

Agenda Item No: 9.1 **Report No:** 60/15
Report Title: Newhaven Enterprise Zone
Report To: Cabinet **Date:** 28 April 2016
Cabinet Member: Cllr Andy Smith, Leader of the Council
Ward(s) Affected: Newhaven Valley and Newhaven, Denton & Meeching Wards
Report By: Nazeya Hussain – Director of Business Strategy & Development

Contact Officers-

Name(s): Peter Sharp
Post Title(s): Regeneration Project Manager
E-mail(s): peter.sharp@lewes.gov.uk
Tel No(s): 01273 661125

Purpose of Report:

To receive an update on the creation of an Enterprise Zone in Newhaven and consider the resource implications ahead of implementation from April 2017.

Officers Recommendation(s):

- 1 To note the successful application – in partnership with Coast to Capital Local Enterprise Partnership (LEP) - to create an Enterprise Zone on eight key sites across Newhaven to facilitate inward investment, offer value for money and sustain local economic growth, in line with the Government’s key assessment criteria for new Enterprise Zones.
- 2 To note that the Enterprise Zone will officially commence in April 2017 and that there is a significant level of preparatory work required as it is a proposal of regional significance.
- 3 To authorise the Director of Business Strategy & Development to investigate the use of Article 4 Directions to assist in safeguarding Enterprise Zone sites for employment uses.
- 4 To authorise the Director of Service Delivery to waive fees for pre-application advice for sites within the Newhaven Enterprise Zone.
- 5 To authorise the Director of Business Strategy & Development to agree a governance structure with Coast to Capital LEP and Government, and to engage with key supporting partners and landowners through a multi-agency Implementation Team to ensure a holistic approach to the Enterprise Zone.

- 6 To allocate an initial project budget of £150,000 to forward fund the range of support and materials required to successfully establish an Enterprise Zone in Newhaven from the existing Business Rates pooling scheme.
 - 7 To note that Coast to Capital LEP will be required to sign a Memorandum of Understanding with the Secretary of State for Communities and Local Government.
-

Reasons for Recommendations

- 1 Enterprise Zones are economic development promotional incentives based on financial incentives to business occupiers and local authorities. Enterprise Zone status lasts for 25 years from commencement date (April 2017).
- 2 Whilst it is a considerable achievement to have gained Enterprise Zone status for these eight sites across Newhaven, there is a considerable amount of resource required to deliver success as quickly as possible following the start of the Enterprise Zone in April 2017. This is a 25 year project and we are at the early stages of planning for implementation.
- 3 Enterprise Zones across the UK have typically made use of their status through a simplification of planning legislation, making the process more attractive to developers and landowners through a variety of measures including Local Development Orders, Article 4 Directions and reduced fees.
- 4 Governance of the EZ is responsibility of the Coast to Capital LEP, but LDC will need to work with all partners and stakeholders to ensure a governance structure that builds on existing positive working relationships in the town.
- 5 The Memorandum of Understanding is a key agreement between Coast to Capital LEP and the Government, which sets out key operational agreements and lines of accountability to give Government confidence on the ability of the Newhaven Enterprise Zone to deliver.

Information

6 Local Challenges and Opportunities

- 6.1** Newhaven faces a number of challenges and opportunities. These include pockets of high unemployment, low skills and poverty of aspiration; a substantial net outflow of commuters due to paucity of employment opportunities; a weak economic base associated with the decline in traditional port and related manufacturing industries; and poor quality commercial property that is unsuitable for modern business needs within emerging higher value sectors.
- 6.2** At the same time, Newhaven has a real opportunity for growth, with money being committed through the Greater Brighton City Deal and Local Growth Funding to improve flood defences in the town and build a new Port Access Road, as well as the identified opportunity to establish Newhaven as a 'Clean Tech' Growth Hub linked to the development of the University Technical College, E.ON's Rampion Offshore Wind Farm and Newhaven Growth Quarter.
- 6.3** The designation of key sites in Newhaven as an Enterprise Zone is the next step in ongoing regeneration activities in the town and is a major proposal of regional significance. Commencing in April 2017, the Enterprise Zone is forecast to create around 55,000m² of new commercial floorspace, refurbish a further 15,000m² of commercial floorspace and create / sustain around 2,000 jobs over the zone's 25-year lifespan.

7 Enterprise Zones

- 7.1** Enterprise Zones are a central pillar of the Government's long-term plan to rebalance the economy. In total, the Government is investing £330 million to support Enterprise Zones to realise their potential as engine rooms of local economies.
- 7.2** There are now 44 Enterprise Zones across England (including Newhaven) that have been announced. To date¹, the 24 previously established Enterprise Zones have attracted more than 560 businesses, secured £2.2 billion of private sector investment and created over 20,000 local jobs. Enterprise Zones have been successful in attracting world class companies and their suppliers, as well as stimulating local business formation, clustering and growth.
- 7.3** Enterprise Zone status brings with it a number of benefits. These include:
- i.** A business rates discount that could be worth² up to £250,000 per business over a five-year period.

¹ Enterprise Zones Press Release 1 December 2015

² The exact value of the discount will vary due to the £ to Euro exchange rate, as it is based on European State Aid thresholds.

- ii. All business rates growth within the Enterprise Zone for a period of at least 25 years will be retained by the local area, to support the LEP's economic growth and ensure that EZ growth is reinvested locally.
- iii. Government help to develop simplified planning approaches for the EZ using, for example, existing Local Development Order powers.
- iv. Government support to ensure that superfast broadband is rolled out throughout the EZ, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.
- v. Potential to implement Tax Increment Financing (TIF) schemes to borrow capital for the development of infrastructure.
- vi. Focused support from UK Trade & Investment (UKTI) to market EZ's to overseas markets and encourage inward investment.

7.4 It is also worth noting that, whilst local authorities will play a key delivery role in Enterprise Zones, the accountability to Government lies with Local Enterprise Partnerships and EZ's are an agreement between LEPs and Government. In the case of Newhaven, this is Coast to Capital LEP.

8 EZ Newhaven

8.1 The successful EZ bid covers eight non-contiguous sites and a total of 79 ha. In this respect Newhaven is unusual, as the majority of Enterprise Zones are on linked / adjoining sites. As noted by Genecon³, Enterprise Zone status is rare for urban centres (typically due to difficulties associated with multiple land ownerships as well as the lack of space for major companies to occupy) and so the achievement in successfully gaining Enterprise Zone status for Newhaven should be noted.

8.2 There are eight sites in EZ Newhaven, as mapped in Appendix 1. These sites are:

- i. East Quay (19 ha)
- ii. Eastside North (5.2 ha)
- iii. Eastside South (2.2 ha)
- iv. North Quay (13.4 ha)
- v. Railway Quay (4.6 ha)
- vi. Bevan Funnell (2.4 ha)
- vii. Town Centre (5.9 ha)

³ Enterprise Zone Proposals Prioritisation for East Sussex County Council, September 2015

viii. Avis Way Industrial Estate (26.7 ha)

- 8.3** The rationale for the inclusion of these sites is varied, but includes the desire to safeguard employment space from inappropriate residential development, enhance existing commercial floorspace through making re-investment more attractive for owners and occupiers, and to support the delivery of dormant sites that have been restricted due to lack of viability.
- 8.4** The majority of these sites are privately owned, although significant portions of both the Town Centre and Avis Way are in the Council's ownership.
- 8.5** The Council has undertaken a detailed analysis of the potential benefits of the Enterprise Zone for Newhaven. This estimates that, commencing in April 2017, EZ status will directly lead to the creation of around 55,000m² of new commercial floorspace, refurbish a further 15,000m² of commercial floorspace and create and sustain around 2,000 jobs over the zone's 25-year lifespan.
- 8.6** Alongside the other Newhaven-focused regeneration activity, the Enterprise Zone therefore has the potential to have a significant positive impact on local residents, businesses and economic growth. Enterprise Zone status also places a strong emphasis on the commercial proposition – ensuring effective place-making and the need for a mix of residential, commercial and industrial development across the eight key strategic sites identified.
- 8.7** It is important to note that the Council and Coast to Capital LEP are in the early stages of developing mechanisms to facilitate delivery of the EZ in Newhaven, and these are the first steps in a wide-ranging 25-year project.
- Coast to Capital LEP*
- 8.8** Coast to Capital LEP is unique amongst Local Enterprise Partnerships in that it spans the UK's two strongest economic regions – Greater London and the South East.
- 8.9** The Council has a strong working relationship with Coast to Capital, who have previously included the plans for an Enterprise Zone in Newhaven within their Strategic Economic Plan (published March 2014). The LEP supported the Council in preparing the successful submission, acting as a liaison with Government to ensure that the Newhaven bid met the key criteria for designation.
- 8.10** As noted in paragraph 7.4, ultimate responsibility for the delivery of EZ Newhaven lies with Coast to Capital LEP. However the onus for implementation will fall upon the Council and its local partners, with greater specialist knowledge of the needs of the town and the conditions that must be created for Newhaven's economy to thrive.

- 8.11** Coast to Capital LEP has agreed that 100% of the uplift in business rates as a result of EZ designation will be re-invested in the local area to support delivery of the Enterprise Zone, including site-specific issues and wider infrastructure constraints.

South East LEP

- 8.12** Lewes District is also part of South East LEP (SELEP), which spans East Sussex, Kent and Essex. SELEP has actively supported the Council's ambitions to establish an EZ. Officers will ensure that SELEP is kept fully informed of progress as the EZ develops and, where synergies emerge, to work closely with other Enterprise Zones in the SELEP area.

9 EZ Planning

- 9.1** Enterprise Zone designation offers an opportunity for the Council to consider certain planning measures within the selected sites. There are a range of such measures that could be used to support business investment within the Enterprise Zone. These include:
- 9.2 Local Development Orders:** Local Development Orders (LDO's) are made by local planning authorities and give a grant of planning permission to specific types of development within a defined area. They are meant to streamline the planning process by removing the need for developers to make a planning application to the local planning authority for certain types of development and uses that are specified in the Order.
- 9.3** Given the focus for the Enterprise Zone will be to support new and expanded businesses and job creation, any LDO's would be focused on such schemes. Some of the existing Enterprise Zones in the country have introduced LDO's, although the feedback on their effectiveness has been mixed. The resources required to introduce a LDO are not insignificant, and it will take a minimum of 12 months to implement.
- 9.4 Article 4 Directions:** These directions are used to remove certain permitted development rights in specific areas, and therefore require planning applications to be submitted and determined for proposals that would otherwise not need planning permission. A number of these already exist in the District, although they have generally been used to remove permitted development rights for certain householder proposals in Conservation Areas.
- 9.5** Where Article 4 Directions could have a role within the sites in the Enterprise Zone is with regards to the ability for offices and potentially light industrial buildings becoming residential properties without the need for planning permission. In 2013, the Government introduced permitted development rights that would allow for the change of use from office to residential. This was initially a temporary measure and due to expire in May 2016. In October 2015, however, the Government announced that this permitted development right was to be made permanent and also be expanded to allow for the demolition of office buildings to allow for new residential schemes to come forward. In addition, it was proposed that

light industrial buildings could become residential without the need for planning permission. Secondary legislation to allow for these changes to be implemented is expected to come forward this Spring.

- 9.6** In a number of locations, particularly in London and the South East, there have been very serious concerns raised over these permitted development rights. These have been caused by areas having only a limited supply of existing and potential sites and premises for employment use, and hence the loss of these can impact upon the long-term ability for an area to supply and deliver jobs to support the resident population. Such losses are happening due to the higher market value of residential land and premises being so much greater than employment land and premises, meaning that obtaining such changes of use is a significant financial incentive. Although not yet impacted as greatly as some other areas, Lewes District has not been immune to the loss of employment land and premises through permitted development rights (although in some instances these losses may be deemed appropriate). Certain authorities, including Brighton & Hove City Council, have sought to control such losses by removing the permitted development rights through an Article 4 Direction.
- 9.7** However, this is not to say that residential development will be unacceptable in all instances within the Enterprise Zone. In some cases, residential development may support delivery, improve viability and help to achieve wider regeneration aims for sites, particularly as part of mixed-use schemes.
- 9.8** Given that the key driver of Enterprise Zone designation is to boost local economic growth in Newhaven, there is a risk that the permitted development rights that are due to be made permanent and expanded upon could undermine this aim. There is considered to be merit in investigating whether the Council should introduce Article 4 Directions across parts of the Enterprise Zone to remove these permitted development rights and ensure that these sites remain a focus for employment and enterprise.
- 9.9** In some of the sites within the Enterprise Zone there may not be a need for this as the Council, as landowner, will have control over the future use of premises. With certain other sites, such as the undeveloped land to the east of the river (Eastside North and South), there are no current buildings that would be able to benefit from these permitted development rights, and should they be developed for employment purposes there is always the option to remove permitted development rights in the granting of planning permission. There is also the case that in certain locations, particularly in the Town Centre, the loss of some employment premises to residential may be entirely appropriate, particularly if this is tied in with a wider regeneration proposal.
- 9.10** However, there is still considered to be some merit in investigating such 'interventions' within parts of the Enterprise Zone, particularly as some existing employment land has already been lost through these permitted development rights within one of the Enterprise Zone sites.

- 9.11 Compulsory Purchase Orders:** Consideration is also being given to the option to purchase other sites within the EZ using Compulsory Purchase Orders (CPO's). This will be in order to ensure delivery of the EZ vision and / or development plan policies for those sites affected. Should a need to CPO a specific site be identified, Officers will report to Cabinet for further instruction.
- 9.12 Additional Planning Measures:** In some existing Enterprise Zones, local planning authorities have offered a higher level of service standards when it comes to processing and determining planning applications within the Enterprise Zone. In some cases, this has meant guaranteed timeframes for determination, a dedicated Enterprise Zone Planning team and Committee and / or the waiving of pre-application fees for proposals that deliver on the aims of the Enterprise Zone.
- 9.13** In the case of Newhaven, there is unlikely to be a sufficient volume of planning applications and proposals to merit a dedicated Enterprise Zone Planning team. This is not to say, however, that there will not be an increase in workload for the Planning team, within both Development Management and Strategic Policy. Such workloads will need to be kept under review.
- 9.14** Following initial discussions with affected landowners, and by looking at the past performance for determining the types of applications we will be expecting in the Enterprise Zone, there is not considered to be a need to have any separate standards and arrangements for processing and determining planning applications within the Enterprise Zone. This will again be something kept under review should the Council's performance, in terms of time taken to process planning applications, deteriorate significantly.
- 9.15** The waiving of pre-application fees for schemes within the Enterprise Zone is likely to be more beneficial. This would be conditional upon the proposals being employment-led schemes (ie. creating net increases in job provision) and that no other statutory consultees who input into the process seek to recharge the Council (although this is generally not an issue). The current pre-application fees that we charge can be viewed at Appendix 3. It does need to be borne in mind that should these changes be waived, it will be alongside a likely increase in workloads for the Planning team (primarily for Development Management Officers). However, by not charging for such advice, the Council would send out a positive message to landowners and developers of the type of schemes we are seeking to encourage in the Enterprise Zone, and act as an incentive for them to engage with the Council at the earliest opportunity and therefore improve the chances of their eventual application being successful.
- 9.16** Following a review of the options, Officers feel that the best option is to further explore the use of Article 4 Directions. Given that the Secretary of State has the ability to 'call in' these proposed Directions and amend / reject them, Officers will gauge the views of DCLG before progressing any such proposals. We will also await clarification as to what the

Secondary Legislation will state on this matter. It is also recommended that the waiving of pre-application fees for employment-related uses within the Enterprise Zone sites is approved and implemented immediately, to ensure that the Zone gains the maximum possible traction from commencement in April 2017.

10 EZ Governance

10.1 Government expects all Enterprise Zones to have clear and accountable governance and delivery mechanisms in place prior to the EZ commencing. This includes a requirement to provide regular reports back to Government on progress. Specific obligations will include:

- To establish a Governance Group including representation from DCLG, BIS, UKTI and HCA that will meet on a quarterly basis;
- The development of an Implementation Plan to be submitted to the Secretary of State, which sets out a five-year plan with priorities and a robust delivery mechanism;
- The development of an EZ-specific Marketing Strategy to be agreed by the Secretary of State in partnership with local agencies;
- To ensure local partners are able to promptly obtain the necessary approvals, authorisations, consents, exemptions, licences, permit permissions (including planning permissions) or registrations necessary to deliver the benefits of the Enterprise Zone.

10.2 It is therefore proposed that new governance arrangements are put in place which reflect the Government's guidelines whilst ensuring local partners are engaged to ensure timely delivery. A form of governance is not yet in place, but will be developed over the coming months. The EZ is a 25 year project and the governance is one of a number of critical things which the partners need to take a view on to be clear about delivery.

10.3 The Coast to Capital LEP is ultimately answerable to Government for the implementation of the EZ, and so they will need to have a governance structure that offers them the necessary assurance. Therefore any governance arrangements will need to be agreed by the C2C Board, through a Memorandum of Understanding (MoU). A draft MoU has been prepared by Government and is attached as Appendix 4.

10.4 We will also work with C2C to ensure that elected members at all relevant tiers of local government retain an oversight role, probably through some form of Members Oversight Board.

10.5 More detailed elements of programme delivery will be overseen by an Implementation Team that would include all delivery partners, including landowners. This team would report into the agreed Governance Board.

11 EZ Marketing

- 11.1** It is proposed that the key sites will be marketed in phases to ensure that land values in the market are not deflated by the availability of developable sites with attractive terms for investors and occupiers. The Council will work closely with existing landowners to coordinate marketing activities, as well as addressing site-specific issues on case-by-case basis.
- 11.2** There will also be a requirement to develop a suitable range of marketing materials for promotional purposes. These are likely to include a dedicated website for the Enterprise Zone as well as branding and a social media presence, although the detail has yet to be identified.
- 11.3** Nonetheless, it is essential that the Enterprise Zone brand will be something for Newhaven to own and celebrate and something that will feature consistently throughout all communications materials.

12 EZ Resources

- 12.1** Based on discussions with existing Enterprise Zones and Government departments, a key factor in successfully implementing an Enterprise Zone is the availability of sufficient resource, as well as providing effective project planning. It is strongly recommended that the Councils and the LEP commit resources up-front to enable successful delivery. Given the regional significance of the Newhaven EZ, it is proposed that the Council works with its partners to secure dedicated resources to ensure that we are able to deliver the ambitious vision for Newhaven.
- 12.2** This role will manage the development and successful delivery of the new Enterprise Zone for Newhaven that will be operational from April 2017, in line with the investment and business support objectives of both the Council and Coast to Capital LEP.
- 12.3** In addition to this role, LDC needs to best consider how it would look to take forward its own landholdings within the EZ, and it is proposed that officers explore the option to tender for an implementation partner to drive delivery of modern employment-generating floorspace on LDC owned land in the EZ. This would be one of the delivery partners set out in the table above. This body could also be able to advise third party land-owners on delivery and even separately contract with the landowners to carry out a similar delivery role, to bring a consistent approach across the EZ.
- 12.4** Government has also emphasised the importance of some early 'wins' for Newhaven to assist in building momentum to deliver the targeted growth and development.
- 12.5** As noted in paragraph 11.2, the need to prepare suitable marketing and PR materials will also incur initial costs.
- 12.6** There is also a need to prepare a range of strategic documents (to include a Business Plan showcasing a Growth / Investment Strategy and

an Implementation / Action Plan), which will need support from external consultants. These plans will also explore additional funding options, including SELEP, Coast to Capital, DCLG and prudential borrowing set against a future uplift in business rates.

- 12.7** The initial costs to effectively set up the Enterprise Zone are summarised below.

Resource	Est Initial Costs by Year			Total Resource
	Year 1	Year 2	Year 3	
EZ Programme Manager resource	£60,000	£60,000	£60,000	£180,000
Marketing	£20,000	£10,000	£10,000	£40,000
Strategic Plans	£70,000	£10,000	-	£80,000
TOTAL	£150,000	£80,000	£70,000	£300,000

- 12.8** In Years 2, 3 and beyond, it is expected that these costs will be funded through the uplift in business rates that the Council will earn and will be further set out in the Delivery Plan, which will be developed as part of the Enterprise Zone.

- 12.9** It is recommended that an initial project budget of £150,000 is allocated to allow for successful planning and delivery of the Enterprise Zone in Newhaven in Year 1 (2016/17). Contributions will also be sought from ESCC, Coast to Capital LEP and SELEP to support EZ delivery.

13 EZ Implementation

- 13.1** Officers from the Council's Regeneration & Investment and Strategic Policy teams have now met with the majority of landowners within the Enterprise Zone. The feedback received has been positive.

- 13.2** As each site has different challenges, they each inevitably have different timeframes for development, redevelopment or intensification of existing employment uses.

- 13.3** Another clear indicator of the potential benefit of Enterprise Zone status is the viability gap associated with utilisation of undeveloped sites. This gap is significant as the market rental values for commercial property (on a per square foot basis) is lower than the cost of development, meaning it is unviable to develop these sites for employment-related uses. The business rates discount offered to occupiers for the Enterprise Zone will help to address this viability gap, meaning that more sites are likely to come forward for commercial development.

- 13.4** There does, however, remain a challenge in the short-term around bringing forward development on undeveloped sites due to significant viability gaps. As a result, it is considered prudent to explore the options to pump-prime this development through forward funding infrastructure costs in the expectation of the future business rates income from the site. In effect the sooner that development occurs after April 2017, the greater the revenue generated for the Council for re-investment in local projects

during the 25-year lifespan of the Enterprise Zone. Furthermore, Government has emphasised the importance of some early 'wins' for Newhaven to assist in building momentum to deliver the targeted growth and development.

13.5 It is therefore recommended that Officers are authorised to explore mechanisms to address site-specific challenges and report back to Cabinet as appropriate at a later date.

13.6 Alongside such mechanisms, the delivery plan for the Enterprise Zone will need to focus on a range of measures to ensure a holistic approach to attract a sufficient level of inward investment. Such measures are, for example, likely to include a strong skills offer (linking with both the UTC and Sussex Downs College), as well as support for innovation and enterprise (linking with Basepoint, managing agents for the Council's highly successful Newhaven Enterprise Centre).

14 EZ Potential Benefits

14.1 The Enterprise Zone in Newhaven is a proposal of regional significance and will bring dormant brownfield sites back into use that will create and sustain employment. The Council and Coast to Capital LEP will work closely with developers and occupiers to focus employment opportunities on local residents.

14.2 Agreement has been reached with Coast to Capital LEP that all of the business rates uplift (ie. the additional rates brought in due to the Enterprise Zone) will be retained for use at a local level. This will enable the Council to work with Coast to Capital as well as local partners to strengthen key infrastructure, as well as addressing existing site specific issues. This is likely to include, for example, public realm enhancements, sustainable transport improvements and the facilitation of new skills training opportunities to upskill local residents. Specific local benefits are shown in more detail in paragraph 8.5.

14.3 It is further forecast that the Enterprise Zone will address existing barriers to enterprise and stimulating growth, not just in Newhaven, but retaining growth, innovation and investment across the wider Greater Brighton City Region.

15 Financial Appraisal

15.1 The main body of this report explains that the EZ will retain 100% of the additional business rates generated from the Enterprise Zone. Discounts that the Council may choose to give businesses as an incentive to set up within the Enterprise Zone will be reimbursed to the Council by the Government.

15.2 The approved General Fund budget for 2016/17 includes £200,000 for support to businesses, funded from the Council's share of additional business rates income generated by the East Sussex Business Rates Pool under the Government's business rates retention mechanism. In

2015/16 this budget was available to support business growth through a local business rates discount scheme. It is proposed that this budget is used to fund the initial costs to set up the Enterprise Zone identified in paragraph 12.7, an estimated £150,000 in 2016/17. Future years' costs, including those of the EZ Programme Manager to the end of the proposed three year fixed-term contract, can be funded from additional rates generated from the Enterprise Zone and the share from the Business Rates Pool, should it continue in 2017/18 and beyond.

16 Legal Implications

- 16.1** Whilst Enterprise Zones benefit from a number of Government funding initiatives and the possibility of simplified planning as indicated in this report, the classification of an area as an Enterprise Zone does not bring with it any other additional powers to the Council.

State Aid

- 16.2** Local Enterprise Partnerships and local authorities are responsible for compliance with State Aid law, particularly where proposals show that investment is required to address infrastructure, remediation or other development needs. There are no specific State Aid exemption schemes applicable to Enterprise Zones other than in Assisted Areas. Newhaven is not an Assisted Area.

Business Rate Discount

- 16.3** Central Government will reimburse a 100% discount for five years up to the maximum State Aid De Minimis threshold, for businesses that enter the Zone before 31 March 2022. The limitation to the De Minimis threshold means that the discounts are limited by EU State Aid law to €200,000 over a rolling three-year period. The equivalent will depend on the conversion rate at the time, but currently is approximately £50,000 per year.
- 16.4** The Council will be required to ensure that businesses do not receive greater levels of support and the discount must be cumulated with any other aid received under the De Minimis exemption. The Council will need to put in place measures to ensure compliance when aid is provided, as well as ongoing monitoring and reporting.

Public Procurement

- 16.5** The Council will be responsible for ensuring compliance with the public procurement regime and its own Contract Procedure Rules in relation to contracts it awards or funds for the purpose of the Enterprise Zone. The procurement process for the consultant to prepare an Investment Strategy and the Marketing Partner will be developed in accordance with these rules.

Local Development Orders

- 16.6** The Government's intention is for Enterprise Zones to be subjected to a simplified planning regime; however the designation alone does not trigger the change in the planning requirements for the Enterprise Zone. In order to simplify the planning approach, the Council can seek to implement a Local Development Order.
- 16.7** The procedure for doing this is set out in the Town and Country Planning (Development Management Procedure) (England) Order 2015. A Local Development Order can only be made to implement policies contained in a local development plan document, so must be mirrored in the Council's planning policies.
- 16.8** The Order must not grant permission for development affecting a listed building or development that would normally require an Environmental Impact Assessment.

Article 4 Directions

- 16.9** The Town and Country Planning (General Permitted Development) (Amendment) (England) Order 2013 grants planning permission for a change of use of a building and any land within its curtilage from class B1(a) (offices), to a use falling within class C3 (dwelling houses).
- 16.10** The Council can, in exceptional circumstances, make an Article 4 direction that will restrict permitted development rights within a limited area (Article 4(1), GPDO 2015). The direction can cover a single building, street or a neighbourhood.
- 16.11** Legal Services can assist the Director of Business Strategy & Development in assessing the appropriateness of using an Article 4 Direction to safeguard the employment uses that form part of the Enterprise Zone.
- 16.12** Before either of these mechanisms can be implemented, Officers will be required to seek prior authority from full Council.

17 Risk Management Implications

- 17.1** I have completed a risk assessment.
- 17.2** The following risks will arise if the recommendations are not implemented, and I propose to mitigate these risks in the following ways:

Risk	Likelihood	Impact	Mitigation
Lack of coordination with landowners of key sites	High	High	All landowners have already been invited to, and attended, initial meetings with LDC's Regen & Investment team to discuss the overall plans for the EZ.
Reduced uptake of commercial space	Medium	High	Marketing proposals have been formulated ready for

leading to lower level of retained business rates			implementation, and a robust Investment Strategy has been proposed for commissioning.
Lack of capacity to effectively manage EZ	High	Medium	Initial planning has been undertaken by LDC's Regen & Investment team, with discussions being held with key stakeholders to offset the potential lack of capacity.

17.3 The following risks will arise if the recommendations are implemented, and I propose to mitigate these risks in the following ways:

Risk	Likelihood	Impact	Mitigation
The EZ Programme Manager is not effective in role	Low	High	A clear, detailed job description has been prepared to ensure the correct level of experience is recruited.
Unclear governance and implementation structures resulting in lack of clarity or insight into specific local issues	Low	High	LDC's Regen & Investment team is working extremely closely with the LEP to develop delivery and governance structures to ensure that delivery is focused on specific local barriers to growth.

18 Equality Screening

18.1 Between 20 January and 2 February 2016, an Equality Analysis was undertaken on this proposal. Due regard was given to the general equalities duties and to the likely impact of the decision on people with protected characteristics, as set out in the Equality Act 2010.

18.2 The assessment identified that no major changes are required. The EA demonstrates the project is robust, there is little potential for discrimination or adverse outcomes, and opportunities to promote equality have been taken.

18.3 A copy of the EA is attached as an Appendix to this report.

Background Papers

19 Draft Memorandum of Understanding (MoU) with Government and Coast to Capital LEP

Appendices

Appendix 1: Map showing Enterprise Zone Sites

Appendix 2: Equality Analysis Report

Appendix 3: Pre-Application Fees Schedule