

## Enterprise Zones - Cambourne Business Park Boundary Change and Programme Update

To: Business Board

Meeting Date: 11 July 2022

Public report: Yes

Lead Member: Interim Chair of the Business Board, Andy Neely

From: Deputy Director for Business & Skills, Alan Downton

Key decision: No

Recommendations: The Business Board is recommended to:

- a) Agree to the boundary change and redesignation of Enterprise Zone status for Parcel A at Cambourne Business Park;
- b) Subject to recommendation (a), recommend approval to the Combined Authority Board;
- c) Note the Enterprise Zones Programme update.

## 1. Purpose

- 1.1 To seek the Business Board's support for South Cambridgeshire District Council's (SCDC) request for a boundary change at Cambourne Business Park and agree to the redesignation of Enterprise Zone status for Parcel A.
- 1.2 This would concentrate all Enterprise Zone land north of the access road and adjacent to SCDC offices. This change would incorporate the existing Marketing Suite to increase the Enterprise Zone offer on site. The other part, Parcel B, would not be affected by the change.
- 1.3 If the Business Board and Combined Authority Board support the boundary change request, SCDC would, in conjunction with the Combined Authority, seek final agreement from the Department for Business, Energy and Industrial Strategy (BEIS) for the change to be implemented.
- 1.4 To provide the Business Board with an update on the Enterprise Zones Programme, and to report on initial findings emerging from recent evaluation work led by the Combined Authority.

## 2. Background

- 2.1 In 2017, Cambridgeshire and Peterborough became a Mayoral Combined Authority area, assuming responsibility for the Local Enterprise Partnership (LEP) governance in 2018. In September 2018, the LEP was rebranded, and the Business Board was created to provide a business voice for the area.
- 2.2 The Business Board is a non-statutory body which is the LEP for the Cambridgeshire and Peterborough Combined Authority area. It is independent of the Combined Authority, operating as a private-public sector partnership, which focuses on the key business sectors to provide strategic leadership and drive growth in Cambridgeshire and Peterborough and the wider Local Enterprise area.
- 2.3 The Business Board remains responsible and retains strategic oversight for the delivery of Enterprise Zones in Cambridgeshire and Peterborough, and reports to the Combined Authority Board as its accountable body. Enterprise Zone delivery and management is further delegated to local authority led boards, which include the Enterprise Zone Programme Board for Alconbury Weald and the Enterprise Zone Project Boards for each of the five Cambridge Compass sites.

## 3. Cambourne Business Park – Enterprise Zone Boundary Change

- 3.1 Cambourne Business Park was designated Enterprise Zone status in 2016 as part of the Cambridge Compass, allocated to two separate parcels of the overall larger area of development land. The site plan showing the location of the two Enterprise Zone parcels is attached at Appendix 1. Parcel A, south of the business park access road, is the subject of the proposed boundary change. The other part, Parcel B, sits north of the access road and would not be affected by the change. Enterprise Zone designation occurred after the current South Cambridgeshire Local Plan was submitted for examination in 2014, and

therefore the Enterprise Zone parcels were not referenced in the Local Plan or Adopted Policies Map.

- 3.2 In May 2021, the land south of the access road, including the Enterprise Zone parcel, was bought by South Cambridgeshire Investment Partnership (SCIP), which is a partnership between SCDC and Hill Group, from the previous owners U+I. Following many years of being undeveloped, and as a result of subsequent planning policy change, the land south of the Business Park access road will now be developed primarily for residential uses (reference: South Cambs Local Plan 2018 Policy SS/8 – paragraph 7) and will include the provision of a segregated cycle and pedestrian path linking to Cambourne Village College along the southern boundary, enhancing the existing footpaths and bridleways. Therefore, the current Enterprise Zone designation no longer aligns.
- 3.3 Combined Authority and SCDC officers have discussed this proposed change with BEIS, and were advised that the Enterprise Zone parcel could be informally moved to an alternative area of the business park, if agreed locally. Furthermore, BEIS suggests that formally moving or (re)designating the Enterprise Zone site would require a lengthy process involving parliamentary time. The value of this is questionable, given the relatively small size of the land, while precedence for redesignation seems unclear and untested.
- 3.4 The only land available for such a transfer would be the area currently occupied by the Marketing Suite, within the immediate vicinity of SCDC offices under the council's ownership. This area of land is relatively small and could be changed to commercial use, but it would not compensate for the total area lost. The land was recently purchased by CBPL (Cambourne Business Park Ltd), a company wholly owned by SCDC. CBPL acts on behalf of the Business Park owners, with Operational Board meetings involving all Business Park stakeholders and interested parties. Unfortunately, informally moving the Enterprise Zone parcel to another part of the wider site would not allow for business rates retention, which is tied to the specific land held in statute against the original designation.

## 4. Enterprise Zones Programme Update

- 4.1 A recent Combined Authority evaluation of the programme was undertaken in consultation with local authority leads, landowners and developers. This examined the original policy intentions, as contained in the bidding documents for Enterprise Zone status, against what has been delivered on each site. Indicative findings show that the rate of employment growth forecast for the sites was very optimistic, which is perhaps understandable given the competitive nature of the bidding process. The growth was forecast exponentially, whereas subsequent experience has shown that it takes time for sites to build a critical mass of occupying companies, with slow growth in the early years followed by rapid growth later. The final version of the evaluation report will be shared with Enterprise Zone stakeholders.
- 4.2 Cambridgeshire and Peterborough comprises of two Enterprise Zones, which are "Alconbury Weald" (Collecting Authority – Huntingdonshire District Council – Enterprise Zone status commenced 2012 and ends March 2038) and "Cambridge Compass" (Collecting Authorities - South Cambridgeshire District Council, East Cambridgeshire District Council, and St Edmundsbury Borough Council – Enterprise Zone status commenced 2016 and ends March 2042). In total there are six individual Enterprise Zones designated sites.

- 4.3 Based on originally approved bid documentation, the Alconbury Weald Enterprise Zone aimed to create 8,000 jobs and the Cambridge Compass Enterprise Zone aimed to create 7,546 jobs (15,546 in total).
- 4.4 Actual employment on the Enterprise Zone areas of the following sites were, at the end of the evaluation period (rounded figures as of 31<sup>st</sup> August 2021):
- Alconbury: 1000
  - Cambridge Compass: 1150
- 4.5 These figures fall short of the expectations raised in the bid documentation. However, local qualitative opinion and productivity indicators suggest that, in parts, Cambridges Compass Enterprise Zone is successful and will go on to grow significantly in the future.
- 4.6 The main evidence to support this view is the provision of high productivity, tech / bio-tech based, employment (firmly within the original strategy intent) on some of the Cambridge Compass sites:
- Lancaster Way's provision of high productivity employment being firmly within the original strategy intent of the Cambridge Compass vision. This includes providing expansion space for existing Cambridge-based employers, such as Thorlabs, Cambridge Commodities and University of Cambridge.
  - Lancaster Way's ability to attract the location of high productivity manufacturing, with the best example being the recent location of CMR Surgical onto the site.
  - Epicentre, Haverhill successful provision of wet-lab space on flexible terms to meet the demands of the Cambridge Cluster and supporting the expansion of companies such as CodiKoat.
  - Cambridge Business Park's (Waterbeach) ability to attract a blend of biotech companies together with financial and commercial service companies. For example, Sitec (Infrastructure Services) being sited alongside Horizon (gene editing, bio-tech services).
- 4.7 The positive indicators of performance outlined above need to be set against the following:
- Two Cambridge Compass sites (Cambourne and Northstowe) have not yet come forward for development. Both have now been acquired by SCDC with a view to them being developed.
  - Being the later of the two Enterprise Zone projects, Cambridge Compass is still relatively new and has faced mixed economic conditions. Employee job growth in Cambridge City (just the city) has been very strong with an addition of 14,000 jobs (very strong growth at the bio-medical campus). Whereas job growth has been weaker further away from the city, with South Cambridgeshire and East Cambridgeshire (the location of the Cambridgeshire Compass Sites) only adding an additional 2,000 jobs each.
  - In addition, it should be noted that the planning inspectorate concluded that part of the wider employment site around the EpiCentre in Haverhill could be released for housing based on an oversupply of sites. "The loss of the larger high quality employment site and the vision and ambition it held out for Haverhill is to be regretted, but the time has

come to accept that market forces are against the proposal and that an alternative use should be permitted on the site”.

- 4.8 For the Alconbury Weald Enterprise Zone, development has been slower. The iMET collapse in 2020-21 and relatively slow uptake of space within the incubator buildings underline the reported issues of lack of transport connectivity, particularly public transport, as well as a reliance on wider development including growth in housing on the Alconbury site and completion of the A14 improvement works. Further context includes:
- Employment growth in Huntingdonshire has been relatively slow with 2,000 employee jobs being added between 2015 and 2020 (with no growth recorded between 2017 and 2020).
  - As originally written, the Alconbury Weald Enterprise Zone Delivery Plan was to pitch the site to attract businesses from the Cambridge sub-region. As per the data for the Cambridge Compass Enterprise Zone, recent growth has very much been centred on Cambridge with some prime businesses spreading onto Compass Sites. The geographical distance has been too great for Alconbury to be attractive for Cambridge sub-region businesses with companies being willing to pay a premium to remain located in the city.
- 4.9 The local authorities are required to keep proper and up to date accounts and records giving correct and adequate details of all transactions related to the Enterprise Zone National Non-Domestic Rates (NNDR) funds, and shall permit the duly appointed Combined Authority representatives to inspect, with reasonable notice, all such accounts and records. Local arrangements to manage the disbursement of retained NNDR funds are agreed through a “Memorandum of Understanding” for each Enterprise Zone site. The underlying principles which under pin the allocation of retained rates is to accelerate economic growth and to invest in projects to deliver jobs and growth across the LEP area. In 2022, the Combined Authority received a combined income of £551k from distributed NNDR across each Enterprise Zone site for the municipal year 2021/22.

## Significant Implications

### 5. Financial Implications

- 5.1 A request for business rates projections to highlight any potential loss of rate retention for the remaining period to 2041 was made. However, without any plans for commercial development on which to base the assumptions (i.e. type of space and sizes), this would be a speculative estimate at best. It has been argued that as no buildings and no plans for commercial build exist, the loss is zero, as it could be that the site could remain empty for the life of the Enterprise Zone and therefore the value of this exercise has been questioned by the Revenues Manager. However, redesignation of Enterprise Zone over to the Marketing Suite / land would have a positive impact on retained business rates, albeit on a small scale.

## 6. Legal Implications

- 6.1 In terms of next step actions, the existing MoU would need to be reviewed to reflect the change of ownership and any redesignation of the Enterprise Zone parcel, and to provide clarity on ownership and next step actions to get an acceptable outcome for all (MOU) parties. This would include a review of legal implications, given that the current designation is held in statute (while SCIP has been advised by its legal representation that there are not planning policy risks inherent with residential development on the Enterprise Zone designated site, wider conversations / advice may need to be sought relative to the statutory designation issue/legality).

## 7. Public Health implications

- 7.1 No public health implications.

## 8. Environmental and Climate Change Implications

- 8.1 No environmental or climate change implications.

## 9. Other Significant Implications

- 9.1 None.

## 10. Appendices

- 10.1 Appendix 1 - Cambridge Compass Enterprise Zones - Cambourne Business Park

## 11. Background Papers

- 11.1 Policy SS/8 is within Chapter 3: Strategic Sites - [South Cambridgeshire Local Plan 2018 - South Cambs District Council \(scams.gov.uk\)](#)