

Kent and Medway Economic Partnership

Monday 14 September 2015, 5.00-7.30pm
Inspiration Suite, Village Hotel
Castle View, Forstal Road, Maidstone ME14 3AQ

AGENDA

	Page	Approx. time
1. Welcome, introductions and apologies for absence	-	5.00
2. Minutes of previous meeting and matters arising	2	5.05
3. Future rail infrastructure	5	5.10
4. Future workforce skills	17	5.40
<i>See Item 4 supplementary paper</i>		
5. New Enterprise Zones	24	6.10
6. Operation Stack: The cost to the Kent and Medway economy	34	6.30
7. Local Growth Fund monitoring report	37	6.50
<i>See Item 7 supplementary paper</i>		
8. The future of KMEP and the South East LEP: Progress report	39	7.10
9. Future meeting dates and AOB	-	7.20

Kent and Medway Economic Partnership

KENT AND MEDWAY ECONOMIC PARTNERSHIP BOARD

14 September 2015

ITEM 5

Subject: NEW ENTERPRISE ZONES

Board Lead: -

Report authors: Ross Gill
Economic Strategy & Policy Manager, Kent County Council

Summary

Earlier this year, the Government invited Local Enterprise Partnerships to submit proposals for new Enterprise Zones. These are defined locations for commercial development that, if approved, would benefit from business rate discounts to occupiers and would permit the local retention of 100% of business rate growth. The deadline for the submission of proposals to Government is 18 September.

Within Kent and Medway, three prospective Enterprise Zone proposals have come forward, in North Kent and Maidstone; Thanet (Manston and Port of Ramsgate); and Shepway. In addition, work is underway to bring forward a further proposal for Betteshanger in the event that there is a further Enterprise Zone round. In the current round, it is likely that no more than one proposal will be approved in any single LEP, and the South East LEP has asked KMEP and its equivalents to clearly prioritise local proposals prior to submission.

This report sets out the potential benefits of Enterprise Zone designation, outlines the process followed in Kent and Medway, and provides a summary of the emerging proposals with a headline assessment of the information received to date.

The Board is recommended to consider the proposals, and to determine the priority order in which they should be submitted to Government, based on the benefits to the Kent and Medway economy.

1. The new Enterprise Zones programme

1. 1. In 2011, the Government launched a new programme of Enterprise Zones. Following a competitive process, 24 locations have so far been designated as Enterprise Zones, benefiting from a combination of business rate discounts and planning flexibilities. These include Discovery Park at Sandwich, one of the country's most successful Zones with over 2,000 people now employed on site.

1. 2. This summer, the Government published a prospectus for additional Enterprise Zones and invited Local Enterprise Zones to come forward with proposals. The prospectus sets out the incentive package that would be available to new Enterprise Zones as:
 - **Business rate discounts for new occupiers.** The Government will pay for business rate discounts of up to £55,000 per year for five years for businesses that locate within an Enterprise Zone by 31 March 2022 (i.e. if a business locates within an EZ in March 2022, it will be able to claim discounts up until March 2027);
 - **Enhanced capital allowances for plant and machinery,** where the Enterprise Zone is located within an Assisted Area (in Kent and Medway, this means parts of Medway and Swale and parts of Thanet and Dover);
 - **Local business rate retention.** The guidance says that LEPs will be able to retain 100% of business rate growth for 25 years, with the 'expectation' that this is used to fund development on the Enterprise Zone sites.

2. Criteria

2. 1. Within the Enterprise Zones prospectus, the Government has stated that all Enterprise Zones:
 - Must have the support of the relevant local authority and the LEP; and
 - Should be 'clear sites': i.e., they should benefit new occupiers, rather than existing businesses on site.
2. 2. In assessing proposals for Enterprise Zone status, the Government will be measuring the extent to which they will:
 - **Deliver economic growth,** with a sound commercial rationale for the site and relevance to the Strategic Economic Plan;
 - **Demonstrate value for money,** measured through land value uplift and new employment without displacement impacting on other sites in the area;
 - **Have a clear plan for implementation,** including plans for marketing to new occupiers, clear governance and a plan for resolving any planning or infrastructure challenges.
2. 3. Applications are particularly encouraged from clusters of sites, provided that each site is individually credible.

3. Process

- 3.1. The Government has been clear that there is unlikely to be more than one new Enterprise Zone per LEP area, and has asked LEPs to prioritise schemes within their areas. Within the South East, it has been proposed by the vice-chairs that the LEP will submit one list from each 'federated' area, as agreed by KMED and its equivalents.

- 3.2. At the start of August, initial expressions of interest were sought from across Kent and Medway. This resulted in ten sites being put forward. Subsequently, these have been consolidated into three proposals, which are set out in Annexes 1-3. These are:

Draft full applications received:

- **North Kent Innovation Zone**, including Ebbsfleet Garden City, Rochester Airport Innovation Park and Kent Medical Campus at Maidstone

Earlier stage applications:

- **Channel Tunnel Enterprise Zone**, including a number of sites in Shepway; and
- **Port of Ramsgate and Manston Cluster.**

- 3.3. In addition, a proposal for Enterprise Zone designation for Betteshanger Business Park, a former coalfield site in Dover now in the ownership of the Hadlow Group, has been developed. It is likely that this may come forward to seek Enterprise Zone designation at a later date, once further work has been carried out to clarify the planning position and prospective investor and occupier demand.
- 3.4. In the current round, full applications must be submitted to Government by 18 September.
- 3.5. Formally, bids must be submitted by the South East LEP and signed off by the chief executive and Leader of the relevant local authority (or authorities) before submission.

4. Headline assessment of proposals

- 4.1. We have not sought consultancy input into the assessment of the proposals received so far. However, the table below provides a headline assessment against the criteria set out by Government. At present the North Kent proposal emerges as the strongest based on the greater information that has been set out for this so far.

Initial assessment			
Criteria	Proposal		
	North Kent	Channel Tunnel	Ramsgate/ Manston
Is there local authority support?	Yes	Yes	Yes
Will a full proposal come forward by 18 September?	Yes	Probably	Probably
Are the sites clear?	Yes	Yes	Mostly
Is there a clear commercial rationale?	Yes and proposal includes details of viability studies and market assessment	Emerging – application at early stage	Emerging, although further work underway

Is there a clear sectoral focus?	Yes – component areas well defined	Several sites supporting a number of sectors	Yes
Is there evidence of employment creation as a result of the Zone?	Yes, based on floorspace analysis and market assessment (although not fully consistent across all sites)	Yes, based on floorspace analysis	Yes, based on floorspace analysis and recent performance
Is there a plan for implementation in place?	Yes	Not fully stated yet	Emerging

5. Recommendations

5.1. KMEP Board is asked to consider the current Enterprise Zone proposals, and to determine:

- a) Which should be developed further for submission to Government; and
- b) The priority order in which they should be submitted.

5.2. For KMEP's information, Annexes 1-3 present each proposed Zone as it currently stands, based on the information that the proposed Zone promoters have provided.

Report author:

Ross Gill

Economic Strategy and Policy Manager, Kent County Council

03000 417077 | 07837 872705 | xxx.xxxx@xxx.xxx.xx

8 September 2015

Annex 1: North Kent Innovation Zone

Promoter	Thames Gateway Kent Partnership
Location	Ebbsfleet Garden City (Dartford/ Gravesham) Rochester Airport Innovation Park (Medway) Kent Medical Campus (Maidstone)
Business case status	Full draft submitted

Overview

The **North Kent Innovation Zone** focuses on three specific sites within the North Kent Innovation Corridor: Ebbsfleet Garden City, Kent Medical Campus and Rochester Airport Innovation Park. All of these are focused on developing higher-value economic activity. In total, the proposed Zone covers approximately 62ha and has potential for 219,000 sq. m of development.

Regarding delivery and governance, the application proposes local delivery arrangements for the individual sites with an overarching board providing strategic leadership, accountability, coordinated marketing and monitoring.

Ebbsfleet Garden City

This proposal focuses on two areas within the seven strategic sites encompassed by the Garden City:

- **Ebbsfleet Valley North East** (4.08ha) will focus on start-up and micro-businesses and smaller professional services organisations specialising in the support of front and back office activities of larger city-based UK and European organisations covering IT, communications, marketing and other support services. The site will create up to 28,000m² of innovation space targeted at firms that support the creative industries, including web/internet firms, software/coding and CGI and graphics. The location is ideal for these organisations to support London and European based industry and the proposed future London Paramount development in the north of the Garden City.
- **Northfleet Embankment** (19.37ha) will cover two sites (East and West) focused primarily on larger sized units with flexible working space and shared facilities available for single or multiple occupancy, plus innovation space for smaller high-tech companies. These units would be targeted at firms seeking to operate in construction (and especially modular build), construction related industries and advanced/high-end manufacturing alongside the provision of specialist technical training, in a total of up to 44,000m² of B1/ B2 space.

The **Ebbsfleet Baseline Masterplan** (June 2015) provides an indication of the development possible at Ebbsfleet Garden City. Studies for Locate in Kent and the local authorities demonstrate a shortfall in the requirements for industrial and office space in Dartford and Gravesham, and Ebbsfleet Development Corporation will be commissioning a full commercial review this autumn.

Kent Medical Campus (Maidstone)

KMC will create a 16ha medical campus that complements the newly-opened **Kent Institute of Medicine and Surgery (KIMS)** and provide 98,000m² flexible accommodation for co-location of

medical and life-science companies, a neuro-rehabilitation centre and HE training facilities for medical and healthcare professions.

The site is allocated in the draft Local Plan as a medical campus, and the site has outline planning permission with detailed consent for offsite infrastructure improvements.

EZ status would help incentivise start-up companies and SMEs operating in specialist fields and disciplines, and mobilise inward investment needed to support required infrastructure and at-risk investment in buildings. The expectation is that the campus will create up to 2,000 new jobs by 2022 and up to 3,000 by 2027.

The site has already attracted interest from healthcare investors, and offers have been made for the next phase of development. There has also been interest from biotech and medtech start-ups and SMEs, although this will require speculative development, which EZ designation will help to incentivise.

Rochester Airport Innovation Park (RAIP)

Rochester Airport is owned by Medway Council and is located 2 miles south of Rochester, 1 mile from junction 3 of the M2. The site currently consists of two grass runways and ageing airport infrastructure, with operational buildings and some businesses ancillary to aviation.

There is a Masterplan setting out the economic vision for the site, adopted in January 2014, securing a future for the operational airport and creating new business space. This proposes closing one runway, creating a new paved runway and replacing, refurbishing and repositioning operational uses within the site. This will release land for redevelopment and also lift airport safeguarding restrictions from other portions of land allowing their redevelopment, including land owned by BAE Systems to the north and by Sheppey Industries to the south.

Planning permission was granted for the Phase 1 works to re-configure the operational airport on 6 February 2015. The Phase 1 works will enable development of the sites designated for inclusion in the EZ.

The site has excellent transport access, marketing visibility and broadband connectivity. On land identified in the Masterplan, there is potential to develop around 47,800 m² of B2 and B1 commercial space, and 1,056 m² of A3 café / restaurant space to complement the overall site offer. The current land value is estimated at £34,600/ha but under current usage delivers only £863/ha business rates income. Informal advice from a leading Commercial Agent located in Medway suggests serviced land plots at Rochester Airport would command approximately between £1.24 million and £1.36 million per hectare, indicating very substantial land value uplift.

A series of studies have been undertaken examining economic options for Rochester Airport, with the Employment Land Needs Assessment (July 2015) identifying a shortage of good quality B1 and B2 business premises and recognising the airport as a well-placed commercial site. Medway Council has received enquiries from several advanced manufacturing businesses seeking freehold or long leasehold sites of the type proposed for the airport, and these are summarised in the draft application.

Annex 2: Channel Tunnel Enterprise Zone

Promoter	Shepway District Council
Location	Sites in Shepway
Business case status	Initial expression of interest

Overview

This proposal consists of a number of sites in Shepway.

The availability of a range of good quality start up, grow on and larger business premises has been identified as a particular constraint inhibiting the growth of the local economy in Shepway. Enterprise Zone (EZ) designation would therefore enable opportunities to bring forward employment sites located along the channel tunnel corridor, which in turn will benefit from good motorway access, the Channel Tunnel, High Speed 1 rail link, and proximity to the Port of Dover.

The sites that will form the EZ are:

Land West of Shearway Business Park

- Total site area = 7.55 ha
- Employment use = 2 ha
- Planning consent – yes (Y13/0024/SH)
- Delivery: 2016 to 2020

Land East of Shearway Business Park (Folkestone & Dover Water Company Site)

- Total site area = 5.16ha
- Employment use = 2ha
- Planning consent – no (designated employment site in Local Plan)
- Delivery: 2018 to 2022

Cheriton Park West

- Total site area = 3.87ha
- Employment use = 3.87ha
- Planning consent – no (designated employment site in Local Plan)
- Delivery: 2018 to 2022

Link Park

- Total site area =11.04ha
- Employment use = 11.04ha
- Planning consent – yes (Y09/0145/SH)
- Delivery: 2016 to 2020

Link Park Extension

- Total site area = 21.47ha
- Employment use = 21.47ha
- Planning consent – yes (Y06/0552/SH) (Y15/0880/SH)
- Delivery: 2018 to 2022

Junction 11 Growth Area

- Total site area = 197.63ha
- Employment use = 41.64ha
- Planning consent – no (undesignated employment site in Local Plan)
- Delivery: 2020 to 2030

Stop 24 Site

- Total site area = 18.53ha
- Employment use = 2ha
- Planning consent – yes (for current uses)
- Delivery: 2018 to 2022

Total Land Area

- Total site area = 265.25 ha
- Employment Land covered by EZ = 84.02ha

Potential Employment Space & Jobs

- B1a Offices (business park type) : 26,345 sq m
- B1, B2, B8 (business / light industrial - start up & move on units): 60,933 sq m
- B1, B2, B8 (business / industrial / logistics – larger units): 82,668 sq m
- Total floorspace: 169,946 sq m
- Total jobs: 4,109

Annex 3: Port of Ramsgate and Manston Cluster

Promoter	Thanet District Council
Location	Sites in Thanet: Port of Ramsgate, Manston Airport, Manston Business Park
Business case status	Expression of interest

Overview

The Port of Ramsgate is in a strong position to maximise its geographical location to service mainland Europe (second closest port to Europe after Dover) and it is well linked to the UK motorway network via the recently upgraded (dual carriageway) A299 and Ramsgate Harbour Approach Road. The expansion of the port is currently constrained by available space but this could be addressed by the development of an off site logistics hub at Manston. The Bid also includes Manston Business Park which has capacity for a further 46 hectares of development and is a key strategic employment allocation within the Borough that could accommodate manufacturing employers.

Overall aim of the bid is to diversify employment opportunities in the renewable, transshipment and manufacturing. It will help to promote skills development and higher value jobs in an area of relatively high unemployment and low wages.

Port intensification supported by the logistics hub

At present, the Port (which occupies around 10 hectares) can handle 300,000 freight units per year,. With an off-site logistics hub the capacity of the port could double to around 600,000 units. The Port would seek to promote the unaccompanied freight market which would complement activities at Dover Port which has limited capacity for such movements.

The key activities that would take place at the hub would include:

- accommodation of vessel discharge traffic prior to it being processed and released by UKBF (immigration and customs).
- Stevedoring for trans-shipments,
- the pre-assembly of accompanied and tourist shipments,
- lorry parking and facilities (eg accommodation, food and servicing) for both arriving and departing freight and space to accommodate the storage of trade cars – both import and export.

A hub could also provide warehousing and processing facilities that would add value to cargoes from the Port and could prepare/store local produce, such as from Thanet Earth and other local producers before market.

The Port is also a centre of excellence in the renewable energy sector supporting the maintenance of the largest off shore windfarms in the world. This sector is helping to develop an increasingly skilled work force by working closely with the education sector and offers considerable expansion potential.

Overall the employment potential of the Port with an off-site hub is around 800 jobs which could be fully mobilised within the next 2-3 years.

Manston Business Park

The other main component of the bid is Manston Business Park. This 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 including Cummins. It is owned by East Kent Opportunities LLP (a joint venture between Kent County Council and Thanet District Council).

Manston Business Park is suitable for engineering, storage and distribution uses. Commercial demand has increased recently, but significant capacity remains (just under 46 hectares), with scope for the Park to potentially accommodate a further 3,000 jobs. This is a strategic employment allocation and the pace of delivery here needs to be accelerated to underpin the wider local plan growth agenda.

The initial focus will be on accelerating demand for B2 and B1c industrial floorspace, especially in the advanced manufacturing sector. Based on recent occupation, it is envisaged that the majority of businesses in the short term will be SMEs but there is also scope to accommodate firms wishing to expand into larger premises. The EZ will assist this by encouraging speculative provision for which there is a latent demand.

The bid is not dependent on the reuse of the Airport but neither does the bid prejudice that use should a viable proposal come forward. There would be potential synergies between an Airport use (especially freight) and the proposed logistics hub/EZ. The airfield, could still host aircraft service, accommodate supply chain support for maintenance and other activities, crew training and aircraft recycling facilities. These activities would provide jobs and training and could also benefit from an EZ designation.