

Report to:	Blackpool, Fylde and Wyre Economic Prosperity Board
Report Author:	Rob Green, Head of Enterprise Zones, Blackpool Council
Date of Meeting:	16 September 2020
Recommendation:	To note the report.

Hillhouse Enterprise Zone: Progress Report

a) BACKGROUND AND COVID UPDATE

Hillhouse Technology Enterprise Zone came into existence with effect from 1 April 2016 and has just entered its fifth year of its programmed 25 year lifespan. Located entirely within the Borough of Wyre, it offers both Enhanced Capital Allowances (which expire in November 2023) and Business Rates Relief as fiscal incentives (which expires in March 2021). Wyre Borough Council acts as the accountable body and have to date accumulated approaching £1m in retained business rates growth. The Enterprise Zone has a target of growing employment on the site from the current 1,650 to over 3,000 by 2035.

Progress at the Enterprise Zone has been limited in recent months as a result of Covid-19 restrictions. The recent closure of the Vinnolit facility which employed 60 staff will have a significant negative impact upon the business rates baseline, however there has been interest in the available commercial units that will become available on their departure.

Negotiations for the purchase of the vacant property and site vacated by Vinnolit are progressing and whether the units are retained or demolished over the next 12 months, this will become a new opportunity releasing new sites for development and should result in a long term net increase in employment.

The effects of Covid has seen a proposal for a 6 acre, 262,000 sq ft (24,000 sq m) energy from waste plant, promoted by a major UK based plc fall through as a direct result of difficult economic trading conditions the company has faced over recent months, however there are high hopes that an alternative operator/developer can be identified.

Global polymer solutions supplier Victrex, which is a FTSE 250 company with a 900-strong workforce, circa 600 of whom are based at the Enterprise Zone, has opened consultation with staff, with 79 redundancies expected across operations at its Thornton Cleveleys HQ by October 2020.

However, on a more positive note Forsa Energy were finally able to start their build on site in Feb/March and although the pace has been slower, work is still moving ahead on their 55,000 sq ft (300 sq m) peak demand facility.

Hillhouse site has been able to remain open and offering full facilities management services throughout the pandemic however, manufacturing output of the tenants on site has been adversely affected, with some staff furloughed and reported difficulties from some occupiers in maintaining supply flows.

b) IMPLEMENTATION PLAN

Finalisation of the implementation and delivery plan has again been delayed as it is amended to reflect both the closure of the Vinnolit facility and the loss of the proposed Waste to energy plant, but also the progression of proposals by NPL Estates for an initial phase of speculative development totalling 6,100m² which would in part, assist the decanting of existing businesses from the old international business centre releasing that site for redevelopment.

NPL, who have secured an in principle offer of funding from the Getting Building Fund toward the costs of essential infrastructure upgrades to enable the new speculative development to progress, are now preparing detailed planning applications for the development which should be submitted to Wyre Borough Council by the end of October 2020.

The project requires some local enabling infrastructure, including site access road, upgrade of utilities, replacement and relocation of the existing gatehouse and an extension and repair to Hillhouse's water ring main and electricity supply mains. The project has been allocated some funding £630,000 from the Getting Building Fund, with additional match funding provided by Wyre Borough Council and NPL. Formal confirmation of funding is dependent upon completion of the Local Enterprise Partnership's due diligence process but is also expected to be confirmed shortly. Funding of £200,000 has also been approved by Wyre Borough Council to support the extension of the Local Full Fibre Network broadband fibre optic network to the site gates, with NPL committing to further expenditure to progress the extension of the fibre optic broadband capability throughout the Enterprise Zone site.

Further clarification has also been obtained on the phasing and costings of the wider on and off site infrastructure costs and for individual development plots and modelling in a revised draft delivery plan which will be completed by the end of October. This will be presented to Wyre Borough Council in November 2020 for approval as the accountable body and then to the Economic Prosperity Board, the Economic Zone Governance Committee, Local

Enterprise Partnership and the Ministry of Housing, Communities and Local Government in turn.

c) MARKETING

Newsletter

Quarterly Enterprise Zone newsletters continue to be circulated delivering up-to-date information for Enterprise Zone businesses and work continues to engage more people to sign up to the newsletter. Newsletter information also refers back to business support on both the Enterprise Zone website and includes details of Wyre Borough Council's dedicated business support team for local help and advice.

Marketing Strategy

A marketing strategy has been prepared for inclusion in the Delivery Plan. When the Delivery Plan is completed, a communications campaign will be drafted to support site activity.

Work continues with Lancashire County Council to appoint a joint international agent for all four Lancashire Advanced Manufacturing and Energy Cluster sites by January 2021, however the team agrees that the need for end product and individual development plots to bring to market would be beneficial to any commercial property sales strategy.

Website

Marketing Lancashire have now engaged with Richard Barber and Co. to discuss phase 2 of the Enterprise Zone websites, phase 2 of the overarching Invest in Lancashire site and options around the integration of Evolutive (discussing with Growth Lancashire). Officers continue to chase confirmation of draft proposals and implementation of new website features. The team will look to update any brochures and marketing material in line with any new website design over the next 12 months where required.

A news page on the website has now been created with administration rights available to the Marketing Officer and the page will be used to promote good news stories and development milestones on the site.

Events and PR

Although large physical events are still prohibited by social distancing measures, the Marketing Officer has been working with NW Insider Magazine on a Northern Enterprise Zone Online Conference which is planned for 23 October 2020. The Lancashire Advanced Manufacturing and Energy Cluster will be sponsoring the event with David Holmes from BAE confirmed as Lancashire Advanced Manufacturing and Energy Cluster spokesperson for the panel. The aim is to raise awareness of the Enterprise Zones successes and to galvanise further support for the national fiscal benefits extension campaign to the Treasury. Now is

an ideal opportunity to throw the spotlight on the benefits the Enterprise Zones can bring to the local economy and how they can be useful in the Covid recovery effort.

Hydrogen Steering Group

Further Hydrogen Hub meetings have been put on hold until further notice due to furloughed key members of the group. These will be re-established once social distancing restrictions are lifted.

d) SITE ACTIVITY

Vinnolit

NPL are undertaking feasibility studies to assess the options to refurbish to meet required EPC standards, with some initial interest having been registered from a PVC pipe manufacturer.

Forsa Energy

Construction work is ongoing for a new 20MW Short Term Operating Reserve (STOR) gas turbines, planning consent having been granted in 2017.

d) JOB CREATION

It is anticipated that a number of construction jobs to be created in this next quarter due to the start on site by Forsa Energy. The team continues to chase confirmation of how many construction full time equivalent jobs are currently on site and work will continue to make connections with Hillhouse tenants.

e) HILLHOUSE ENTERPRISE ZONE BOARD AND PROJECT TEAM MEETINGS

A further Project Team meeting will be arranged with a wider group of stakeholders including Hillhouse tenants and various local stakeholders once this can be achieved in compliance with social distancing measures. A smaller virtual project team will be established in the coming months to ensure some momentum is maintained.

f) COMMUNICATIONS INFRASTRUCTURE

Funding of £200,000 has now also been approved by Wyre Borough Council to support the extension of the Local Full Fibre Network broadband fibre optic network to the site gates, enabling NPL to extend the infrastructure throughout the site.

g) ENTERPRISE ZONE FISCAL BENEFITS

Work is progressing to lobby Ministry of Housing, Communities and Local Government to seek an extension of Enterprise Zone fiscal benefits which are due to expire for Hillhouse in November 2021 for rates relief and November 2023 for Enhanced Capital Allowances.

With full Local Enterprise Partners support officers have joined nationally with The LEP Network to put a proposal to HM Treasury. Officers would seek an extension of business rates relief to 2025/26 as a low cost focus and engine for post Covid-19 economic recovery and growth, and to recognise the delays in all Enterprise Zones being able to bring forward enabling infrastructure.

A questionnaire was issued to all 45 UK Enterprise Zones and 20 have been returned to use as evidence for the proposal. By the time of this meeting, a draft case will have been presented to the Treasury with the final submission due by the end of September, hopefully in time to be considered in the next spending review.

h) RISK REGISTER

The Hillhouse Technology Enterprise Zone risk register is currently under review with Wyre Borough Council's corporate risk team given recent events and will be available on request at the next meeting. It is also regularly reviewed by the accountable body's own project board.

FORTHCOMING ACTIVITY

- i) Complete Delivery Plan by end October 2020
- ii) Procure specialist State Aid advice once IP completed
- iii) Complete updated Risk Register by end September 2020 [delayed by COVID 19]
- iv) A flood risk assessment to be scoped and commissioned for the entire site subject to identification of funding
- v) A transport assessment be scoped and commissioned for the entire site subject to identification of funding
- vi) A utilities assessment to be scoped and commissioned for the whole site subject to identification of funding
- vii) An Environmental and Ecology study to be scoped and commissioned for the entire site subject to identification of funding
- viii) Local Full Fibre Network fibre to connect to meet me point at new Enterprise Zone Gatehouse by March 2021
- ix) Utility repair and upgrade works to be completed end February 2021
- x) Planning application for new gatehouse and 6100m² speculative B1/B2 development to be submitted by end of October