

Report to: Cabinet



Date of Meeting 30 March 2022

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A

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## Exeter & East Devon Enterprise Zone

### Report summary:

To provide an update on the financial position with regard to the Enterprise Zone (EZ) programme and seek approval for staffing and budget to be used to support the delivery of the programme.

### Is the proposed decision in accordance with:

Budget Yes ☒ No ☐

Policy Framework Yes ☒ No ☐

### Recommendation:

It is recommended that Cabinet:

1. Notes the progress made within the Enterprise Zone designation
2. Approves that the Project Manager (Simplified Planning) role is adjusted from fixed term to permanent status
3. Approves 0.2FTE dedicated Communication Officer support for the programme, £15k ring fenced budget (from the existing revenue budget).

### Reason for recommendation:

Cabinet has received regular updates on the financial position of the Enterprise Zone. The proposals set up will support the continued success of the programme, providing dedicated staff resources.

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### Portfolio(s) (check which apply):

- ☐ Climate Action and Emergency Response
- ☐ Coast, Country and Environment
- ☐ Council and Corporate Co-ordination
- ☐ Democracy, Transparency and Communications
- ☒ Economy and Assets
- ☒ Finance
- ☒ Strategic Planning
- ☐ Sustainable Homes and Communities
- ☐ Tourism, Sports, Leisure and Culture

**Equalities impact** Low Impact

**Climate change** Medium Impact

**Risk:** Medium Risk; This paper provides an update on existing borrowing within the Enterprise one Programme. Further papers will be reported to Cabinet on specific projects with financial appraisals before funding is drawn down. The risks associated with project delivery will be mitigated through robust project management procedures.

**Links to background information** [Cabinet Paper – September 2020 \(Item 207\)](#) [Cabinet Paper – March 2019](#)

**Link to** [Council Plan](#)

Priorities (check which apply)

- ☐ Better homes and communities for all
  - ☐ A greener East Devon
  - ☒ A resilient economy
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## Report in full

### 1. Introduction

1.1. Cabinet has received a series of updates on the financial position of the Enterprise Zone, including a paper which provided an overview of potential impacts of Covid-19 on the programme. The EZ sites have been resilient, with minor delays in construction, but no large scale redundancies or relocations.

1.2. The Enterprise Zone Programme has supported:

- Subsidised bus service (funding for 3 years) - £528,000
- Park & Change - £1,385,000
- Long Lane Enhancement - £4,510,000
- Open Innovation Building/Ada Lovelace Building (subject to variation) - £660,000

1.3. The Enterprise Zone Programme is likely to support:

- Acquisition of land within Cranbrook town centre - £5,500,000
- Decarbonisation of district heating network - £4,000,000

1.4. The designated areas are showing positive signs of continued growth, with the recent completion of the Grow Out Building on Science Park, along with the Burrington Estates units and new Stovax HQ on SkyPark.

1.5. Development should commence on Power Park with the completion of the Long Lane improvements and the Local Development Order. With first occupations anticipated for Summer 2023. The support for Cranbrook town centre should also see first occupations for town centre premises in Autumn 2023. All of these developments will have a positive impact upon the retained business rates.

### 2. Programme

2.1. As we reach the fifth anniversary of the Enterprise Zone designation, there is a need to consider the programme of support for the designation, as well as the investment proposals. In addition to the capital investment proposals recently considered by the Cabinet (Long Lane Enhancement), and those large scale cabinet investments that will be considered by Cabinet (which include the decarbonisation of District Heating, acquisition of

land within Cranbrook town centre) it is recommended that additional investment is made to the staffing and revenue support for the programme:

- Simplified Planning – the Project Manager has completed a Local Development Order (LDO) to support district heating and is making significant progress on delivering a second LDO for the Power Park site. The post holder has also provided significant planning input to the Sky Park site, through the processing of major planning applications for the Burrington Estates units and the Stovax HQ. It is recommended that the funding for the post is made permanent to provide dedicated and ongoing planning support to the programme.
- Communications & Marketing – the Enterprise Zone Board have received reports that support the case for dedicated Communication support of the programme. The Enterprise Zone Board endorsed a recommendation for the EZ budget to support 0.2FT Officer Support with the £15k ring fenced budget (from the existing revenue budget). This funding will ensure that investment made by the EZ programme are properly recognised and valued by stakeholders and the wider business community.

2.2. Appendix 1 provides an overview of the increased revenue budget, with borrowing for capital expenditure that the EZ designation could support. These figures have been reviewed by the Finance Team at EDDC. The budget provided in Appendix 1 includes the staffing costs and projects identified in this paper (Acquisition of land within Cranbrook town centre - £5.5m & decarbonisation of district heating network - £4m), indicating that the programme can support funding these projects.

2.3. The EZ budget continues to benefit from business rate income within the designation. The levels of income continue to prove to be resilient relative to the original assumptions, with income exceeding the original estimates.

### **3. Conclusion**

- 3.1. The Enterprise Zone designation continues to be a powerful tool to supporting the delivery of new commercial space and employment opportunities. Its significance is even more important in the context of the impact of the Covid-19 pandemic and subsequent recession.
- 3.2. The EZ programme has had a positive impact, with accelerated delivery of commercial floor space and jobs, along with enhancements to transport to enable access to the newly created jobs in the wider area. But to ensure continued success of the programme we need to consider the programme of support for the designation as well as the investment proposals. This paper puts forward recommendations on how this can be achieved within the existing ring fenced business rate income.

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### **Financial implications:**

Financial details are included in the report with details in the Appendix. Implications of the report on Cranbrook contained on the agenda have been factored into this update position.

### **Legal implications:**

There are no legal implications requiring comment.

## Appendix 1: Enterprise Zone – Budget Overview

|                                      | Actuals        | Actuals        | Actuals        | Actuals          | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast         | Forecast          | Forecast          |
|--------------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|
|                                      |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>NNDR INCOME</b>                   | <b>2017</b>    | <b>2018</b>    | <b>2019</b>    | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      | <b>2023</b>      | <b>2024</b>      | <b>2025</b>      | <b>2026</b>      | <b>2027</b>      | <b>2028</b>      | <b>2029</b>      | <b>2030</b>      | <b>2031</b>       | <b>2032</b>       |
| NNDR1                                | 136,305        | 235,280        | 664,234        | 605,717          | 806,523          | 1,000,000        | 1,250,000        | 1,500,000        | 1,750,000        | 2,000,000        | 2,250,000        | 2,500,000        | 2,750,000        | 3,000,000        | 3,000,000         | 3,000,000         |
| NNDR1 v NNDR 3 Adjustment            | 0              | -109,260       | 56,420         | 0                | 0                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>TOTAL EZ INCOME</b>               | <b>136,305</b> | <b>126,020</b> | <b>720,654</b> | <b>605,717</b>   | <b>806,523</b>   | <b>1,000,000</b> | <b>1,250,000</b> | <b>1,500,000</b> | <b>1,750,000</b> | <b>2,000,000</b> | <b>2,250,000</b> | <b>2,500,000</b> | <b>2,750,000</b> | <b>3,000,000</b> | <b>3,000,000</b>  | <b>3,000,000</b>  |
| Carry forward/Reserve                |                | 109,850        | 151,711        | 449,237          | 577,161          | 1,081,609        | 788,981          | 694,332          | 947,623          | 1,448,811        | 2,197,854        | 3,194,710        | 4,439,335        | 5,956,684        | 7,721,712         | 9,484,372         |
| <b>AVAILABLE BUDGET in Year</b>      | <b>136,305</b> | <b>235,870</b> | <b>872,365</b> | <b>1,054,954</b> | <b>1,383,684</b> | <b>2,081,609</b> | <b>2,038,981</b> | <b>2,194,332</b> | <b>2,697,623</b> | <b>3,448,811</b> | <b>4,447,854</b> | <b>5,694,710</b> | <b>7,189,335</b> | <b>8,956,684</b> | <b>10,721,712</b> | <b>12,484,372</b> |
|                                      |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>GENERAL REVENUE EXPENDITURE</b>   |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| Employment Costs                     | 0              | 28,093         | 59,251         | 81,277           | 84,325           | 101,040          | 103,061          | 105,122          | 107,224          | 109,369          | 111,556          | 113,787          | 116,063          | 118,384          | 120,752           | 123,167           |
| Corporate Recharge Costs             | 0              | 0              | 3,778          | 4,084            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000            | 4,000             | 4,000             |
| Supplies & Services excl. Consultant | 5,926          | 4,143          | 3,459          | 7,682            | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000            | 10,000            |
| Consultancy                          | 20,529         | 51,445         | 22,831         | 30,603           | 90,000           | 90,000           | 90,000           | 90,000           | 90,000           | 90,000           | 90,000           | 90,000           | 65,000           | 65,000           | 65,000            | 65,000            |
| Transport Costs                      |                | 479            | 727            | 103              | 300              | 300              | 300              | 300              | 300              | 300              | 300              | 300              | 300              | 300              | 300               | 300               |
| Other                                |                |                |                | -3,757           |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>Total Running Costs</b>           | <b>26,455</b>  | <b>84,159</b>  | <b>90,047</b>  | <b>119,991</b>   | <b>188,625</b>   | <b>205,340</b>   | <b>207,361</b>   | <b>209,422</b>   | <b>211,524</b>   | <b>213,669</b>   | <b>215,856</b>   | <b>218,087</b>   | <b>195,363</b>   | <b>197,684</b>   | <b>200,052</b>    | <b>202,467</b>    |
|                                      |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>PROJECT EXPENDITURE</b>           |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| Revenue Projects                     | 0              | 0              | 174,561        | 357,802          | 113,450          | 50,000           | 100,000          | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                 | 0                 |
| Capital Projects Repayments & Int    | 0              | 0              | 168,086        | 0                | 0                | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288        | 1,037,288         | 1,037,288         |
| Less Variance                        |                |                | -9,565         |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>Total Running Costs</b>           | <b>0</b>       | <b>0</b>       | <b>333,082</b> | <b>357,802</b>   | <b>113,450</b>   | <b>1,087,288</b> | <b>1,137,288</b> | <b>1,037,288</b> | <b>1,037,288</b> | <b>1,037,288</b> | <b>1,037,288</b> | <b>1,037,288</b> | <b>1,037,288</b> | <b>1,037,288</b> | <b>1,037,288</b>  | <b>1,037,288</b>  |
|                                      |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>TOTAL REVENUE EXPENDITURE</b>     | <b>26,455</b>  | <b>84,159</b>  | <b>423,128</b> | <b>477,793</b>   | <b>302,075</b>   | <b>1,292,628</b> | <b>1,344,648</b> | <b>1,246,710</b> | <b>1,248,812</b> | <b>1,250,957</b> | <b>1,253,144</b> | <b>1,255,375</b> | <b>1,232,651</b> | <b>1,234,972</b> | <b>1,237,340</b>  | <b>1,239,755</b>  |
|                                      |                |                |                |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                   |                   |
| <b>ENTERPRISE ZONE BALANCE @ YE</b>  | <b>109,850</b> | <b>151,711</b> | <b>449,237</b> | <b>577,161</b>   | <b>1,081,609</b> | <b>788,981</b>   | <b>694,332</b>   | <b>947,623</b>   | <b>1,448,811</b> | <b>2,197,854</b> | <b>3,194,710</b> | <b>4,439,335</b> | <b>5,956,684</b> | <b>7,721,712</b> | <b>9,484,372</b>  | <b>11,244,617</b> |