

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**  
**EXECUTIVE MANAGEMENT TEAM'S REPORT TO CABINET**

**10 February 2016**

**THE CERAMICS VALLEY ENTERPRISE ZONE**

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Portfolio: Town Centres, Business and Assets

Ward(s) affected: Bradwell and adjacent Wards

**Purpose of the Report:**

To advise Members of the designation of an Enterprise Zone covering a number of development sites along the A500 Corridor (including Chatterley Valley phase 2) referred to as 'The Ceramics Valley Enterprise Zone'.

**Recommendations:**

- 1. That the Portfolio Holder for Town Centres, Business and Assets be invited to represent the Borough Council on the Enterprise Zone Board.**
- 2. That officers continue to work with those of the City and County Councils to promote the Zone for investment and with landowners and developers to help bring forward its development.**

**Reasons:**

1. To ensure satisfactory oversight and democratic accountability to the management of the Zone.
2. To maximise the investment potential of the Zone.

1. Background

- 1.1 Last summer, the Government invited local authorities to submit proposals for a new round of 'Enterprise Zones' aimed at accelerating interest in the development of employment sites through the offer of financial incentives to business and a simplified planning regime. Two prospects emerged from discussions with local partners; Keele Science Park and a number of sites along the A500 corridor termed 'The Ceramics Corridor'. The Local Enterprise Partnership (LEP) supported both submissions but was required by DCLG to rank them. It prioritised the A500 Corridor designation and DCLG subsequently announced in November that the Ceramics

Corridor would be designated an Enterprise Zone (EZ) and this would come into operation in April 2016.

1.2 The Ceramics Corridor EZ comprises the following development sites:

- Chatterley Valley phase 2 (all of which lies within the Borough), together with
- Etruria Valley, Highgate/Ravensdale (the old H&R Johnson Tiles site), 'Tunstall Arrow', Stoke Links, and the former Armitage Shanks site in Cliffe Vale (all of which lie within the City).

## 2. Implications of Enterprise Zone status

- 2.1 The marketing of the six sites which lie within the Zone will focus on the ceramic sector (an obvious USP for Stoke-on-Trent building on the City's research expertise, skills and supply chains), but development will not be restricted to that sector (given existing planning permissions).
- 2.2 The financial incentives to be offered to firms investing on the six sites included within the Zone will be either enhanced capital allowances or business rate relief (for State Aids reasons, the UK Government can't offer more than this to private companies). In Chatterley Valley phase 2's case, the landowners has requested we proceed with the offer of business rate relief. This means that for a period of five years firms will benefit from business rate relief (up to a maximum of £275,000). The Treasury will then reimburse the revenue it would have received to the local authority.
- 2.3 While the business rate discount to businesses lasts for 5 years, 100% of the business rates (including that payable after the 5 year 'rates holiday' will be retained locally for a period of 25 years. This, Government expects to be used to be re-invested in funding development in the Zone. This will be collected by local authorities, as at present, but it will be for the LEP to decide how this is to be used. Clearly the LEP and the Borough, City and County Councils will need to work out a strategy for this investment.
- 2.4 Only one of the six sites (Highgate/Ravensdale) is proposed to be the subject of a Local Development Order (LDO) offering a simplified planning regime (i.e. this will not apply to Chatterley Valley phase 2 which already benefits from an approved masterplan and outline planning permission for B1, B2, B8 development).

## 3. Development Proposed

- 3.1 The Borough Council is primarily interested in the development proposed on Chatterley Valley phase 2 (although it should be acknowledged that it would expect the Borough's residents and the local economy to benefit from the development of all six sites). This is the area of land to the west of the Blue Planet development (now occupied by JCB) and which lies between the Stoke – Manchester railway line (the WCML) and the A500. This site is around 40 ha / 100 acres in area and is owned by

two partners who have a joint venture between them intended to bring the site forward for development. Prior to the designation of the Zone, officers had been in discussions with one of the partners over its plans for the potential development of the site and clearly the Zone status has added impetus to this.

- 3.2 The site divides between two areas of land; Peacock Hay to the north, which is suited for small business development and Chatterley Sidings to the south which is better suited to large footplate development. The main landowner have engaged national agents to promote the site. It is anticipated that the two areas together could accommodate around 800-900,000 sq. ft. of development and between 1200 and 1500 jobs, though, until detailed enquiries are brought through and built out, this has to remain conjecture.
- 3.3. EZ status itself does not help with the cost of bringing forward the site for development (and the site is known to be expensive in terms of earthworks (to create development plateaux on a sloping site) and off-site infrastructure requirements). While these costs will need to be borne by the developer, EZ status will give the developer greater confidence inducing businesses to locate here and, as a result, it is intended that the site will be built out more quickly than if this were not the case.
- 3.4 The scale and form of development likely to come forward on the five sites within Stoke-on-Trent is likely to be better known in the coming months. The City's bid document talks in terms of 240 hectares of development land and up to 6750 net direct additional jobs by 2020, though this latter figure should be treated with some caution given (a) the variability of the type and density of development which might take place, and (b) the difficulty in bringing forward some of these brownfield sites.

#### 4. Oversight and Management of the Enterprise Zone

- 4.1 In order to provide oversight and direction to the management of the Enterprise Zone, a quarterly Project Board under the aegis of the LEP is to be established which will have private sector representatives together with Members representing the City, Borough and County Councils. It is proposed that the Portfolio Holder for Town Centres, Business and Assets be invited to represent the Borough Council on the Enterprise Zone Board.

#### 5. Outcomes Linked to Corporate Priorities

- 5.1 The potential acceleration of development and the employment opportunities that may arise from the EZ designation would contribute to the Council's priority relating to a Borough of Opportunity.

6. Financial and Resource Implications

- 6.1 There will be some staff resource implications arising from the management and promotion of the Enterprise Zone. The City Council is recruiting two additional members of staff to deal with this. In the Borough Council's case, this work will be absorbed by some re-allocation of staff responsibilities within the Economic Regeneration Team.
- 6.2 There will be significant financial implications for the Borough Council of Enterprise Zone status in the event of the Chatterley Valley phase 2 being developed – see paragraph 2.3 above. Currently the site is undeveloped and the Council does not enjoy the benefit of business rate income from the site. The value of the retained business rates once the site is developed will depend on the scale of development attracted and how the LEP agrees to make use of this. These discussions are yet to take place.

7. Major Risks

- 7.1 Developer unable / unwilling to bring forward the site.
- Likelihood: medium
  - Impact: high
  - Mitigation: continue to work with developer to reduce risk and explore sources of funding to meet some of the abnormal costs of opening up the site.
- 7.2 Developer unable to attract occupiers once site prepared for development
- Likelihood: low
  - Impact: medium to high
  - Mitigation: additional support to market the site through the Make It team
- 7.3 Failure to capture locally retained business rates
- Likelihood: not known at this stage
  - Impact: medium
  - Mitigation: high level discussions (including senior Members) between LEP and the two other local authorities
- 7.4 Planning and highway issues
- Likelihood: low to medium (site already has outline planning permission)
  - Impact: low to medium
  - Mitigation: to find any necessary technical solution
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8. Key Decision Information

- 8.1 None