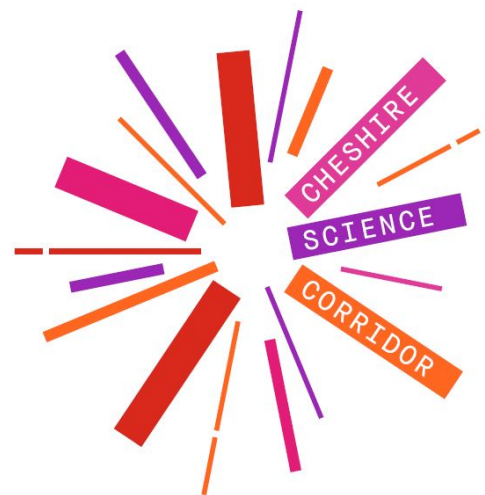




# Cheshire Science Corridor Enterprise Zone Development and Investment Strategy



December 2017



ENTERPRISE ZONE

## Contents

1.0	Introduction	1
2.0	Vision and Objectives	6
3.0	CSC - Our Proposition	8
4.0	Challenges	10
5.0	Long Term Development Strategy	13
6.0	Short Term Development Strategy	16
7.0	Investment Strategy	23

## Appendix A – Business Case Proforma

### Disclaimer

As of 2 September 2015, DTZ and Cushman & Wakefield merged at a global level and adopted the Cushman & Wakefield brand. At a local level, DTZ Debenham Tie Leung Limited remains, at this stage, an independent legal entity and has not changed its legal name - it has only adopted the Cushman & Wakefield brand.

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In light of the EU Referendum and the ensuing political and economic uncertainty, sentiment towards and requirements for, property across occupiers, lenders, investors and developers is likely to be affected in the short term at least. At this time organisations involved in the industry are reflecting on the potential implications of the UK leaving the EU. Evidence of the impact on rental and capital values, along with other elements affecting property appraisal is at this time, scarce and largely anecdotal. Cushman & Wakefield continue to closely monitor market developments and trends in order that we can provide clients with the most up to date advice. The views contained in this document are provided in the context of this market uncertainty and as such our estimates and opinions are susceptible to short term change. Accordingly we advise that clients have regard to this risk and seek updated advice before acting on the opinions expressed.

## 1.0 Introduction

- 1.1 The Cheshire and Warrington Local Enterprise Partnership (LEP) was awarded Enterprise Zone (EZ) status in September 2015 and came into operation on 1<sup>st</sup> April 2016. It provides a visible manifestation to the Cheshire Science Corridor, one of the key strategic development priorities identified in the LEP's 2014 Strategic Economic Plan (SEP), and an integral component of the recent Devolution Growth proposal to Government.

### Purpose of this Report

- 1.2 This Development and Investment Strategy, based on sound commercial property market and development advice, provides the overarching strategy for the Cheshire Science Corridor Enterprise Zone.
- 1.3 The Strategy:
- Sets out the agreed vision and objectives for the Cheshire Science Corridor as a whole, which in turn informs the development and investment strategy and priorities of the EZ
  - Identifies the development actions and investment priorities that will unlock and accelerate development within the EZ over the next 5 years – this is the short term priority for the EZ
  - Sets out the process for reviewing business cases for business rate reinvestment including the criteria
  - Starts to identify other potential projects for the longer term outside of the EZ sites that support the wider economic development priorities of the EZ, LEP or the local authority partners.
- 1.4 The following site specific Development Plans have been prepared for the Enterprise Zone sites (see separate reports):
- Alderley Park
  - Birchwood Park
  - Thornton Science Park
  - Protos
  - Hooton Park
  - Ellesmere Port Sites
- 1.5 The Development and Investment Strategy and the site specific Development Plans set out how the EZ will **add value** by working with the landowners to unlock and accelerate development in the EZ in the short term.

### The Cheshire Science Corridor

- 1.6 Cheshire has some of the most significant science based assets in the north of England, some of which are of global importance in key growth sectors including: advanced scientific analysis and research; pharmaceuticals R&D and manufacturing; chemical engineering; energy and nuclear engineering; radio-astronomy; and astronomy. Collectively these assets form the Cheshire Science Corridor, a crescent that crosses the northern part of the Cheshire and Warrington sub-region, linking together a number of nationally and internationally significant science and technology assets (see Figure 1.1) including:

- **Alderley Park** - World class life sciences research hub renowned for the discovery and development of innovative new medicines, including Beta Blockers, home to over 150 life sciences businesses, the national Anti-Microbial Resistance Centre (AMR) and Innovate UK's Medicines Discovery Catapult.
- **Birchwood Park** – established and diverse science and engineering business location and recognised as one of the most successful centres for Nuclear Services in Europe including the National Nuclear Laboratory, the Nuclear Decommissioning Authority, Sellafield Ltd's Design Engineering Centre, Rolls-Royce Nuclear, Atkins, Amec Foster Wheeler, AECOM and Nuvia.
- **Capenhurst Technology Park** - a cluster of leading companies at the site of the former Electricity Council Research and Development Centre, adjacent to URENCO's uranium enrichment and nuclear waste treatment plant.
- **Hurdsfield** - home to chemical specialist BASF Performance Products and Astra Zeneca's second largest global manufacturing operation employing 2,500 staff producing products for 130 global markets, which are estimated to account for 1% of the UK's exports.
- **Jodrell Bank** – home to the University of Manchester's Centre for Astrophysics and the global headquarters for the Square Kilometre Array, the world's largest radio telescope.
- **Protos** – where Peel Environmental is creating a nationally strategic energy hub including the Frodsham Wind Farm, energy from waste facility, biomass facility and environmental technologies including resource recovery.
- **Sci-Tech, Daresbury Enterprise Zone** - the Science and Technology Funding Council facility at Daresbury just over the border in the Liverpool City Region and about to benefit from £300 million of investment in supercomputing - £200 million of which is coming from IBM.
- **Thornton Science Park** - formerly Shell's European Research HQ and home to the University of Chester's Faculty of Science and Engineering and the Energy Security and Innovation Observing System for the Subsurface (ESIOS).

1.7 The SEP also contains a strong focus on supporting developments within the wider Atlantic Gateway, whilst the Growth Deal also sets out the intention to collaborate on priority areas of economic activity in North Wales, in particular through the construction of one of the UK's new nuclear power stations at Wylfa (Horizon), and through the Warrington New City and Mersey Dee Economic Axis propositions.

1.8 Benefitting from excellent national and international communications, notably access to Manchester Airport, the Corridor's importance as an economic and research base is well recognised and is referenced in the North West Business Leadership Team's 'Exploiting The Excellence': England's North West: where world-class science underpins wealth-creating innovation.

1.9 The Enterprise Zone will maximise the benefits arising from the opportunities and assets in the Cheshire Science Corridor and wider sub-region across all aspects of science and innovation, by facilitating significant opportunities for collaborations and synergies between businesses, institutions and research establishments, including the Universities of Manchester, Liverpool and Chester.

## The Cheshire Science Corridor Enterprise Zone

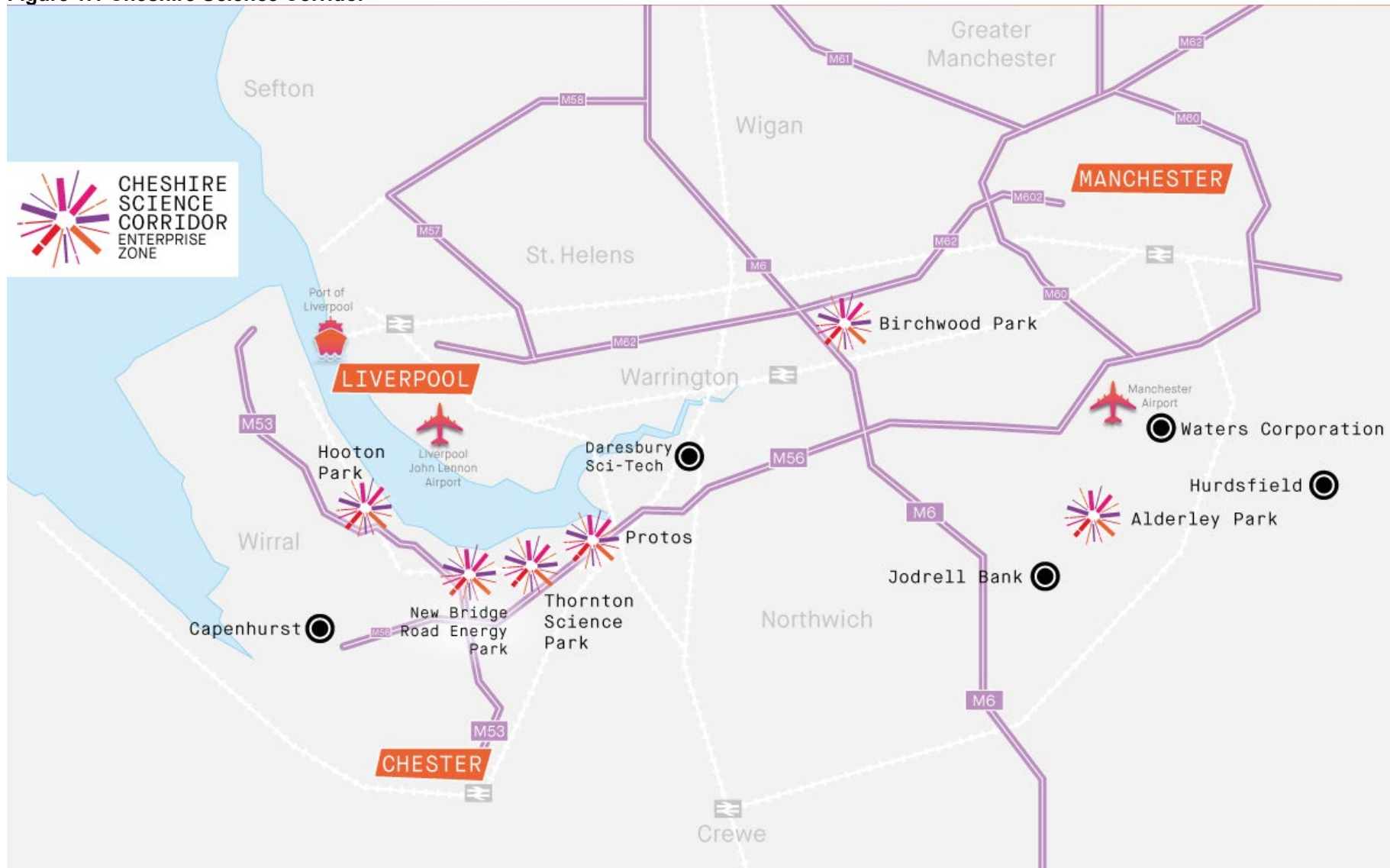
1.10 The Cheshire Science Corridor Enterprise Zone covers over 100 hectares of opportunity, and has the potential to attract in the order of 500 businesses and to create almost 20,000 jobs over its twenty-five year term.

- 1.11 The Enterprise Zone is targeted at the best commercial opportunities in the Science Corridor. The Zone comprises the centres of scientific excellence at Alderley Park, Birchwood Park, Thornton Science Park and a portfolio of sites in Ellesmere Port (including Protos).
- 1.12 Ultimately the real benefit of EZ status to Cheshire and Warrington is the ability to maximise the generation and retention of any new or uplifted business rates (over a 25 year period) and reinvest them into the EZ and the wider CSC in line with the agreed priorities set out in this Development and Investment Strategy.
- 1.13 The benefits of the EZ to occupiers include:
- **Up to 100% Business Rate Discount (BRD)** - worth up to £55k p.a. for 5 years (£275k total). To be eligible applicants must be a 'science' based business and if re-locating within the LEP area must demonstrate growth (floorspace, staff and/or revenue). This incentive is available to applicants taking space before 31<sup>st</sup> March 2021. BRD guidance and application form is available on the website.
  - **Enhanced Capital Allowances (ECA)** – on selected sites with Assisted Area Status in Ellesmere Port (see Table 1.1). Until 2024 new occupiers will be eligible for 100% capital allowance on 1st year expenditure on new plant and machinery up to EURO125m.
  - **Clear and supportive planning policy** - in place to simplify and de-risk the process including Local Development Orders (LDOs) on selected sites.
  - **Commitment to enhance broadband infrastructure** – Connecting Cheshire has secured funding to enhance and future proof broadband infrastructure across the sub-region.
  - **Dedicated EZ Growth Director** – single point of contact tasked with promoting the CSC and driving forward investment.
- 1.14 The Cheshire Science Corridor Enterprise Zone will accelerate the significant growth potential of the area's science and innovation cluster. Ultimately, science and innovation encompasses a broad scope of appeal to a number of high growth sectors, and is made up of large and small businesses, research organisations and institutions. The portfolio of sites offered through the EZ will enable the Cheshire Science Corridor to capture and respond to a range of market opportunities.
- 1.15 The EZ comprises six key groupings of sites, as summarised in Table 1.1.

**Table 1.1 Cheshire Science Corridor EZ Site Summary**

Site (Local Authority)	Size (Ha)	Incentive	Sector Focus	Job Creation Estimate	New Business Creation Estimate
<b>Alderley Park (Cheshire East)</b>	21.5	BRD	Life Sciences	8,046	322
<b>Birchwood Park (Warrington)</b>	24.0	BRD	Nuclear, Energy	8,181	34
<b>Thornton Science Park (CWAC)</b>	9.3	ECA BRD	Engineering, Energy, Automotive	1,136	90
<b>Protos (CWAC)</b>	6.5	ECA	Environmental Technologies	669	10
<b>Hooton Park (CWAC)</b>	9.2	ECA	Advanced Manufacturing, Automotive	984	7
<b>Ellesmere Port Sites (CWAC)</b>	33	ECA BRD	Advanced Manufacturing, Environmental Technologies, Automotive	1,957	28
<b>Total:</b>	<b>103.4</b>			<b>20,973</b>	<b>491</b>

Figure 1.1 Cheshire Science Corridor



## Progress to Date

- 1.16 A Memorandum of Understanding (MoU) was signed by the LEP, Cheshire East Council, Cheshire West & Chester Council, Warrington Borough Council and Government (Northern Powerhouse Minister Andrew Percy) in April 2016. The Governance for the EZ was established including the EZ Board and the EZ Steering Group. The EZ Board meets bi-monthly and oversees all aspects of the EZ including investment decisions in respect of the funds generated through the EZ via the business rate uplift and the income from Government, monitoring and evaluation and delivery of the Implementation Plan. The Board is supported by the CSC Steering Group made up of local authority representatives and the Growth Director.
- 1.17 The CSC EZ brand was established from the outset of the EZ. A website (<http://cheshiresciencecorridorez.com>) was established to explain the principle of the EZ to interested parties. The CSC Brochure was prepared in April 2016 and can be accessed via the website. The CSC EZ also has a web page accessed through the Government's EZ network. A CSC Twitter account has been created (@CheshireSciCorr), which has attracted over 400 followers to date. Other social media channels, i.e. LinkedIn and Instagram are in the process of being established. The first EZ hoardings are now on site in Birchwood Park and will follow shortly on our other EZ sites.
- 1.18 Profile raising and promotion have been key activities for the first year of the EZ to ensure that the knowledge of the EZ and all it has to offer is maximised. This has included a launch event, presentations at three local authority property reviews and a stand at Liverpool International Festival of Business. Most recently Cheshire & Warrington LEP exhibited at both MIPIM UK and MIPIM 2017 (Cannes - the premier global real estate expo) and is developing the proposition for MIPIM 2018.
- 1.19 The CSC Growth Director was appointed in January 2017 to oversee the day to day delivery of the EZ. His responsibilities include:
- Strategic development
  - Marketing and profile raising
  - Engagement
  - Programme management

In its first year of operation, the EZ has been successful in:

- Attracting 368 new jobs and 26 new businesses
- Drawing over £6 million of private sector investment
- Refurbishing over 100,000 sq ft of floorspace
- Delivering over 40,000 sq ft of new industrial space



## 2.0 Vision and Objectives

### Vision

2.1 Our Vision for the Cheshire Science Corridor is set out below:

By 2030 the Cheshire Science Corridor will be an internationally renowned science and technology cluster focused on life sciences, nuclear, energy and advanced manufacturing that is home to world class businesses, research and talent and is a major economic driving force of the Northern Powerhouse and into North Wales.

### Target Sectors

2.2 We will welcome all science and technology related occupiers and investors within the EZ but will particularly seek to target operators in our sectoral strengths, specifically:

- Life Sciences
- Energy and Environmental Technologies
- Advanced Manufacturing and Engineering
- Nuclear

### Strategic Objectives

Our objectives to support our vision are:

1. Raise the profile of the CSC nationally and internationally
2. Unlock and accelerate the delivery of new or refurbished commercial floorspace which will attract and retain high quality occupiers and generate new jobs
3. Improve infrastructure accessibility to key sites and throughout the CSC including transport accessibility/IT/energy etc.
4. Support economic growth across the CSC generally and specifically through collaboration and sector/cluster development
5. Improve business support for local businesses
6. Attract and retain talent to ensure businesses can access the right skills to meet their requirements

2.3 These objectives will be supported through a mix of revenue and capital activities as detailed within this overarching Development Strategy.



## Measuring Success

- 2.4 The CSC will support the ambitions of the refreshed SEP for Cheshire and Warrington to become a £50bn economy by 2040 and our success will be measured by the scale of delivery in terms of the following:

Criteria	Target	
	5 Year	EZ Term (25 Years)
Scale of new floorspace delivered	500,000 sq ft	3m sq ft
Scale of existing floorspace refurbished	200,000 sq ft	750,000 sq ft
Quantum of business rates generated	£10m	£200m
Number of jobs created	2,500	20,000
Number of business attracted to the area	100	500
Quantum of private sector investment	£50m	£100m

- 2.5 Progress against these challenging targets will continue to be monitored on a quarterly basis and reported to Government through the existing monitoring and evaluation process. To maintain momentum the shorter term targets will be reviewed and updated on a 5 yearly basis of the life time of the EZ to ensure that they remain specific, challenging but achievable.

## 3.0 CSC - Our Proposition

3.1 Table 1.1 provides a summary of our EZ sites and their status. This section provides an overview of these opportunities set within the offer of our wider Cheshire Science Corridor:

- **Sites** – we have around 80 hectares of developable land across a range of sites and locations – many are accessible and serviced. Our planners are ready to ensure smooth consideration of planning applications and a number of our sites are supported by simplified planning policy. On many sites developers are in place to ensure buildings can be constructed quickly to meet the requirements of the occupier.
- **Buildings** – the EZ currently offers almost 1.5m sq ft of available floorspace. Our landowners are ready to support the fit out of these buildings to meet occupier's specific requirements. These buildings are situated in a variety of locations offering a range of price points and clusters of specialist and innovative businesses.
- **Sector strengths and clusters** – our established specialist sector strengths include Life Sciences, Energy and Environmental Technologies, Advanced Manufacturing and Engineering and Nuclear. We are preparing a suite of sector propositions to articulate the offer of the Corridor.
- **Strong business base and network** – our economy is the equivalent in scale to cities such as Birmingham and Leeds. Our key firms include Astra Zeneca, Barclays, Bentley Motors, Tata, Vauxhall and Waters as well as cutting edge innovative SMEs.
- **One of the strongest and best performing economies in England** – we are the strongest performing economy in the North of England (with annual GVA in excess of £20bn), with impressive workforce productivity levels and a highly active and skilled population (35% of our population is qualified to Level 4 or above) and a strong in-built enterprise culture. We also have access to a significant catchment providing easy access to a range of skills from niche to more affordable low skilled workers – we are a net importer of labour. In recognition of the sub-region's economic strengths, the refreshed SEP aspires to double the size of the Cheshire and Warrington economy to £50bn GVA per annum by 2040.
- **Skills** - Our education and training providers are committed to meeting the needs of local occupiers including the University of Chester, Jodrell Bank (University of Manchester) and a range of excellent colleges including Reaseheath. We have nine universities within a 30 mile radius producing over 175,000 graduates every year and an impressive array of commercial research facilities.
- **Quality of life and a great place to Live** – the Corridor offers a choice of housing ranging from affordable urban homes in the heart of Ellesmere Port to some of the most sought after and expensive homes in our rural villages such as Alderley Edge. These are supported by an excellent range of local amenities including great schools as well as access to breath-taking countryside.
- **Well-connected economy** – with long established linkages to Manchester and Liverpool and their city centres, higher education and innovation assets as well as strong economic linkages to the Midlands and North Wales. Our people benefit from a quality transport infrastructure – the West Coast Main Line (providing excellent links to both London and the North), the national motorway network (M6, M56 and M62 axes) and proximity to international transport links (Manchester and Liverpool Airports, Atlantic Gateway including Port of Liverpool, Manchester Ship Canal and in the future HS2).

- **Access to financial support** – Within the EZ zones eligible occupiers are able to benefit from financial incentives in the form of business rates discounts of up to £55,000 per year for five years or first year Enhanced Capital Allowances on some sites with Assisted Area status.
- **Business rate retention** - The LEP is able to retain any new business rates generated through the creation of new floorspace or uplift in rateable value as a result of refurbishment within the EZ sites. This pot of retained rates will be reinvested to support further economic growth and job creation. In the shorter term, investment will be in the priorities identifies within this Development Strategy but in the longer term investment will be available in the wider area to support broader priorities including improving skills and housing. Our EZ status also provides us with increased priority over access to other funding sources and those that will become available in the future.

## 4.0 Challenges

4.1 From our discussions with landowners and local authority partners we have identified a number of challenges which need to be overcome if our Vision for the Cheshire Science Corridor is to be achieved. These can be categorised as follows:

- Market Profile and Confidence
- Viability and Risk
- Infrastructure Delivery
- Planning

4.2 These are each considered in turn below and actions to overcome the constraints are set out in Section 5 and in each of the Site Specific Development Plans.

### Market Profile and Confidence

4.3 Since its launch the concept of the Cheshire Science Corridor has been well promoted and awareness is increasing in terms of our sectoral strengths but more can be done to improve awareness of the Corridor and specifically the opportunities that exist within each of its EZ sites.

4.4 To be successful occupiers need to be more aware of the following:

- The individual sites, what they have to offer generally and specifically in terms of available space/land
- The benefits that accrue for occupation within the individual sites
- The wider benefits which could be accessed by locating within the Corridor in proximity to the existing cluster of specialist occupiers.

4.5 Clearly the vote to leave Europe has resulted in a significant degree of uncertainty. Until we get some sort of clarity on what BREXIT could look like it is impossible to determine its impact. Nevertheless we would anticipate that the EZ will be better able to respond to any impacts in comparison to other sites that cannot offer its substantial benefits and incentives.

### Viability and Risk

4.6 Patrizia was able to build 711-713 Cavendish Avenue speculatively owing to the market confidence of that time and gleaned from the previous phase. Today, the more widely adopted development approach on most sites is to offer pre-lets as there is limited ability to continue to build speculatively owing to development viability and market risk. Some of the key viability and risk constraints to delivery include:

- Unwillingness of banks to release development finance until an occupier is identified
- Reluctance of developer to start delivery due to uncertainty over the length of time it could take to secure an occupier and therefore the risk of them being able to repay debt and be liable for empty property tax
- Gaps in development finance due to suppressed values and/or abnormal and heightened build costs associated with an individual site. Development finance is increasingly expensive

- Inability to deliver very specific unknown end occupier requirements without the security and specification of an identified pre-let
  - Industry wide market concern for the prospects of 2018-2019 driven by Brexit.
- 4.7 A number of the development sites and indeed the existing buildings are ready for an occupier to specify their requirements and the landowners will develop or fit out a building as soon as a lease agreement is in place.
- 4.8 Alderley Park and Thornton Science Park have specific challenges in needing to transform their sites and buildings from single occupier to multi-occupier sites to provide a mix of individual business spaces to suit a more varied occupier profile of businesses.

## Infrastructure Delivery

- 4.9 Across the EZ there are a number of common infrastructure delivery issues which will need to be overcome to make the sites more easily deliverable and attractive to occupiers. These include the following:
- **Energy** – both Alderley Park and Thornton Science Park have energy systems built to meet the needs of their previous occupiers and are not efficient for their current and future needs. Others sites have limited access to energy e.g. some of the sites in Ellesmere Port require investment to ensure sufficient energy capacity is available to meet the needs of future occupiers.
  - **Broadband** – access and speed of IT are critical to many businesses especially the targeted science and innovation based businesses for the Corridor. Ensuring that IT is of the highest quality to meet their needs will be crucial to the success of the sites and the Corridor.
  - **Access improvements and sustainability** – in some cases specific road infrastructure improvements are required to access individual sites - although in many cases improvements have already been made such as the Ellesmere Port sites. In addition, more generally across the Corridor it is recognised that access to key sites without a car is difficult and there is a need to identify improvements to sustainable transport to ensure labour market accessibility.
  - **Services** – some of the sites have water and drainage systems linked to their historic use or configuration and these need to be resolved so that individual plots can be brought forward which can be appropriately serviced as standalone sites.
  - **Ecology** – in Ellesmere Port, where sites have been vacant for some time there are some known ecology constraints including the presence of newts and skylarks which need to be addressed both before development can start on site and in terms of determining the on-going costs and management of ecological areas. This could be done in preparation for development as has been done with access improvements.
  - **Specialist Infrastructure** – if we are aiming to continue to attract and retain world class businesses we need to ensure that we offer state of the art facilities and infrastructure which meets their needs.

## Planning

- 4.10 In most cases clear planning policy is in place in the form of an established employment allocation and relevant planning teams are committed to supporting the efficient processing of planning applications to support investment in the EZ. Cheshire West and Chester has progressed a Local Development Order (LDO) to further simplify and speed up the planning process on the Hooton Park site and it is recognised that LDOs could be prepared for Protos and Thornton Science Park.
- 4.11 A key planning challenge in Ellesmere Port is the number of COMAH Zones which restricts the type and scale of development permitted within them. This is a particular issue for Thornton Science Park and Protos. Investigations are required to see if any of the existing zones can be decommissioned and if not to be clear of the implications for future development. An initial technical desk top review of Thornton Science Park is currently being undertaken to start to determine the development and use implications of the existing COMAH regulations.

## 5.0 Long Term Development Strategy

5.1 In the short term if the EZ is to maximise the retention of business rates the focus of activity must be on delivering new floorspace, which is likely to have a focus on capital investments. The short term Strategy is set out in Section 6. In the longer term the focus will be on identifying investment opportunities which will support the wider Cheshire Science Corridor and its objectives specifically:

- Raise the profile of the CSC nationally and internationally
- Unlock and accelerate the delivery of new or refurbished commercial floorspace which will attract high quality occupiers and generate new jobs
- Improve infrastructure accessibility to key sites and throughout the CSC including transport accessibility/IT/energy etc.
- Support economic growth across the CSC generally and specifically through collaboration and sector/cluster development
- Improve business support for local businesses
- Ensure our skill profile meets business requirements

5.2 We will work with our partners to deliver the following long term Development Strategy in response of our objectives. Such projects are likely to be more revenue driven:

- **Profile raising** - of the Cheshire Science Corridor regionally, nationally and internationally with DIT and appropriate science related networks including businesses, institutions, Universities and other training providers to ensure that when science occupiers are considering where to locate Globally and in Europe, Cheshire Science Corridor is in at least the top 10 locations.
- **Improvements infrastructure** – although we have excellent access to the motorway networks other aspects of our infrastructure network need to be improved in particular sustainable transport, broadband and energy. The LEP is developing sub-strategies of the Strategic Economic Plan for transport, digital and energy that will deal with these issues.
- **Accelerate growth and innovation through collaboration** – we already have a robust network in place to support business growth, innovation and collaboration but we will do more to support our cutting edge SMEs and internationally renowned businesses and partners in the wider area including Greater Manchester, Liverpool City Region, North Wales and beyond working together to support innovation and investment. For example by lobbying for the development of dedicated manufacturing facilities to support early stage drug development.
- **Further upskilling our workers** – our skilled workforce is amongst the best in the Country but we know we can do more. Building upon our existing occupiers, educational institutions and business growth organisations we will create a network of training and support organisations to ensure occupiers within the Corridor have access to skilled labour and training providers who respond to their needs and support further skill enhancement.
- **Supporting innovation and collaboration** – we will work with our existing network of world class businesses and R&D institutions, universities and research funders, including Innovate UK to ensure we create an environment for innovation and collaboration across the CSC and increase levels of R&D activity and investment.
- **Our environment and quality of life** - performs well against other areas, nevertheless we know we can work to make our environment even better, in particular in terms of ensuring an



appropriate supply and choice of homes and supporting amenities including within our town centres.

5.3 Our strategy to unlock and accelerate the delivery of new or refurbished commercial floorspace which will attract high quality occupiers and generate new jobs, which is the priority in the short terms is set out in Section 6.

5.4 Emerging projects that have been identified as long term projects to support the CSC to date include:

- **Cheshire Energy Hub** – Energy is a potential smart specialisation area for Cheshire and Warrington. The area has a critical mass of energy ‘know-how’ and R&D particularly in the nuclear and energy systems fields and a significant base of energy intensive industries along the Cheshire Science Corridor in automotive, advanced manufacturing, chemicals and glass that that require a secure, stable and affordable energy supply. Energy is a core component in the Cheshire Science Corridor which is home to a nationally significant nuclear cluster at Birchwood and Capenhurst; the development of a nationally strategic energy hub at Protos; world-leading research into the impact of Electric Vehicles on the low voltage network; and at Thornton Science Park a £17m Intelligent Energy Systems Demonstrator and the UK’s Energy Security and Observation System for the Sub-Surface funded by NERC and the British Geological Society. The potential of Cheshire & Warrington as one of the UK’s key geographical energy clusters capable of delivering an emerging national energy sector deal is being increasingly recognised by BEIS, including proposals for the development of the Cheshire Energy Hub and the creation of an Energy Innovation District, which could include an ‘Energy Enterprise Zone’ – an extension of the existing EZ to incorporate innovative energy incentives to occupiers.
- **Broadband Improvements** - The Digital 2020 programme will benefit enhance access to digital technology for 1,470 SME’s in the Cheshire & Warrington Local Enterprise Partnership area and is expected to create 441 net addition FTE jobs, generating net additional economic growth of £42m Gross Value Add (GVA) for the sub-region. This represents a return of £5.80 for every £1 invested. The programme builds on the previous successes of the Connecting Cheshire Partnership broadband projects and includes the three local authority partners. The programme will focus on:
  - Broadband ‘Not Spots’ – extending superfast broadband infrastructure to under-served businesses and residential premises (with an internet download speed of less than 30mbps)
  - Voucher Scheme - helping eligible enterprises access business grade connections and fully exploit enhanced broadband and digital technology
  - Digital Support - providing advice and guidance to secure digital-led business growth.

We need to ensure that all of the EZ is well served with access to very fast broadband and if not prioritise upgrades as part of future phases of the programme. In the mid-term there is potential to enhance broadband infrastructure along the Corridor so that instead of it being a series of ‘silos’, a digital backbone network is created between the assets which will allow the businesses, research councils and academic institutes to collaborate and share opportunities, data and IP. The EZ will engage with Connecting Cheshire to support action on this.

- **Science Corridor Sustainable Transport Solutions** – Investment in Cheshire and Warrington’s public transport system needs to be increased. HS2 and its associated improvements will deliver a step change in rail transport but this needs to be linked to a wider

programme of rail and bus improvements to support inter-connectivity and economic growth. Some initial work has been undertaken to consider the potential of a dedicated coach service to serve some key employment sites in East Cheshire. Existing occupiers report challenges in recruiting and retaining suitably qualified staff particularly graduates and experienced labour. Existing public transport provision is limited with many of the existing sites encountering car parking issues. Barclays, Astra Zeneca, Manchester Science Partnerships and other key employers in East Cheshire have committed to jointly funding a dedicated bus service for their workforce. The service schedule will meet the needs of the key employers and be geared towards pick up points from key locations. Key employers have committed to contributing to the operating costs for the first phase of the service. To achieve this would require a further commitment of funding. Operating costs are in the region of £300k per annum for the current proposed provision. Other initiatives need to be identified to improve public transport across the region to support existing and future investment.

- **Supporting innovation and clusters** – we need to raise the profile of the Corridor with R&D and other institutions, so they are aware of the significant assets that are already accommodated within the Corridor and the role that it could play in attracting further investment from institutions and specialist R&D centres. This will provide support and further kudos to our existing assets. For example the Medicines Manufacturing Industry Partnership (MMIP) represents the voice of medicines manufacturers in the UK. It was established jointly by Government and the biopharmaceutical industry in 2014 to ensure that the UK is recognised by the global medicines industry as a world-class, advanced centre for medicines manufacturing. The partnership represents the interests of major players such as Astra Zeneca. The partnership is lobbying for the development of dedicated manufacturing facilities to support the production of small scale bio pharmaceutical manufacturing essential to support the early stages of drug development. The facility could be developed as part of an existing bio manufacturing operation on the science corridor. Support might be appropriate for the Jodrell Bank plan to make a £12m investment in a Visitor Economy Scheme funded by Heritage Lottery Fund. The Corridor could support the mid-term opportunity Jodrell Bank: SKA supply chain with proposals for part of the facility to be used to benefit the down-stream supply chain for IP and innovation to the SKA project.
- **Unlocking non EZ sites** - to ensure an appropriate supply of sites and premises across the whole of the Corridor to attract target occupiers who support the attainment of our vision for the Cheshire Science Corridor.

5.5 In the longer term, we will also review the need to lobby for the extension of the EZ area and/or its timescale once we have demonstrated our ability to delivery significant investment.

## 6.0 Short Term Development Strategy

- 6.1 In the short term our Development Strategy focuses on actions which will unlock and accelerate the delivery of new or refurbished commercial floorspace which will attract high quality occupiers and generate new jobs. The rest of this Section sets out our Development Strategy for the next five years. It includes a mix of site specific and overarching actions through both revenue and capital interventions. These are grouped under the theme headings of the identified challenges (see section 4).

### Market Profile and Confidence

#### CSC and Site Specific Marketing Strategies

- 6.2 During the inception stage of the EZ significant effort was made in establishing the EZ brand, preparing a brochure and a website. The EZ has been promoted through a series of events targeted at developers, occupiers and investors, most recently internationally by the LEP at MIPIM.
- 6.3 A Marketing Strategy is being prepared by the Growth Director which will set out the actions that will promote the Cheshire Science Corridor locally, regionally, nationally and internationally. To this end the LEP has commissioned consultants to develop an overarching value proposition for Cheshire and Warrington and the Science Corridor, along with 5 sector value propositions, which will feed into the Science Corridor marketing strategy. This will include the preparation of a suite of sector value propositions targeted at occupiers to articulate the offer to specific sectors including life sciences, nuclear and automotive. The new marketing strategy and collateral will be
- 6.4 A number of sites have an already established marketing strategy that have been successful in raising the profile of the site and attracting new science based occupiers. For example Alderley Park, Protos and Birchwood Park. These are included in the Appendix of each of the Site Specific Development Plans. However scope exists to undertake further sites specific promotion on a number of the sites in particular around Ellesmere Port which would benefit from some formal marketing and potentially some cohesive branding to raise awareness of them collectively.
- 6.5 To date Thornton Science Park has focused its marketing on its academic contacts and through business networking but it would benefit from further promotion in terms of building and plot availability on-line and in print supported by a clearer on-site brand to raise its profile more externally and more details about the development opportunities which needs investigating through further due diligence – especially given that the site is a secure location.

#### More Formal Marketing

- 6.6 There is scope to undertake more targeted marketing of specific opportunities to raise their potential locally, regionally, nationally and internationally. In some cases this can be done by existing agents but in others may require the appointment of professional agents or a more formal marketing campaign. The aim being to raise the external awareness of the site and appeal to a wider audience in order to increase the pace of occupancy take up. Specifically, more formal marketing could benefit the following:
- Parklands building, Alderley Park
  - Former CTL building, Alderley Park
  - Thornton Science Park - to better promote the offer beyond the academic circles and their existing business networks
  - Hooton Park - potentially linked to broader automotive offer

- Protos and the fact that it is the only energy focused opportunity within the Northern Powerhouse Investment Portfolio with potential to play an important role in the Corridor's Energy Strategy.

### Undertaking Specific Market Demand Assessments

6.7 It is recognised that some of the landowners could be supported in undertaking targeting market demand analysis to better understand the scale of occupier demand from potential development. For example:

- There is potential to convert a redundant unit within Alderley Park into modular commercial clean rooms for use by its occupiers. This is something that Alderley Park's competitors are currently unable to offer and would therefore provide a real competitive advantage, particularly for smaller and mid-sized businesses unable to fund their own facilities within the growing antibody based pharmaceutical market, thus enabling the site to attract new occupiers and respond to the marked growth in enquiries. However, the cost of implementation is significant and MSP has not developed the market demand case to evidence the scale or terms (sessional or long term use) of the potential market in order to provide confidence in the investment.
- As appropriate on other sites, work with DIT to prepare sectoral propositions to enable these sites to be promoted efficiently to inward investors.

### Raised Physical Profile

6.8 A number of the EZ sites have already installed signs and hoardings to promote the EZ. But many could do more to raise awareness in situ. A number of the sites would benefit from better signage on major highways to raise their profile specifically:

- Alderley Park from A34
- Ellesmere Port sites from the junctions 8, 9 and 10 of the M53
- Protos and Thornton Science Park are keen to enhance the sense of arrival and market perceptions of their sites from the Motorway, for example to sponsor the roundabout at Junction 14 of the M56.

6.9 Enhancing the arrival experience and therefore market perceptions of Thornton Science Park (and therefore Protos) is a priority aspiration for the University. The University of Chester Campus Development Framework seeks to achieve this through a new arrival gateway with landmark building at Peel Lane. A more immediate concern is the currently poor physical environment of Peel Lane which is peppered with pot holes, lacks coherent signage and is heavily utilised by large tankers.

### Campaign to Promote the Benefits of the EZ

6.10 The EZ concept is now quite widely known but the benefits are less well understood. It would be worthwhile for the EZ to work with landowners to promote some of the benefits more widely. Generally a more detailed and accurate understanding of the benefits and its potential implications for real occupiers of accommodating within the EZ would support all of the EZ to better promote their offer. This could be done through some hypothetical modelling of employment options. These will be included within the final Site Specific Development Plans.

6.11 Specifically in terms of Birchwood Park, a greater market understanding of both the specialist new build offer and the potential financial implications of the Business Rate Discount for occupiers could support a more positive perception from the market, enabling agents to better 'sell' the opportunity which due to the nature and quality of the high specification offer resulting in rental levels which are

above the industry average. However, the financial incentive of Business Rate Discounts for eligible new occupiers within the Birchwood Enterprise Zone has the potential to be significant and reduce the cost of occupation for the first five years.

- 6.12 The financial incentive of ECA's within the relevant Enterprise Zone sites is significant (up to 125million Euro) and reported to have supported some enquiries but is largely misunderstood. A relative lack of detailed and accurate understanding of the benefit and its potential implications for real occupiers is currently limiting the ability to 'sell' the opportunity. To this end the EZ is in the process of setting up a series of workshops to spell out the benefits of ECA and R&D Tax credits to local authority officers and landowners. It will also look at options to support local businesses to better understand the benefits.

## Viability and Risk

- 6.13 The ability for the Enterprise Zone to be able to invest in projects in a way which reduces development risk and improves viability could overcome challenges over the commencement of speculative development and trigger the redevelopment and re-listing of existing buildings. This would help to ensure a supply of available floorspace and enable the EZ to be better positioned to attract occupiers with an active requirement.
- 6.14 Options for EZ investment could include the following:
- Viability gap funding – to overcome abnormal costs associated with access, ground conditions or other site abnormalities
  - Enabling works – including remediation, improving access to power and access improvements
  - Under-writing of a pre-let on a fully inclusive lease until a new occupier is secured – this approach might never actually result in any actual cost to the EZ as given the limited supply of modern employment space across the North West an occupier could be secured during the development phase.
- 6.15 This could support the generation of new floorspace and therefore maximise the business rate retention pot of the EZ in the early years. Potential locations for such an approach, where costly infrastructure works have already been undertaken include Birchwood Park and Ellesmere Port sites.
- 6.16 In addition to general issues in terms of viability and risk, Alderley Park has a specific challenge in needing to transform the site and its buildings from a single occupier to a multi-occupier site to provide a mix of individual business spaces to suit a more varied occupier profile of businesses. The EZ could assist in bringing forward building refurbishment or re-configuration earlier. When making the evidenced case for investment, some work will be required to identify which buildings have the greatest potential for rates 'uplift'. For example the former CTL Building (Building 15). The required works have been phased and costed and MSP has successfully secured North West Evergreen loan funding to support the first part of its delivery. As such the project is 'ready to go' but cannot progress until sufficient pre-lets are secured due to viability and risk.
- 6.17 The chosen development approach at Thornton Science Park is to flexibly respond to specific end occupier requirements through design and build opportunities as there is no ability for the University of Chester to build speculatively owing to the scale of previous investment, its academic focus, development viability and risk. Viability will be challenging in this location due to the significant abnormal and infrastructure costs of preparing the sites for development coupled with high construction and material costs often associated with bespoke builds for specialist end occupiers. Due diligence is required to understand the scale of the constraints on the site (including ground conditions) and to better understand the development potential of the site building upon the initial

masterplan.

- 6.18 In considering the longer term options, given that Thornton Science Park is likely to require a credible development/investment partner with a strong track record to support future delivery including finance. This could be through a Joint Venture structured to best meet the needs of both parties. The University has already held discussions with Peel and Pochin around the potential for commercial support and others are likely to express an interest if the proposition was clearly articulated.
- 6.19 Finally it is also worth recognising that in targeting world class occupiers the cost of their fit out could be very costly (in terms of specialist equipment) and it may be necessary for the EZ to play a role towards supporting this investment. This could be supported through the option of Enhanced Capital Allowances on identified sites in Assisted Areas in Ellesmere Port.

## Infrastructure Delivery

- 6.20 In many cases significant enabling works have already been undertaken to ensure that the EZ sites are “ready” for development. Access to energy is a specific issue on a number of sites including:
- The current ‘Energy Centre’ at Alderley Park, is a central high pressure hot water and steam plant running off 3 large and 7 small boilers which is no longer fit for purpose. The system was designed to run 24/7 across the whole site providing heat and hot water and cannot be controlled on an individual building basis to suit new occupiers or if a building is vacant. As a result the system is inefficient and expensive to run (costing an estimated £20m per annum which was not anticipated in the site Business Plan). Initial estimates to decentralise the heating and hot water system and provide individually controlled boilers to each building have been estimated at £10 million. Clearly this is a very significant cost that could not be fully met by the Enterprise Zone, however if the approach to resolving this issue could be focused on ‘renewables’ there could be scope to attract alternative funding sources such as through the Government’s emerging Energy Strategy. A high level Energy Strategy for the Alderley Park site would consider the options and determine the optimum approach to supplying heat and hot water in a controlled, cost efficient and environmentally sustainable way going forward.
  - Thornton Park currently relies on Essar for water, drainage and energy due to the historic connection between the sites when they were in the ownership of Shell. Further work to investigate options on how Thornton could become more self-sufficient would benefit the long term future of the site.
  - One of the key challenges of delivering an integrated and self-sufficient energy generation and user park at Protos is the timing of infrastructure delivery. The energy providers require a critical mass of users to support their investment, whilst the businesses utilising their energy require a secure capacity of supply. This creates a ‘vicious circle’ challenge to overcome until which point a critical mass is sustained and momentum gained.
  - In terms of some of the sites in Ellesmere Port there is considered to be issues with providing access to individual sites and new substations may be required.
- 6.21 Other identified infrastructure constraints include:
- A strategic need identified within Cheshire East, but more generally across the Corridor, to improve sustainable transport especially linking key business locations (Alderley Park, Barclays, Hurdsfield and Waters to name just a few) to train stations and bus routes. A specific bus service is being investigated to service many of the area’s large scale occupiers.

- The need to widen Kelvin Street (Birchwood Park), in order to open up the more internal plots of 714-719 Cavendish Avenue, extending into the plot (including service diversions) and closing off to avoid 'rat-running'. This has already been planned out and costed at £650,000 but would open up 124,000 sq ft (11,520 sq m) of new high quality industrial development (Units 714-719). The funding of this internal road infrastructure as a viability gap within the development appraisal would support the speculative development of these units.
- More detailed investigations into ground conditions at Thornton Science Park to understand the scale of the constraints to delivering the development aspirations. These constraints are likely to impact upon the ability to bring opportunities to market, the ability to prepare accurate development appraisals and on the viability and risk of development. A desk based technical review is currently underway to determine known ground conditions and infrastructure constraints but more intrusive works will likely be required.
- There is a clear aspiration to invest in the wider road infrastructure of East Warrington. Improving congestion will be essential if Birchwood is to remain attractive to both established and start-up businesses. Such investment would also support the economic prospects and growth of the wider Birchwood and Warrington area. The local authority has already committed some funds to these works, but requires a £2 million private sector contribution to deliver.
- The Digital 2020 programme, a partnership between our three local authorities, focuses on extending superfast broadband infrastructure to under-served businesses and residential premises, helping eligible enterprises access business grade connections and fully exploit enhanced broadband and digital technology and providing advice and guidance to secure digital-led business growth. There is the potential to extend this project to enhance the broadband infrastructure along the science corridor. Rather than the science corridor being a series of 'silos' a digital backbone network could be created between the assets which will allow the businesses, research councils and academic institutes to collaborate, share opportunities, share data and share IP.

## Planning

6.22 In most cases clear planning policy is in place and relevant planning teams are committed to supporting the efficient processing of planning applications to support investment in the EZ. Specific cases where additional planning could benefit the impact of the EZ include:

- Creation of Local Development Orders (LDO) to further simplify and speed up the planning process at Protos and Thornton Science Park.
- The key planning challenge for Thornton relates to the implications of its positioning within an inner COMAH Zone which restricts the type and scale of development permitted. An ongoing programme of review and amendment to the HSE hazard zones in the area as Essar's operational requirements change over time could result in the relaxation or revocation of the zones in the medium to longer term. More detailed discussions should also be held with planners at Cheshire West and Chester to better understand the scope of requirements for new development planning in COMAH zones.



## Emerging Projects

- 6.23 Table 6.1 identifies the key projects that have been identified within the site specific development plans. It describes the project and their priority. It should be noted that this is not a definitive list of projects but rather the current list of priority projects that the landowners and local authorities have identified at this time. Other projects will emerge and priorities in respect of the identified projects might change overtime.
- 6.24 At this stage the focus has been on projects that will ultimately support the delivery of floorspace and job creation in the short term (5 years). In the medium term we anticipate that the focus will shift toward the wider area and become less focused on the EZ as its sites are developed out and its constraints have been dealt with.
- 6.25 It is also worth noting that inclusion on the list does not guarantee that a project will access funding from the EZ, rather it highlights a series of projects that partners are keen to support as they contribute to the objectives of the EZ and/or the wider CSC/LEP area.
- 6.26 Section 7 considers investment options in more detail.

**Table 6.1 Enterprise Zone Site Specific Development Plans - Emerging Investment Projects as at October 2017**

Site	Project Title	Project Description	New Commercial Floorspace (Sqm)	Total Project Costs (£)	Max cost to EZ (£)	Start Date	End Date
<b>Alderley Park</b>	Block 19 & 22 refurb	Reconfiguration and refurbishment of Blocks 19/21/22	6,302	£14,651,395	£4,761,703	2018	2019
	Block 21 refurb	Reconfiguration and refurbishment of Block 21	3,243	£7 160 000	£2,613,400	2018	2019
	Glasshouse refurb	Reconfiguration and refurbishment of Glasshouse building	14000	£13,490,972	£6,745,486	2018	2020
<b>Birchwood Park</b>	720 Cavendish Ave	Provide rental cover for up to 5-years fully inclusive lease to enable speculative development - 720 Cavendish Ave	9,750	TBC	£210,405	2018	2019
	714-719 Cavendish Ave	Provide rental cover for up to 5-years fully inclusive lease to enable speculative development - 714-719 Cavendish Ave	11,520	TBC	£1,843,200	2018	2019
	Cavendish Ave Internal Rd	Viability gap funding of infrastructure to deliver 714-719 Cavendish Ave	11,520	TBC	£650,000	2018	2019
	Birchwood Highways Improvements	Grant funding to provide highways improvements to reduce congestion on main routes into Birchwood	N/A	£11,500,000	£2,000,000	2018	
<b>Ellesmere Port Sites</b>	New Bridge Rd Sub-Station	Provision of new sub-station provide power supply into EZ sites in order to improve development viability	TBC	£676,675	£290,344	2018	2022
	New Bridge Rd Environmental Prog	Provide additional grounds maintenance to improve the attractiveness of the area to existing and potential occupiers	N/A	£200,000	N/A	2018	
<b>Hooton Park</b>	Phase 1 Hooton Park	Consider options to support speculative development of Plot 2	11,612	£9,500,000	£9,500,000	2018	2019
<b>Protos</b>	Phase 1 Protos	Underwriting speculative development	TBC	TBC	TBC	TBC	TBC
<b>Thornton Science Park</b>	Composites Facility	Potential to support enabling infrastructure works/viability gap funding for new composites facility	TBC	TBC	TBC	2019	2020
<b>All Sites</b>	EZ Signage Programme	Supporting the provision of off-site signage to promote the EZ	N/A	TBC	TBC	2018	2018
<b>TOTALS:</b>			<b>67,947</b>	<b>£50,019,042</b>	<b>£28,614,538</b>	-	-

## 7.0 Investment Strategy

### Priorities for Investment

- 7.1 The CSC EZ Implementation Plan has already established that the first call on any retained business rates will be on the ongoing operational costs associated with the EZ including the Growth Director and marketing.
- 7.2 Additional business rates will be then be reinvested in line with the following priorities:
1. Investment in EZ sites in projects which support the delivery of floorspace (new and refurbished) in the short term (5 years)
  2. Investment in EZ sites which will support the occupation of built floorspace and therefore job creation such as improvements to Birchwood's highway network (to relieve congestion) as specified in the EZ bid
  3. Investment which will support the wider Cheshire Science Corridor
  4. Investment within the local authorities of Cheshire East, Cheshire West & Chester and Warrington – including the proposed Housing and Employment Investment Fund (HEIF) which is a revolving sub-regional fund being developed as part of the Growth Deal proposals to government. The fund will provide a sustainable source of funding to unlock and enable further employment sites across the sub-region, ensuring the benefits of Enterprise Zone status are felt beyond the boundary of the initial zone.
- 7.3 This, the first, Development Strategy has identified a list of indicative priority projects (see Table 6.1) which will support the EZ to meet its objectives. There are various mechanisms by which investment will be made in the EZ and these projects and the mechanisms are considered below before we turn to consider how projects which require investments from retained business rates will be assessed.
- 7.4 The Development Strategy will be reviewed annually to assess progress against the objectives and to determine the outcomes. As part of this review the progress of the identified projects will be assessed and the Strategy will be revised as required.

### Mechanisms for Investment

- 7.5 In some cases, given the enabling works that have been undertaken to date and the benefit of EZ status, developers have been able to deliver speculative development (for example Cloister Way in Ellesmere Port has now completed and Helix Business Park is under construction). However in other areas this is not possible and additional support will be required to accelerate development in the short term. This is where the EZ and its public partners can play an important role. The potential roles are considered below:
- **Direct development** - CW&C own 3 sites and there is scope for them to commit to bringing forward development on these sites in the short term. To enable them to do this they would need to understand the optimum type of development for the site, gain planning permission and procure a contractor to develop the scheme. They could then hold the scheme benefiting from its revenue stream or sell it as an investment and receive a receipt.
  - **Under-writing speculative development** – local authorities or the LEP could take a pre-let on a fully inclusive lease for say two or three years on individual buildings which would remove the risk for developers of having to allow for voids and empty property tax. Another option is for the local authority to commit to a longer term head lease (e.g. 25 years) on completion of

the property at a below market rent in order to enable the developer to secure funding and de-risk the undertaking of a speculative development. Under this approach, the Council would be able to 'sub-let' the premises and profit from any uplift between the head lease and market rental levels.

- **Growing Places Fund** – access to £12m investment pot that seeks to support key infrastructure projects designed to unlock wider economic growth, create jobs and build houses.
- **Prudential borrowing** – local authorities are able to borrow at more affordable rates than commercial developers and so it is worth considering whether they can work with developers to support investment. Warrington has successfully driven its development strategy for Warrington Town Centre through prudential borrowing and it is something that they are now looking at to support investment in road improvements.

7.6 These are difficult times for the public sector and any decisions to intervene need to be appropriately assessed to understand the risks and reward. Due diligence should identify opportunities where the private sector should be capable of supporting delivery themselves and the EZ should not be intervening in such schemes.

7.7 In considering how projects could be supported consideration needs to be given to the other sources of funding which could be accessed to support a specific project for example:

- Transport for the North/Highways England for investment in infrastructure
- Any government funding which might emerge in response to the Energy Strategy
- Any government funding which might emerge in response to the Industrial Strategy

7.8 As the retained business rates are accrued it will come to the LEP and be held by Cheshire East (as the LEP's Accountable Body). It will take a little time for the fund to build up and in the short term the demand on this money is likely to be more than the revenue coming in. However in the longer term this balance may change and consideration will need to be given as to whether the fund needs to be invested to ensure that the total pot is maximised until resources are required.

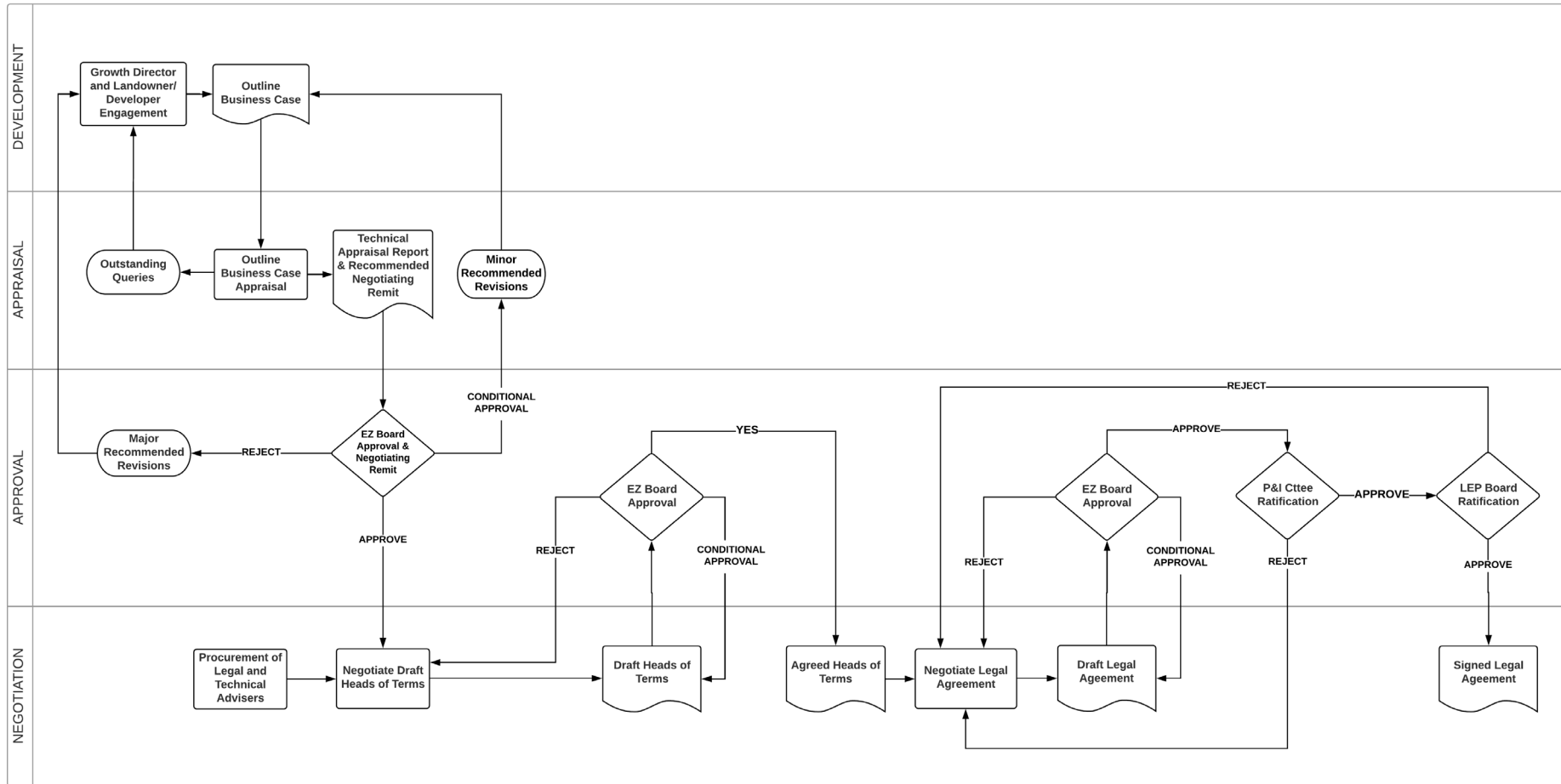
## Retained Business Rates Investment Process

7.9 The Cheshire and Warrington Local Enterprise Partnership aims to adhere to the highest standards of probity in the way that it discusses and makes decisions on how the funding devolved to it by Government is spent and has adopted an Assurance and Accountability Framework in line with the National LEP Assurance Framework, which guides local decision making to support accountability, transparency and value for money. The process below sets out the approval process for the investment of retained business rates in the Cheshire Science Corridor EZ, in line with the Cheshire and Warrington LEP's Assurance and Accountability Framework.

### Step 1: Growth Director and Landowner/Developer Engagement

7.10 The Growth Director will engage with landowners and developers to identify and work up initial investment project ideas, in line with the EZ Development and Investment Strategy and individual Site Development Plans. The Growth Director will consult regularly with the EZ Chair on the development of investment projects and will maintain a schedule of development projects against which progress will be reported to the EZ Board.

**CHESHIRE SCIENCE CORRIDOR ENTERPRISE ZONE  
RETAINED BUSINESS RATES INVESTMENT PROCESS**



### Step 2: Outline Business Case

- 7.11 Landowners/developers will work up an Outline Business Case based on the EZ Investment Business Case Template. This will be shared with the Growth Director who may provide technical advice and guidance to landowners/developers before it is formally submitted for appraisal. The Growth Director will consult regularly with the EZ Board Chair and report progress to the Board.

### Step 3: Outline Business Case Appraisal

- 7.12 The Outline Business Case will undergo a technical appraisal by an independent third-party expert who will be procured by the LEP. The technical appraisal will assess the Outline Business Case against the criteria set out in the EZ Investment Business Case Guidance.

### Step 4: Technical Appraisal Report and Recommended Negotiating Remit

- 7.13 The appraiser will produce a Technical Appraisal Report which will set out their assessment of the Outline Business Case, recommendations to the EZ Board for approval or rejection (with minor or major revisions) and a recommended Negotiating Remit for the LEP Executive Team.

### Step 5: EZ Board Approval and Negotiating Remit

- 7.14 The EZ Board will consider the Technical Appraisal Report and recommendations and may decide one of the following courses of action:
- a) Approval – The EZ Board approves the Outline Business Case and sets the Negotiating Remit for the LEP Executive Team; or
  - b) Conditional Approval – the EZ Board agrees the Outline Business Case in principal, but minor revisions are required; or
  - c) Rejection – the EZ Board may reject the Outline Business Case completely or may recommend major revisions which will require re-engagement with the Growth Director and the submission of a new Outline Business Case.

### Step 6: Procurement of Legal and Technical Advisers

- 7.15 The LEP will procure legal and (if required) technical advisers to negotiate any required legal agreements.

### Step 7: Negotiate Draft Heads of Terms

- 7.16 The Growth Director supported by the LEP's legal and technical advisers will negotiate draft Heads of Terms (in consultation with the EZ Board Chair) with the landowner/developer and their legal/technical advisers. The Draft Heads of Terms will be presented to the EZ Board for approval.

### Step 8: EZ Board Approval

- 7.17 The EZ Board will consider the Draft Heads of Terms and may decide one of the following courses of action:
- a) Approval – The EZ Board approves the Draft Heads of Terms and instructs the Executive Team to proceed to negotiating the final legal agreement(s); or
  - b) Conditional Approval – the EZ Board agrees the Draft Heads of Terms in principal, but minor revisions are required; or
  - c) Rejection – the EZ Board may reject the Draft Heads of Terms and may recommend major revisions which will require a renegotiation.

#### Step 9: Agreed Draft Heads of Terms

- 7.18 Once signed off by the EZ Board the Agreed Heads of Terms will form the basis of the negotiation of the final legal agreement(s). At this stage, the EZ Board may reiterate or issue a revised Negotiating Remit to the LEP Executive Team.

#### Step 10: Negotiate Legal Agreement

- 7.19 The Growth Director supported by the LEP's legal and technical advisers will negotiate the final legal agreement(s) (in consultation with the EZ Board Chair) with the landowner/developer and their legal/technical advisers. The Draft Heads of Terms will be presented to the EZ Board for approval.

#### Step 11: EZ Board Approval

- 7.20 The EZ Board will consider the Draft Legal Agreement(s) and may decide one of the following courses of action:
- a) Approval – The EZ Board approves the Draft Legal Agreement(s) and refers it to the LEP's Performance & Investment Committee for ratification; or
  - b) Conditional Approval – the EZ Board agrees the Draft Legal Agreement in principal, but minor revisions are required; or
  - c) Rejection – the EZ Board may reject the Draft Legal Agreement and may recommend major revisions which will require a renegotiation.

#### Step 12: Performance & Investment Committee Ratification

- 7.21 The LEP's Performance & Investment Committee will review the investment proposition and Draft Legal Agreement(s) and may either approve or reject it. If approved, the Draft Legal Agreement will be referred to the LEP Board for final ratification. If rejected, it will be sent back to the EZ Board for revision.

#### Step 13: LEP Board Ratification

- 7.22 The LEP Board will provide the final ratification and sign off for the proposed investment and Draft Legal Agreement(s) and may either approve or reject it. If approved, the Draft Legal Agreement will be referred to the LEP Board for final ratification. If rejected, it may be sent back to the EZ Board for revision or ultimately, the LEP Board may decide not to pursue the investment any further.

### Outline Business Case Appraisal Criteria

- 7.23 The priority objective in the short term is to support the delivery of new or refurbished floorspace which will attract high quality occupiers and which deliver the following outcomes:
- facilitates additional business rate retention
  - supports job creation
  - increases economic growth
  - facilitates business start ups
  - supports business expansion
  - attracts private sector investment



7.24 As such the assessment of any business case must be assessed on the extent to which it supports the following:

- Fit with CSC Strategic Vision/SEP
- Assessment against Development & Investment Strategy Objectives
- Floorspace generated/refurbished and therefore the annual scale of Business Rate Retention
- Number of jobs created
- Environmental Improvements
- Other Outputs/Benefits – temporary and qualitative
- Private sector leverage/value for money
- Market justification – need/demand/barriers to overcome
- Delivery timescale
- Compliance – evidence that the project complies with State Aid, legal (e.g. ownership) and planning and other consents
- Risk profile – identification of key risks and how these will be mitigated

7.25 At this stage it is not recommended that these criteria are weighted but rather that they scheme is reviewed against the criteria and that a view is undertaken in the round on the scheme suitability for receiving support. All projects will be assessed by the groups identified above and collective agreement made to support a project. A different approach (including an element of weighting) might be required in the medium to long term once the focus has moved away from delivering floorspace within the EZ.

7.26 The appraisal process will be as uncomplicated and transparent as possible. Engagement will be on an open book basis in accordance with the principles of the green book appraisal process.

### Modelling to Understand Potential Scale of the Business Rate Pot

7.27 As the Site Specific Development Plans and their projects are refined we will update the modelling work undertaken to date to understand their impact on the scale of the overall business rate retention pot.

7.28 Once the draft Investment Programme is signed off by the EZ Board (expected January 2018) further modelling will be undertaken to assess the potential scale of business rate income over the 25 year lifespan of the EZ.

## Appendix A – Business Case Proforma



## Business Case for Guidance for Retained Business Rate Investment Support

### Introduction

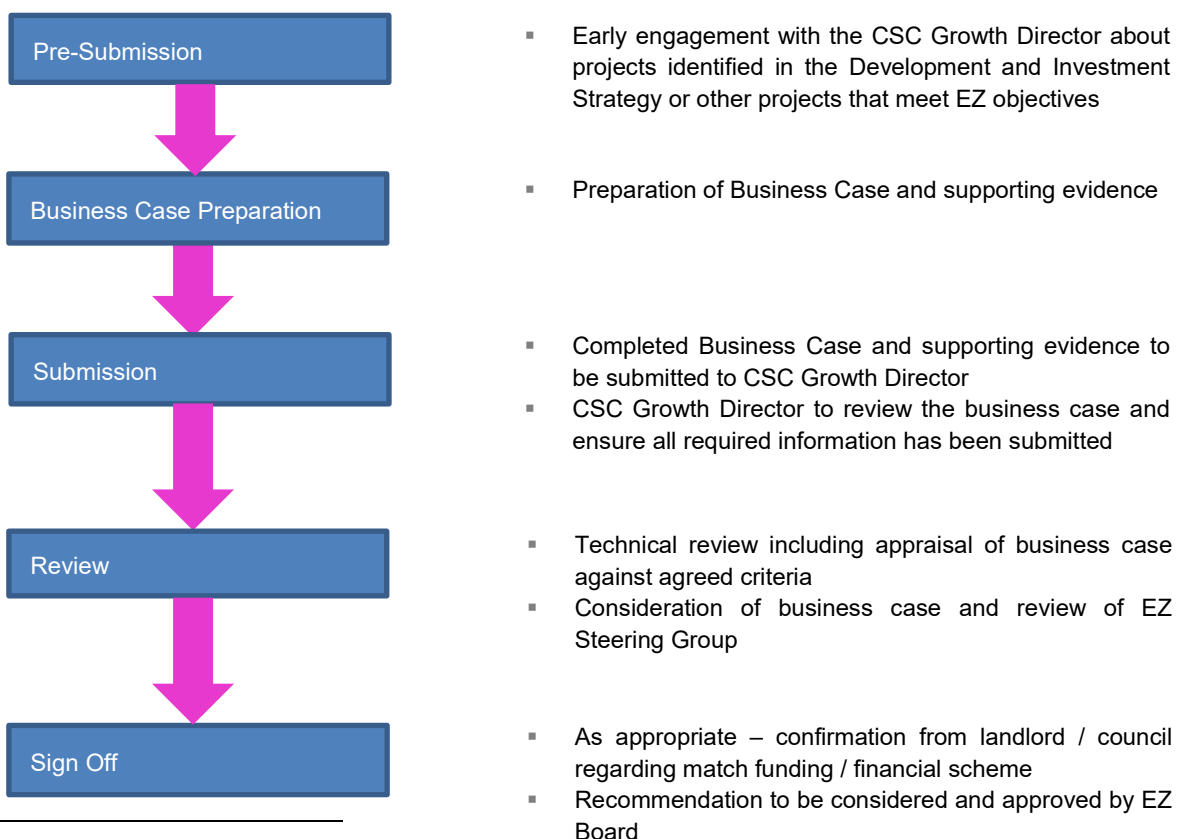
The Site Specific Development Plans and the overarching Development and Investment Strategy<sup>1</sup> has identified challenges which need to be overcome generally or specifically in respect of sites in the Enterprise Zone. The current list of potential investment projects is identified in Table 6.1 of the Development and Investment Strategy. For those projects identified in the Strategy or others that emerge which meet its objectives, a Business Case will need to be made through engagement with the CSC Growth Director and completion of a Business Case Template.

### Timescale

Completed business cases can be submitted at any time to respond to your business need. The period to appraise the business case will depend upon its complexity but every effort will be taken to determine them as speedily as possible.

### Business Case Process

The process for preparing, submitting and reviewing a business case is summarised below:



<sup>1</sup> [Insert link to the website](#)

## Preparing Your Business Case

It is anticipated that in working up your project and in advance of submitting your completed business case all applicants will engage with the CSC Growth Director. He will liaise with partners to clarify what will be required in the business case and what evidence needs to be submitted to support your case. He will signpost applicants to other partners who may be able to provide support in preparing the necessary evidence. This stage will focus on understanding the nature of the project, the need for public intervention and the nature of investment support being sought and whether alternative sources of funding are more appropriate or could also be accessed.

## Submission Process

Completed business cases should be submitted to [john.adlen@871candwep.co.uk](mailto:john.adlen@871candwep.co.uk). The CSC Growth Director will undertake an initial review of the business case/supporting evidence and ensure that the submission is complete.

## Review Process

- **The Business Case Review Team** – the appraisal process will involve the following people/ organisations - the CSC Growth Director, EZ Steering Group, EZ Board and relevant departments of the local authorities as appropriate to the specific business case
- **Technical Review** – if required will be undertaken by an external independent appraiser who will assess the business case against the agreed criteria (see below)
- **Financial Support** – where relevant the business case will need to include evidence of commitment of funding from other partners such as a local authority if they are supporting the case financially for example through prudential borrowing
- **Approval** – this will include a recommendation from the Steering Group which will be considered by appropriate local authority committees (as relevant), the EZ Board, LEP Performance and Investment Committee for sign off and the LEP Board for ratification.
- **Appeal** - The decision to make an award is discretionary on a case by case basis. Requests for appeal should be made in writing to the LEP no later than one month after the date of the determination. Appeals will be considered by the relevant local authority in line with its own appeals process and a decision communicated to the EZ Board. This decision will be final with no right of further appeal

## Appraisal Criteria

The priority objective of the EZ in the short term is to support the delivery of new or refurbished floorspace which will attract high quality occupiers and which deliver the following outcomes:

- facilitates additional business rate retention
- supports job creation
- increases economic growth
- facilitates business start ups
- supports business expansion
- attracts private sector investment

As such, the assessment of any business case must be assessed on the extent to which it supports the following:

- Fit with CSC Strategic Vision/SEP

- Assessment against the Development & Investment Strategy Objectives
- Annual scale of Business Rate Retention
- Floorspace generated/refurbished
- Number of jobs created
- Environmental Improvements
- Other Benefits – temporary and qualitative
- Private sector leverage/value for money
- Market justification – need/demand
- Deliverability of the project
- Delivery timescale



## Business Case – for projects requesting funding through the Enterprise Zone Business Rate Retention Mechanism

<b>Project Name:</b>
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<b>Applicant/Project Details</b>	
<b>Lead organisation:</b>	
<b>Lead contact:</b>	
<b>Position:</b>	
<b>Phone number:</b>	
<b>Email address:</b>	
<b>Postal address:</b>	
<b>Location of project (full address and/or location plan):</b>	
<b>Total project cost:</b>	
<b>Grant/loan requested – capital or revenue:</b>	

### **Purpose of the Business Case**

The overarching Development and Investment Strategy for the Cheshire Science Corridor sets out the vision, objectives and investment priorities for the Enterprise Zone. In order to maximize the scale of the Business Rate Retention re-investment pot, the focus of investment in the early years will be on projects that unlock and accelerate the delivery of new floorspace.

The purpose of the Business Case application is to propose projects seeking EZ investments that meet the aspirations of the Development and Investment Strategy and the site specific Development Plans. The application is aligned with the principles of the Government’s ‘Green Book’ five case appraisal approach and seeks to determine:

- Strategic Case – The case for change and fit with strategic objectives
- Economic Case – The outcomes of investment and value for money
- Commercial Case – Capability to deliver
- Financial Case – Justification of cost to EZ and other stakeholder commitments
- Management Case – Programme and risk management

The Business Case will be assessed by the EZ Board to determine the project's suitability for funding and scale of funding to be offered, if any. Further details as to the process for applications for EZ funding can be found within the Development and Investment Strategy.

## Part 1 – Strategic Case

1. Please provide a brief description of the project, including its objectives, key deliverables, the purpose and type of intervention funding being sought (c. 500 words).

2. Please provide detail as to how this project will contribute to achieving the aspirations for the Cheshire Science Corridor as established within the overarching Development and Investment Strategy and for your site as set out within your site specific Development Plan. In particular in terms of supporting (c.500 words):

- Vision
- Strategic objectives
- Target sectors
- Priorities for investment

3. Which other local and national strategies will the project contribute to and how? E.g. Cheshire & Warrington Strategic Economic Plan (SEP); Industrial Strategy; Local Strategic Policy etc. (c.300 words)

4. Please provide evidence of the market need or demand for the project (c. 200 words).

5. What is the rationale for intervention by the Enterprise Zone? What barriers/problems will the project address (e.g. market failure) and/or the opportunities it will unlock? (c. 200 words)

## Part 2 – Economic Case

6. What are the main direct and indirect quantitative outputs that the project is expected to generate? Please populate the table below by financial year, adding additional rows as appropriate.

Expected Tangible Outputs	Direct or Indirect	2017 / 18	2018 / 19	2020 / 21	2021 / 22	2022 / 23	Future Years	Total
Floorspace created (sq m)								
Floorspace refurbished (sq m)								
Brownfield land reclaimed (Ha)								
Businesses accommodated (no.)								
Business rates retained (£)								
Jobs (FTE) – direct								
Jobs (FTE) – indirect								
Jobs (FTE) – construction								
Economic activity (GVA)								
Other e.g. new road created (m)								

7. Generating additional Business Rate Revenue is the short-term priority for the Enterprise Zone. Please expand upon how the rates retained have been estimated, including calculations and assumptions (c.150 words)

8. Are there any other wider benefits (including social, environmental and temporary effects) that the project will generate? (c. 200 words)

9. Please demonstrate that the benefits of the project are additional, i.e. that the intervention does not simply displace other existing activity or would have been smaller or of a lower quality. (c. 150 words)



### Part 3 – Commercial Case

10. Please describe how the project would be delivered and identify the key stakeholders. Please include who will act as Project Manager, how construction will be procured etc. (c. 300 words)

11. Please demonstrate that you and the key stakeholders each have the appropriate capacity, capability, systems and expertise to deliver the intervention successfully. This could include examples of similar projects completed elsewhere (c. 200 words)

12. If procuring external partners for this project, please confirm and demonstrate that procurement will comply with public procurement requirements. (c 100 words)

13. Please indicate how your project complies with the necessary regulations and requirements with regard to: (approx. 100 words)

- a. State Aid
- b. Legals (e.g. lease agreements, evidence of freehold and/or Memorandum of Understanding)
- c. Planning or other consents
- d. Other (please specify)

## Part 4 – Financial Case

14. Provide a summary of the anticipated project costs, funding by source and revenue (adding additional lines as required). The figures should be supported by a development appraisal and evidence of costs where appropriate.

Project Item	Confirmed or Estimated	2017 / 18	2018 / 19	2020 / 21	2021 / 22	2022 / 23	Future Years	Total
<b>Costs</b>								
Construction								
Etc.								
<b>Total Costs</b>								
<b>Funding</b>								
Total EZ Request								
Other Public Sector								
Private Sector								
<b>Total Project Funding</b>								
<b>Revenue</b>								
<b>Total Revenue</b>								

Provide any supporting information here including evidence/confirmation of any matched funding.

Please provide a copy of your development appraisal and any supporting cost schedules.

15. Please explain why EZ funding is necessary, for example due to a funding gap, and how the project will ensure the minimum cost to the EZ (c. 250 words).

16. Has consideration been given to other alternative sources of funding which could be accessed to support this project? E.g. Commercial loan; Transport for North/Highways England; government funding in response to Energy Strategy or Industrial Strategy. If so, why have they been discounted?

17. Can you confirm and demonstrate that there is sufficient capability to meet the financial requirements and liabilities that flow from receipt of EZ support (e.g. to fund cash flow ahead of grant and to meet any cost overruns). (c. 200 words)

## Part 5 – Management Case

18. Please provide a programme for the project and insert the indicative timescales for the key project milestones in the table below:

Milestone	Indicative Timescale
Submission of Outline Business Case	
Funding Approvals	
Appointment of preferred developer / contractor	
Planning and other statutory approvals	
Work Commences	
Work complete	
Final financial claim date	

19. What are the top five risks of your project and how do you anticipate to mitigate them?

Risk Register	Impact (H/M/L)	Likelihood (H/M/L)	Risk Mitigation	Action Owner

20. Please identify any other significant constraints and confirm that project is deliverable having regard to these risks and dependencies. (c. 300 words)

## Declaration

*To be completed by the Business Case Applicant:*

I hereby confirm that the information provided in this form is complete and, to the best of my knowledge, accurate.

I acknowledge that the Cheshire & Warrington Local Enterprise Partnership may seek to verify the information set out herein and agree to provide further information where it is available.

I acknowledge that any funding agreement reached with the Cheshire & Warrington Local Enterprise Partnership is provisional until approved by the Enterprise Zone Board and LEP Accountable Body and confirmed in writing.

Signed.....

Date.....

Name.....

Position.....

Organisation/Company.....