or aviation use will clearly be non-competitive with the existing offer at Discovery Park, while the shared ownership between the Airport and Discovery Park provides a strong incentive to complementarity.

1.9. Aims and outcomes

Strategic aims

This proposal to extend the Enterprise Zone aims to create a significant cluster of complementary economic activity in East Kent building on the success of Discovery Park, creating new employment and economic opportunity.

Quantifiable outcomes

By extending the Enterprise Zone, we aim to create 265 jobs as a result of additional development brought forward due to the Enterprise Zone business rate incentive by 2023/24, not including development on the Manston Airport site.

1.10. Specific Enterprise Zone request

In extending the Enterprise Zone, we seek the application of 100% business rate discounts to Manston Business Park, Manston Airport and Betteshanger Business Park on the same terms as the discounts available to occupiers at Discovery Park.

We are not seeking any change to the terms on which business rate

	<p>discounts are offered at Discovery Park: consistent with the current arrangements at Discovery Park, it is essential that the business rate discounts regime will have no detrimental impact on the business rates baselines of either Dover District Council or Thanet District Council and that the status quo will be maintained.</p> <p>It is assumed that the redefined Enterprise Zone will be set out in revisions to the red area of the 'Maps referred to in the Non-Domestic Rating (Rates Retention) Regs 2013'. This means that all the hereditaments in the expanded Enterprise Zone – both existing and new – will be 'Case B' hereditaments. There will be no 'blue area' in the expanded Enterprise Zone and no Case A hereditaments. However, reflecting recent selective demolitions at Discovery Park, Dover District Council requests that DCLG reviews Dover's business rates baseline.</p> <p>At this stage, we are not seeking enhanced capital allowances (ECAs) or any other measures which would incur an exchequer cost. However, the Treasury has previously stated in respect of the existing Discovery Park Enterprise Zone that should ECAs provide a significant incentive to a larger occupier, it would be prepared to consider the application of ECAs in the future. Given that the existing and expanded Enterprise Zone is within an Assisted Area, the offer of ECAs would be viable, although we do not anticipate a requirement in the short term.</p>
<p>Current situation</p>	<p>2.1. Jobs and businesses</p> <p>At present, there are 110 businesses located at the existing Discovery Park Enterprise Zone, employing approximately 2,000 people. This includes a number of larger pharmaceutical businesses (including Pfizer, Mylan and Peakdale Molecular) as well as a larger number of SMEs, both in R&D and other sectors.</p> <p>Reflecting Discovery Park's growing reputation, recent months have seen an increase in enquiries from overseas and projects have been secured from the USA, India and Australia. In the 12 months to March 2015, the district of Dover was the most successful in Kent in attracting overseas investors, being the chosen location for 10 of the 46 companies attracted to the county during that period by Locate in Kent. 8 of those 10 companies have located at Discovery Park.</p> <p>2.2. Incentives currently available</p> <p>There are currently three main incentives offered by the public sector to support business growth at Discovery Park:</p> <ul style="list-style-type: none"> • <u>Business rate discounts</u>, available to a maximum of £275,000 per business over a five year period. • <u>Direct interest-free loan and equity finance</u> offered by the Regional Growth Fund-supported Expansion East Kent programme. So far, six businesses based at Discovery Park have secured £2.4 million in Expansion East Kent finance, enabling them to lever a further £5.3 million from the private sector and securing 221 jobs. <p>Expansion East Kent funding is also available on the proposed extension at Manston and Betteshanger. The entire extended Zone is located within the East Kent Assisted Area, enabling a higher level of support to</p>

	<p>business than would otherwise be the case.</p> <ul style="list-style-type: none"> • <u>Simplified planning</u>, through the Local Development Order adopted by Dover District Council. The Order effectively grants planning permission for certain uses, minor developments and demolitions, enabling businesses to adapt their premises without seeking planning permission. <p>Given the recent closure of Manston as an operational airport, there is further work to do in determining planning policy for the Manston Airport site. However, significant experience has been gained both by Dover District Council and Discovery Park Ltd in the preparation of the Local Development Order: this has already been shared with neighbouring authorities in East Kent and will be used to support Thanet District Council in preparing a LDO for all or part of the former Manston Airport and Business Park area, should this prove to be the most effective planning route. Dover District Council's experience in progressing the LDO at Discovery Park will also be used in developing a simplified planning regime at Betteshanger.</p> <p>This incentive package will be retained and expanded as part of the Discovery Park and Manston Growth Deal proposed in the Strategic Economic Plan.</p> <p>2.3. Governance and management</p> <p>The existing Discovery Park Enterprise Zone is co-ordinated by an <u>Enterprise Zone Board</u>. This is chaired by the Leader of Dover District Council, and includes representatives of Discovery Park Ltd., Kent County Council, Locate in Kent (the county's inward investment agency) and DCLG. The Board aims to support the delivery of employment and business growth within the Enterprise Zone, ensuring that marketing and promotion efforts are co-ordinated, incentive packages are joined up and that all key statutory bodies are aware of and can respond positively to the growth of Discovery Park.</p> <p>The Enterprise Zone Board was established in 2012 and has proved both stable and effective. It is proposed that with the extension of the Enterprise Zone, the Board is expanded to include representation from Thanet District Council and the owners of the Betteshanger and Manston extensions.</p> <p>The lead officer contact for Discovery Park Enterprise Zone and the main liaison officer with DCLG and the LEP is the Head of Inward Investment at Dover District Council. In respect of the expanded Zone, this role will be supported by the Head of Built Environment at Thanet District Council as the lead officer for matters relating to sites in Thanet.</p>
<p>Objectives</p>	<p>3.1. Overall objectives</p> <p>See also Section 1.6 above.</p> <p>The extension of the Enterprise Zone aims to accelerate the development of Manston and Betteshanger by providing Government support and an additional financial incentive alongside new private sector investment.</p> <p>3.2. Specific objectives</p> <p>Specifically, the Enterprise Zone extension aims to:</p>

	<ul style="list-style-type: none"> • Deliver 11,000 sq. m of net additional floorspace by the end of 2017/18 as a result of Enterprise Zone designation; • Support the creation of 265 jobs by 2023/24 as a direct result of this additional floorspace); • Support the creation of a further 2,300 jobs through further development over the next ten years to 2025/26
Economic Case	
Exchequer cost (£) / Tax Implications	<p>4.1. Overall Treasury cost</p> <p>The maximum cost to Treasury will be <u>£4,322,500</u> to 2023/24.</p> <p>4.2. Assumptions</p> <p>This estimate is based on the following assumptions:</p> <p>a) The only substantive cost to Treasury is the costs of business rate discounts to a maximum value of £275,000 per business over five years. We do not anticipate at this stage any additional infrastructure costs to be borne by central Government, other than those already committed. While there may be a case for enhanced capital allowances at both the existing Discovery Park and the extension to Manston within the existing window to 2018, we do not anticipate that the costs associated with this would exceed the costs of the business rate discounts.</p> <p>b) Based on current estimated business requirements, around 11,000 sq. m additional floorspace is likely to be brought forward at Manston Business Park, Manston Airport and Betteshanger by 2017/18. We have assumed that this will be the final year in which new occupiers will be able to take advantage of the five year business rate discount window.</p> <p>c) An analysis has then been undertaken of the typical size of properties and their rateable values. This assumes that delivery during the Enterprise Zone discount period is B2 (general industrial) and B1c (light industrial) use, reflecting current take-up at Manston Business Park and planned delivery at Betteshanger. Based on current plans and existing patterns of take-up, we assume that most occupiers will be smaller businesses and are unlikely to claim the full £55,000 rates discount.</p> <p>d) It is assumed that take-up of business space at Manston Airport will be modest during the business rates discount period, and restricted to the re-use of existing properties on the site. In the longer term, we have not made any assumptions of job growth on the site, pending determination of the likely mix of uses through the Local Plan process.</p>
Impact and Benefits	<p>The impact of Enterprise Zone extension will be seen through both direct quantifiable and indirect benefits.</p> <p>5.1. Direct quantifiable benefits</p> <p>In line with the objectives set out above, the Enterprise Zone extension will</p>

deliver additional floorspace and job creation benefits.

a) Additional commercial floorspace

Overall, the full Enterprise Zone extension (including Manston Airport, Manston Business Park and Betteshanger) could accommodate around 300,000 sq m of commercial floorspace (including potential aviation capacity at the Airport).

Enterprise Zone designation will help to bring the delivery of this commercial development forward, both through the marketing advantages that EZ designation brings and through the provision of temporary business rate discounts, which will provide a powerful incentive to occupiers to take advantage of additional space in the short to medium term.

By the end of 2017/18 (the last date at which businesses are able to claim the rates discount), we estimate delivery of an additional 11,000 sqm, made up of:

- 4,000 sq m of new floorspace coming forward at Manston Business Park in 2015/16 and 2016/17. The past 18 months have seen the build out of 2,800 sq m of floorspace at Manston Business Park: the incentives offered by Enterprise Zone designation (and the higher profile given to the area) are likely to mean an increased rate of delivery.
- The delivery of the first phase of development at Betteshanger (5,500 sq m small business and incubator space according to the Betteshanger master plan);
- 1,500 sq m business space at Manston Airport, assuming the re-use of existing facilities.

b) Additional employment

A study carried out for the Enterprise Zone by Wessex Economics in 2014 estimated that the then Manston Airport and Manston Business Park combined could ultimately accommodate around 5,000 jobs. However, these will be delivered over a long period, and will depend on the mix of uses at the Airport.

Assuming that Enterprise Zone designation has the effect of accelerating development as outlined above, it is estimated that 265 jobs will be created on the extended EZ area by 2023/24. This estimate is based on standard job densities for the likely mix of development.

Estimates of deadweight, displacement and optimism bias have been incorporated into the DCLG spreadsheet in Annex 1. These have been made using standard discount factors to adjust the gross jobs estimates based on floorspace. However, these adjustments are likely to make the estimates highly conservative. In particular, the standard regional displacement factor may underestimate the extent of market failure in East Kent; where quality, serviced commercial land has been made available (for example at Manston Business Park), the market has responded positively. However, low values have hampered the market's ability to deliver, and in the case of Manston Business Park, long term investment by the public sector has been essential to the viability of commercial development.

c) Land value uplift

Commercial development on the Manston Airport site may lead to land value uplift. The amount paid by the new owners for the site is commercially

	<p>confidential, although given the circumstances of the sale, it is possible that the purchase of the site will have been below the going rate for commercial land in East Kent. However, it should be noted that historically commercial property development has struggled to be economically viable in East Kent and the designation of this site as an Enterprise Zone will help to address that issue, rather than lead to any windfall gain for the site owners.</p> <p>Betteshanger Business Park has been the beneficiary of significant Government investment, with around £20 million invested by SEEDA and the Homes and Communities Agency in site remediation and infrastructure (including the creation of the adjacent Fowlmead country park). However, land values remain low, with relatively low rental values deterring commercial investment. With the anchor presence of Hadlow College and an incentive package for new occupiers, demand, and consequently land values, is likely to rise considerably.</p> <p>As development proceeds, there will obviously be an increase in business rate receipts on both Enterprise Zone extension areas (although it should be noted that the former airport incurred a significant business rates liability). Consistent with the position on the existing Enterprise Zone, we are not seeking special Enterprise Zone business rate retention measures, so Government stands to benefit directly from the increase in business rates payable over time.</p> <p>5.2. Indirect benefits</p> <p>In addition to quantifiable commercial floorspace and jobs outputs, the extension of the Enterprise Zone will have a wider impact on the East Kent economy by strengthening the wider Sandwich Corridor and adding value to the existing offer at Discovery Park. Both the existing and proposed extended EZ sites benefit from shared strategic infrastructure and successive strategies (including the South East Strategic Economic Plan) have identified the value of a stronger ‘critical mass’ of commercial development to make best use of existing infrastructure investment.</p>
<p>Additionality</p>	<p>6.1. Timing additionality</p> <p>In the absence of Enterprise Zone extension, it is anticipated that development at both Manston and Betteshanger will take much longer to come forward.</p> <p>The timing additionality effect works in two ways:</p> <ul style="list-style-type: none"> • First, the time-limited nature of the business rate discount provides an incentive for occupiers to take up space earlier than they might otherwise have done; this is likely to be most significant around 2017/18, before the window of opportunity closes for businesses to take advantage of the maximum five year rate relief period. • Second, the non-financial aspects of Enterprise Zone designation (in particular Government backing, the commitment to simplified planning and a coordinated approach to marketing) will be significant in the first few years of development at Manston Airport (regardless of its eventual use mix), helping to change investor perceptions ahead of the majority of

	<p>commercial build-out. Likewise, Enterprise Zone designation at Betteshanger will help to raise the profile of the business park as a nationally-supported growth location.</p> <p>In the first two years of business rates relief being available, occupation of new premises will be focused on Manston Business Park and Betteshanger, with occupation on the Airport site likely to proceed in the longer term.</p> <p>6.2. Scale additionality</p> <p>It is anticipated that scale additionality will be less significant, given the plans of all three owners on the extension sites to achieve full economic utilisation. All three owners have track records in patient, long term development.</p> <p>However, the stock of employment land in East Kent is significant, and the addition of the Manston Airport site represents a substantial increase. Without support from the public sector – through the wider package of incentive and promotion measures set out above as well as through Enterprise Zone designation – it is possible that the scale of the extended Zone’s employment potential will not be reached.</p>
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Commercial Case

<p>Commercial rationale</p>	<p>7.1. Overview</p> <p>The commercial rationale for the Enterprise Zone extension proposal is three-fold:</p> <ul style="list-style-type: none"> • First, it is important to note that Discovery Park is owned and is being developed by commercial interests. Key partners in Discovery Park are also involved in the consortium that has bought Manston Airport and are promoting development, and the Hadlow Group has a strong track record in commercial development. This is a private sector-led scheme. • Second, given the overlap of ownership between Discovery Park and the Airport, the owners will be working to maximise development revenues through a complementary, rather than competitive approach to development. • Third, the area covered by the extension has been mapped to ensure both early delivery of floorspace and jobs, while providing confidence to support longer term development. • Finally, the incentive measures proposed are designed to be simple and attractive to a large range of potential occupiers. <p>7.2. Commercial rationale for the mix of uses</p> <p>The mix of uses anticipated for the extended Zone at Manston Business Park and Betteshanger is different from that in place and planned at Discovery Park. It is anticipated that Manston Business Park will take manufacturing and engineering-related activities, consistent with take-up on the Business Park to date, and supporting existing East Kent businesses in expanding. Betteshanger will focus on food and energy technologies, reflecting Hadlow’s areas of expertise (although there is likely to be a link between the offer at Betteshanger and that at Discovery Park, with the latter offering longer-term move-on space for small businesses initially established at Betteshanger. Across the combined Enterprise Zone, we therefore aim to create a broader</p>
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commercial offer which is new to the sub-regional economy.

This proposed mix is consistent with the analysis of sectoral opportunities set out in the Local Enterprise Partnership's Strategic Economic Plan, which along with life sciences (currently accommodated at Discovery Park), a strong emphasis is placed on manufacturing, engineering and land-based industry.

The credibility of the complementary offer across Discovery Park and the Manston extension is enhanced by the fact that the Manston Airport and Discovery Park sites share partial ownership. Clearly, it will not be in the interests of the owners of Discovery Park (or the Enterprise Zone Board) to forego investment that could enhance the value of the Park, although the future use of the Airport has yet to be determined.

7.3. Commercial rationale for the proposed extension area

In considering the extension of the Enterprise Zone, consideration was given to a number of options. At Manston, these included the designation of the Manston Airport and Business Park sites without Betteshanger. We have included all three extensions since they are all complementary to Discovery Park, could all benefit from Enterprise Zone designation and ensure that all the primary locations for business growth in the Sandwich Corridor are covered by Enterprise Zone designation, reducing the risk of localised displacement.

7.4. Commercial rationale for the incentive mix

The ask of Government through Enterprise Zone extension is focused on business rates discounts to a maximum of £55,000 per year over five years. This is a simple and clear incentive, which has already proved to be successful at Discovery Park and which is accessible to businesses in all sectors. It is anticipated that it will be especially relevant in the short term, given the potential for smaller business units to be developed at Manston Business Park and at Betteshanger.

ANNEXES

Annex 1: Cost and benefit profile (Excel spreadsheet)

Annex 2: Location map

Annex 3: Response to DCLG queries

Annex 4: Letters of support

FURTHER INFORMATION

Discovery Park: www.discovery-park.co.uk

East Kent Opportunities (Manston Business Park): www.ekopportunities.com

Betteshanger Sustainable Parks: www.betteshangerparks.co.uk