

| REPORT TO | DATE OF MEETING |
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| Cabinet | 16 November 2011 |

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| SUBJECT | PORTFOLIO | AUTHOR | ITEM |
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| BAE SYSTEMS AND THE ENTERPRISE ZONE – PREFERRED OPTIONS SITE ALLOCATIONS POLICY AND MAP AMENDMENTS. | Strategic Planning and Housing | John Dalton | 6 |

SUMMARY AND LINK TO CORPORATE PRIORITIES

In response to a Government sponsored competitive process to select 10 Enterprise Zones the Lancashire Enterprise Partnership (LEP) Board submitted in the summer, a bid for an Enterprise Zone to be created at BAe Systems Warton and Samlesbury. This submission however was not selected by Government.

However, in late September BAe Systems announced the prospect of significant redundancies nation-wide, with some 1,500 being at Warton, Preston and Samlesbury. The Government then responded to this announcement, by the Chancellor of the Exchequer at the Conservative Party Conference himself announcing that the Enterprise Zone bid had now been accepted.

The original bid was pulled together somewhat hastily and the opportunity has been taken both to clarify and expand on the original submission and to review its content. As part of this review there has now been greater engagement with the 3 District Councils that cover Warton and Samlesbury as well as the County Council. For Samlesbury discussions have been held jointly with Ribble Valley as the borough boundary runs across the BAe complex.

The submission has now been redrafted and has been sent to the Department of Communities and Local Government, and the Council is being asked to endorse this document.

With particular reference to Samlesbury it is intended to phase the development of the Enterprise Zone. The initial phase is to release some 16 hectares to the east of the main works on currently undeveloped land which is split between Ribble Valley and South Ribble. A second phase of some 37 hectares lying totally in South Ribble, proposes to extend into the former runway areas and to create an independent access from the A677 utilising the general location near to an existing gate. However, to allow for this phase the existing green belt boundary in this area would need to be rolled back.

The report considers the green belt issue and recommends that the economic benefits of investment and jobs outweighs in this particular location, the loss of green belt.

However, to promote a change in green belt boundaries requires the Council to propose the alteration through the Site Allocations LDF. By chance the Council is currently consulting on the Preferred Options Site Allocations and it is recommended that a policy be included in that document and separately consulted upon. On this basis the Enterprise Zone proposal is phased such that development can only be commenced on that part of the site when the Site Allocations has been adopted in the Spring of 2013.

This complies with the Council's Corporate Priorities to achieve a clean, green and safe borough, a strong South Ribble in the heart of a prosperous Central Lancashire, and strong and healthy communities.

RECOMMENDATIONS

It is recommended that Cabinet

1. Endorses the Lancashire Enterprise Partnership Enterprise Zone submission document.
2. Approves the proposed policy wording for C4 - BAE Systems, Samlesbury and the Maps 1 and 2 as set out in Appendices 1, 2 and 3, for consultation.

DETAILS AND REASONING

BACKGROUND

The Budget this year the Government announced that 11 Local Enterprise Partnerships would be invited to come forward with proposals for Enterprise Zones and a further 10 Zones would be sought from open competition from Local Enterprise Partnerships with proposals for promoting growth and jobs.

The Government sees Enterprise Zones as allowing areas with real growth potential to create the new business and jobs that they need, with positive benefits across a wider economic area. The focus is on providing support to new businesses; start-ups, inward investors or companies moving to an area to get a competitive advantage.

All Enterprise Zones will benefit from:

- A business rate discount worth up to £275,000 per business over a five year period
- All business rates growth within the zone for a period of at least 25 years will be retained by the local area, to support the Partnership's economic priorities and ensure that Enterprise Zone growth is reinvested locally
- Government help to develop radically simplified planning approaches for the zone using, for example, existing Local Development Order powers
- Government support to ensure that superfast broadband is rolled out throughout the zone, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.

Additionally the Government will consider:

- Enhanced capital allowances for plant and machinery, in a limited number of cases and subject to State Aid, where there is a strong focus on manufacturing.
- Tax Increment Finance to support the long-term viability of the area.
- UKTI support for inward investment or trade opportunities in the zone.

LANCASHIRE ENTERPRISE ZONE

In response to the competitive process to select 10 Enterprise Zones (referred to above) the Lancashire Enterprise Partnership (LEP) Board submitted in the summer, a bid for an Enterprise Zone to be created at BAe Systems Warton and Samlesbury. At that time the LEP had only recently been constituted and to meet the Government deadlines for submission of a bid there

was not an opportunity to carry out consultation with the relevant local planning authorities, namely South Ribble, Ribble Valley and Fylde. This submission however was not selected by Government.

In late September BAe Systems announced the prospect of significant redundancies nation-wide, with some 1,500 being at Warton, Preston and Samlesbury. These redundancies were particularly as a result of BAe needing to slow down aircraft production as Government orders were spread over a longer delivery period.

The Government has then responded to this announcement, by the Chancellor of the Exchequer at the Conservative Party Conference himself announcing that the Enterprise Zone bid had now been accepted.

In order to progress the bid in line with the Government's timetable put in place for the 10 successful Enterprise Zones elsewhere in the country, the bid with additional information had to be lodged with the Department of Communities and Local Government by 4th November 2011. The original bid was pulled together somewhat hastily and the opportunity has been taken both to clarify and expand on the original submission and to review its content.

As part of this review there has no been greater engagement with the 3 District Councils that cover Warton and Samlesbury as well as the County Council. For Samlesbury discussions have been held jointly with Ribble Valley as the borough boundary runs across the BAe complex.

The submission has now been redrafted and has been sent to the Department of Communities and Local Government, and the Council is being asked to endorse this document.

The contents of the submission document are described briefly below. A full copy of the document can be made available on request.

The Enterprise Zone is some 147 hectares consisting of 72 hectares at Samlesbury and 75 hectares at Warton. BAe is to provide land and surplus buildings, shared facilities and infrastructure that make up the Enterprise Zone. The Zone is to support genuine additional growth, creating new businesses and new jobs through a combination of inward investment, and the growth of SME's through technology spin-out businesses and new business starts.

With particular reference to Samlesbury it is intended to phase the development of the Enterprise Zone. The initial phase is to release some 16 hectares to the east of the main works on currently undeveloped land which is split between Ribble Valley and South Ribble. The existing respective Local Plans identify this land as suitable for development. This initial phase is to be accessed via the secure BAe entrance on the A59 which in its design can accommodate any additional traffic movements.

A second phase of some 37 hectares lying totally in South Ribble, proposes to extend into the former runway areas and to create an independent access from the A677 utilising the general location near to an existing gate. However, to allow for this phase the existing green belt boundary in this area would need to be rolled back.

A subsequent phase then seeks to re-order land and buildings on the eastern frontage of the site to make them available for development.

GREEN BELT ROLL BACK

The inclusion of land currently in the Green Belt within the Enterprise Zone requires the Council to re-consider the purpose and function of green belt in this area balanced against a national Government initiative that is focussed on promoting economic growth and jobs. It should be noted that the intention of green belt in this general area is to prevent coalescence between Preston and Blackburn. The boundary of the green belt merely followed the borough boundary in Samlesbury

and chose the then undeveloped and unused runway area as the boundary. There is no contiguous green belt on the other side of the borough boundary in Ribble Valley. The area has remained open but has not been used. In terms of the impact on green belt and openness of the area the proposed roll back is somewhat limited. Whilst there is a loss in area, the remaining green belt and the principle of keeping separation between Preston and Blackburn cannot be considered as compromised. The Enterprise Zone initial phase up to 2015, alone is looking to create over 1,000 new jobs. The Enterprise one is intended to last for 25 years and there is no doubt that a significant number of new jobs will be created running into several thousands. On the basis that economic benefits outweigh the green belt principles it is legitimate for the Council to support the Enterprise Zone by proposing through the LDF a selective roll back of the green belt boundary.

As it happens the Council is currently consulting on Preferred Options for site Allocations and it is appropriate to include the proposed change to the green belt as part of this consultation. On this basis the proposed change would then be included in the Site Allocations as the LDF passes through its statutory phases. More details on this are described below.

The submission document recognises the statutory planning process that must be undertaken to secure the rollback of the green belt boundary at Samlesbury and in its phasing does not presume any development until the LDF is adopted in Spring 2013.

OTHER IMPLICATIONS

The Enterprise Zone is to be operational by April 2012, and requires a Local Development Order (LDO) to be in place to reduce the "planning burden" on new development. Such an Order must be prepared by the local planning authority. The Order will specify those types of development that will be considered as permitted and therefore not requiring planning applications. Discussions have begun with Ribble Valley, Fylde and the County Council to not only the content of such Orders but also to explore the advantages of working together to prepare LDO's. However, capacity and experience at the District Councils is limited and approaches have been made to secure assistance from the County Council.

A further report on the principles and content of a Local Development Order will be reported to a future Cabinet.

Bearing in mind the Government agenda to promote economic growth and to create jobs through the creation of Enterprise Zones, it is recommended that the Council supports the Lancashire Enterprise Partnership Enterprise Zone submission document.

LOCAL DEVELOPMENT FRAMEWORK IMPLICATIONS.

As a consequence of the above recommendation, and on an understanding that the Enterprise Zone revised submission is approved by Government, then the details of a proposed approach and text for inclusion in the Preferred Options Site Allocations is set out below.

Within the Preferred Options Site Allocations document a policy, C4 - BAe Systems, Samlesbury is to be added. This policy is essential to ensure the protection of the strategic designation of this site including the BAe Core area and its operations, to support the Enterprise Zone, including the necessary green belt release which is needed to support delivery and is set out in Appendix 1.

The Enterprise Zone is split into two key parts - one area which is generally north of the runway, this land is immediately available and could be operational from April 2012. Land south of the runway is also included in the Enterprise Zone area, however through the Local Development Framework (LDF) process there will need to be a release of green belt land, the earliest that this process can be confirmed is April 2013, once the LDF has been adopted (See Appendix 2, Map1).

Within the Green Belt roll back process, there is land surrounding the site that is also controlled by BAe Systems, this will need to include the necessary measures to help mitigate against the loss of green belt and the impacts on the landscape and wider environment. (See Appendix 3, Map2).

As Members will be aware, the consultation on the Preferred Options Site Allocations DPD has started and will run until the 22 December.

Following any minor changes and Members approval of Policy C4 - BAE Systems, Samlesbury, consultation on the policy and supporting maps will commence from Monday 21 November 2011 until Friday 13 January 2012, for 8 weeks consultation, which allows for time over the Christmas period.

The necessary communications will be carried out to ensure residents and the appropriate organisations are aware of the additional consultation on policy C4, the amendment maps and the timescales for this consultation process.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

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| FINANCIAL | Generally the LDF preparation costs are allowed for in estimates. The costs of preparation of a LDO are being assessed. The Enterprise Zone also has an impact on rates although over the longer term it is intended for the funding supplied to the Lancashire Enterprise Partnership to be re-invested into the Zone through a non for profit Special Purpose Vehicle. |
| LEGAL | None arising directly from the report. It should be noted that once laid before Parliament the boundary of the Enterprise Zone cannot be altered. |
| RISK | Not to agree to the Enterprise Zone proposal and the rollback of green belt would be out of step with Government policy, and would reduce potential investment into South Ribble, with serious potential economic consequences |

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| <i>Asset Management</i> | <i>Corporate Plans and Policies</i> | <i>Crime and Disorder</i> | <i>Efficiency Savings/Value for Money</i> |
| <i>Equality, Diversity and Community Cohesion</i> | <i>Freedom of Information/ Data Protection</i> | <i>Health and Safety</i> | <i>Health Inequalities</i> |
| <i>Human Rights Act 1998</i> | <i>Implementing Electronic Government</i> | <i>Staffing, Training and Development</i> | <i>Sustainability</i> |

BACKGROUND DOCUMENTS

- 1.) Preferred Options Site Allocations DPD and Development Management Policies Document.
- 2.) Central Lancashire Core Strategy
- 3.) BAe Samlesbury Enterprise Zone Submission document

Appendix 1

Preferred Options Site Allocations and Development Management Policies Development Plan Document - Replacement, Page 24, Policy C4.

BAe Systems, Samlesbury

Introduction

BAe Systems, Samlesbury has been an important Strategic Site for many years, as allocated in the South Ribble Local Plan (2000) and identified in the Central Lancashire Core Strategy as a site which is strategically significant. It currently supports the local economy providing local employment opportunities and investment due to its specialised activities. However it has the capability of stimulating economic growth in Central Lancashire, the wider Lancashire sub region and nationally, with the potential of attracting significant inward investment of an international scale.

Recently the Chancellor of the Exchequer announced that an Enterprise Zone bid for Warton and Samlesbury had been approved. In line with this decision the following policy protects the strategic designation of the site including the BAe Core area and its operations and supports the delivery of Enterprise Zone which includes the necessary green belt release.

Policy C4 - BAe Systems, Samlesbury

a) The Strategic Site

The Council continue to support the specialised activity at BAe Systems, Samlesbury in line with the company's operations.

The boundary of the strategic site is identified on Map 2, shown in red and purple. The core area of the site operated by BAe Systems is shown on Map 1 in yellow.

b) The Enterprise Zone

The Enterprise Zone will allow the area to create more businesses, jobs and attract international investment, with positive benefits across the wider economic area. It will help improve the local economy and also increase the contribution to national growth.

The Enterprise Zone is identified on Map 1, shown in blue.

The Council supports the delivery of the Enterprise Zone and will produce a Local Development Order to aid the delivery process.

c) Green Belt Boundary

To enable the Enterprise Zone to work to its full potential and to be delivered, the Green Belt boundary is amended as identified on Map 2, shown in white and edged in red.

Proposals Map Ref: K - Shows the site as adopted in the South Ribble Local Plan

Additional Maps 1 and 2 - Show the amendments as described in this policy

Justification

The site and surrounding area is owned by BAe Systems who have operated at the site for many years. The site is situated in the Eastern area of the Borough in a key accessible location within Central Lancashire, with immediate access to the A59 and the M6 Motorway (Junction 31). Whilst the site is well located, its accessibility and connectivity will need to be strengthened through the delivery of the Enterprise Zone, with an additional highway junction being constructed to further access the site and support its delivery. The location and setting of the site has the potential to attract high profile new businesses and investment, which will also help to deliver a high quality environment and landscape.

The site has generated major employment opportunities and brought important investment into the area for many years. It is now important to build on these strengths through the delivery of the Enterprise Zone. The key focus will be to bring forward new employment investment and opportunities to the local area, wider sub region and on a national level, and at the same time to bring forward the provision of the necessary infrastructure to generate strategic employment opportunities and help create a dynamic and vibrant employment location.

The Enterprise Zone will attract, generate and secure high value jobs in Lancashire and the North West. This is fundamental to the Lancashire Enterprise Partnership's ambitions to drive sustainable economic growth and prosperity within Lancashire by maintaining and increasing the economic contribution and the tradition of providing world class products and services that are made in Lancashire.

It is the intention of the County Council and South Ribble Borough Council to support the accelerated, integrated and comprehensive development of the Enterprise Zone. The Enterprise Zone is split into two key parts, one area is generally north of the runway, this land is immediately available and could be operational from April 2012. Land South of the runway is also included in the Enterprise Zone area however through the Local Development Framework (LDF) process there will need to be a release of green belt land, the earliest that development can happen is after April 2013, once the LDF has been adopted.

Within the Green Belt roll back process, there is land surrounding the site that is also controlled by BAe Systems, this will need to include the necessary measures to help mitigate against the loss of green belt and the impacts on the landscape and wider environment.