

Economic Growth Scrutiny Panel

Agenda
Item:

A.2

Meeting Date: 01 October 2020.
Portfolio: Economy, Enterprise and Housing
Key Decision: No
Within Policy and Budget Framework No
Public / Private Public

Title: Kingmoor Park Enterprise Zone – Partner Update
Report of: Corporate Director of Economic Development
Report Number: ED.36/20

Purpose / Summary:

To provide an overview of Kingmoor Park Enterprise Zone in advance of an update from a representative of Kingmoor Park Properties Ltd. at the Panel's 1st October 2020 meeting.

Recommendations:

The Panel is asked to:

1. Note the report and its content in providing a contextual overview of Kingmoor Park Enterprise Zone.

Tracking

Scrutiny:	01 October 2020.
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1. BACKGROUND

- 1.1** Carlisle Kingmoor Park is an existing business park of over 160 hectares, located c.3 miles to the north of Carlisle City Centre and adjacent to junction 44 of the M6. The site already hosts over 150 businesses with the number of jobs at the site exceeding 2,500. The site is home to a wide range of occupiers including Cumbria County Council, Capita, Thomas Graham, Story Homes and UPS alongside a multitude of small and increasingly exciting business occupiers. The site is owned and managed by Kingmoor Park Properties Ltd. which is a privately owned Cumbrian based company.
- 1.2** Kingmoor Park has long been identified as a strategic investment site in Carlisle's and Cumbria's economic development strategies. Accordingly, the site is designated as a primary employment area within the Carlisle District Local Plan, which acts to ensure that the use of land at the site continues to be prioritised for economic and job generating purposes.
- 1.3** Enterprise Zones are an important part of the Government's programme to devolve responsibility for leadership of local growth and provide a powerful tool for Local Enterprise Partnerships to develop their local economy. Kingmoor Park Enterprise Zone became operational on 1st April 2016 for a period of 25 years. Enterprise Zone status allows Kingmoor Park to continue to develop and indeed accelerate delivery momentum, allowing companies to benefit from Business Rates Relief and others from Enhanced Capital Allowances to help encourage investment.

2. GOVERNANCE

- 2.1** Carlisle City Council, Cumbria County Council and Cumbria LEP are each party to a Memorandum of Understanding (MOU) with the Department for Communities and Local Government which sets out the principles governing the implementation of the Enterprise Zone designation.
- 2.2** The Kingmoor Park Enterprise Zone Delivery Board was established to make strategic and operational decisions and ultimately to ensure that the opportunities presented by the EZ are maximised for Carlisle and Cumbria. Cumbria LEP are the lead partner with responsibility for the Board which also includes membership from Kingmoor Park Properties Ltd, Cumbria County Council and Carlisle City Council (Leader of Carlisle City Council and the Corporate Director of Economic Development). The Board meets bi-monthly.

3. DEVELOPMENT UPDATE

3.1 Kingmoor Park Properties Ltd. continue to invest significantly in the site to enable development and to support the effective management and enhance the attractiveness of the site as a location from which to do business. A number of well-established business also continue to invest and expand their operations. Recent highlights and include:

- **Clark Door** are a successful Carlisle business who are exporting globally and are continuing to invest in innovation and their operations at Kingmoor Park. They specialise in large specialist door systems and have recently secured permission to expand their operations at the site to keep up to pace with growing global demand for their product. This demonstrates a significant investment by Clark Door into the local economy and expansion of their workforce.

Clark Door have successfully expanded their operations at Kingmoor Park, in which they have built a new facility to permit the research, development and testing of extra-large specialist doors.

- **MOD Village** – Planning permission was submitted at the beginning of January for modular office space using repurposed shipping containers. This approach is the first of its kind for Cumbria and one of the first in the North West. The containers can be let individually or combined/stacked depending on the business needs. It offers an extremely flexible space for small and medium enterprises and will help maximise efficient use of the land at the site. The first phase of groundworks for the MOD Village has been completed and there are now containers on site.
- **Verus Energy** – Permission was granted in October 2016 with a variation approved in January 2019 for an Energy from Waste Plant at Kingmoor Park. The plant will assist the national strategy of diverting land from going to landfill and in increasing renewable energy. The plant could appeal to and support advanced manufacturing operators at the site by offering a direct power supply including the potential use of excess heat. Energy from Waste developer Fortum visited the site in November 2019 and have expressed an early interest in further development around the proposed site in line with their other worldwide developments, particularly Scandinavia. Further discussions recently with both Verus and Fortum have taken place via video conference and have since requested an extension of one year to their option agreement resulting in an expected commencement on site in March 2022.
- **Solar Farm** – The solar farm site is complete and has been commissioned by the installer. The final stage involves the witness test by Electricity North West/DNO

which at present has been classed as non-essential. Kingmoor Park are working with partners to resolve.

- 3.2** In addition to the above key highlights there remains strong growth activity across a number of SMEs at the site covering an increasingly diverse and innovative range of operations.

4. CONSULTATION

- 4.1** Consultation is undertaken with partners and relevant stakeholders on key workstreams as and when deemed appropriate by the Enterprise Zone Delivery Board, being mindful of commercial sensitivities of some aspects of the work.
- 4.2** Any development proposals which require planning permission are subject to statutory public consultation in accordance with regulations and the Council's Statement of Community Involvement.

5. RISKS

- 6.1** It is important that Carlisle City Council continue to play an active part in the governance of the Enterprise Zone including with respect to the role required as the local billing (rates) authority; local planning authority; in promoting the site and specific opportunities within; and as a conduit to public sector (external) funding. A failure to do so could result in the intended objectives of the Enterprise Zone not being realised which would be to the detriment of economic growth and ultimately the prosperity of Carlisle's (and the wider sub-regions) population.

6. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 6.1** Carlisle Kingmoor Park Enterprise Zone is a major driver of economic growth and job creation within Carlisle and the wider Borderlands area. It is therefore appropriate, particularly given the City Council's role within the Enterprise Zone governance structure, that wider Members are aware of the initiative, the role required of the Council, key activities and ultimately progress towards the intended objectives.

7. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 7.1** Realisation of the objectives associated with Carlisle Kingmoor Park Enterprise Zone will make a significant contribution to a number of Carlisle Plan priorities including:

- *“supporting the growth of more high quality and sustainable business and employment opportunities”* – through promoting economic growth and directly investing in projects and programmes which support and deliver growth; and
- *“working more effectively with partners to achieve the City Council’s priorities”* – through recognition that many of Carlisle’s challenges and opportunities are common across a wider geography and can be complex, in response to which a genuine collaborative effort is required.

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Appendices **None**
attached to report:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS:

LEGAL – There are no direct legal implications arising from this Report.

FINANCE –

EQUALITY –

INFORMATION GOVERNANCE – No information governance implications.



CARLISLE
KINGMOOR PARK
ENTERPRISE ZONE

1 October 2020



Kingmoor Park

Update – COVID 19 Recovery

Kingmoor Park During COVID-19

Operational Continuity

In the early stages of lockdown we made the necessary adjustments to our organisational operations to safeguard the welfare of all staff whilst supporting the site and those essential service providers on the park

COVID Response Support

During lockdown we pro-actively engaged with both councils, NHS and MOD exploring and providing solutions for emergency food distribution, field hospital options and temporary morgue sites

Rent Holidays

As part of a wider government instruction we allowed the deferment of rent during the period and established ongoing flexible payment solutions to support tenants where needed

Tenant Liaison

As ever we remained close to all tenants and offered support on a variety of matters including sourcing and supporting applications for loans and grants

Community Support

We offered support to businesses and groups from around the city to allow them to continue their work, including a community food bank charity, Eden Valley Hospice, LALO, Period Poverty and a national wheelchair basketball organisation amongst others

On site Works

Whilst works on site were massively reduced we were able to maintain momentum on all projects and ensure when guidance allowed matters were resumed as a priority

Performance Indicators

Despite wider spread economic uncertainty and a nervousness around the security of commercial property we have found through the variety of tenants, a solid core of distribution sector serving properties and a pro-active approach to dealing with tenants we have seen a positive impact over the past six months.

100% 95% 87.9% 98.1%

Rent Collection

For leases due in the period
25th March 2020 to 23rd
June 2020

Rent Collection

For leases due in the period
24th June 2020 to 24th
September 2020

Enterprise Zone Occupancy

In February 2020

Enterprise Zone Occupancy

In August 2020

Performance Indicators

Many tenants have undertaken reviews of their workforce during this period and whilst we have seen some redundancies on site we have seen a number of businesses recruiting and planning to grow employment numbers. Whilst we carry out a soft census every quarter of employment figures some have been difficult to obtain in this period due to confidential redundancy reviews or key personnel absence

2,118

April Employment

Figure as at beginning of lockdown with best known information

2,092

August Employment

Figure as per August quarterly soft census

250

NHS Employees

New occupation on site with phased return to the workplace commencing August 2020

40

Enquiries Since March

Enquiries that have resulted in Heads of Terms or advanced discussions

PROJECTS UPDATE



Solar Farm completed and enabled producing at least 28.5% of the sites power demand in July 2020.



Gateway signage installed in 3 locations around the CNDR



MODVillage recommenced construction in August with the staircase now in place and landscaping imminent.

Kingmoor Park Tenants

Positive Outcomes

Increase in enquiries from both new and established businesses taking new premises due to accelerated growth, primarily in distribution and online sales

Existing tenants taking both temporary and longer term additional space on site to cater for increased demand

Re-investment of grant monies on site on tangible improvements to small businesses and the services they offer

A focus on the importance of logistics has provided a renewed confidence in the development of distribution builds which has provided an appetite for development of our masterplan

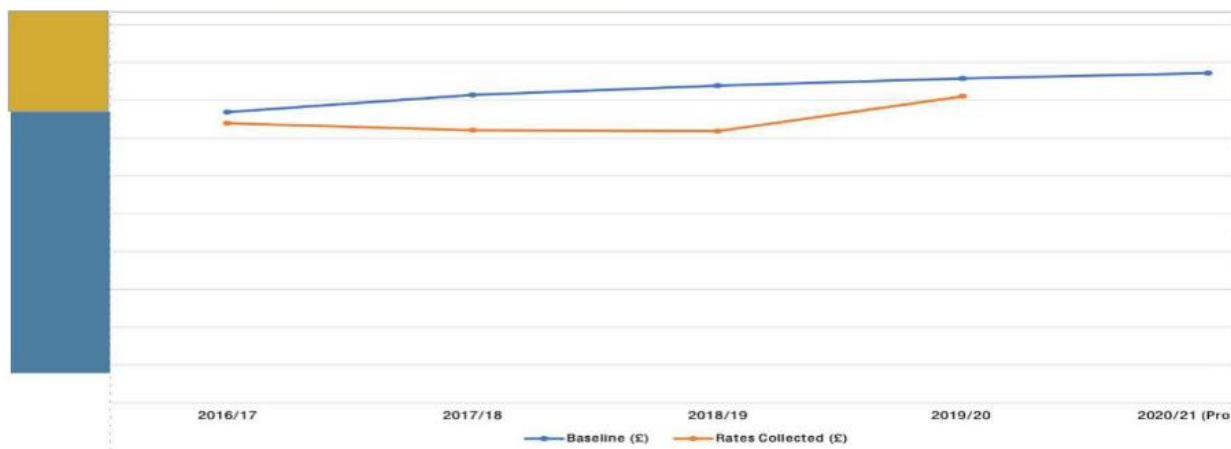
Threats

Whilst we are only aware of one tenant on site looking at a programme of redundancy there is the inherent risk that as economic recovery is staggered there is a threat of further job losses

A shift towards home working suggests that many larger scale office properties may become under-utilised and commercially unviable

Local lockdowns, whilst not necessarily in this area, continue to disrupt lead times and disrupt operations sporadically

Enterprise Zone Performance



Business Rates Relief

Business Rates received remains below the baseline to the high take-up of existing stock by BRR qualifying tenants

Overall occupancy of available space on the EZ is at 98%

Business Rates Relief

Value of EZ BRR granted across 2019/20 quantified at £325,009.

Once 5 years granted has expired this becomes additional rates collected

COVID expanded retail relief deducted in 2020/21 totalling £454,027, due to expire March 2021

Baseline / Past Performance:

	2016/17	2017/18	2018/19	2019/20	2020/21*
Baseline Position (£)	1,536,785	1,627,916	1,676,823	1,715,250	1,743,197
Actual Performance (£)	1,477,672	1,441,229	1,436,001	1,620,258**	n/a
Projected Performance (£)	n/a	n/a	n/a	n/a	1,181,768
Total EZ Relief (£)	0	0	130,082	325,009	358,247
Growth / Loss of Income	-59,113	-186,687	-240,822	-94,992	-561,429

* 2020/21 estimate as at August 2020. ** Pending 2019/20 NNDR3 return being finalised.

Enterprise Zone Marketing



Continued local marketing which has seen occupancy reach 98% with active enquiries over the remaining space

National and International engagement through agents and the DIT Investment Portfolio which has seen us bid for five inward investment development opportunities in 2020 so far including a distillery and vertical farming project

Positive promotion of success stories with successful start-ups on site and growing businesses

Development of the masterplan and active engagement with a development partner ahead of 'launching' the opportunity later in the year



THANK YOU