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**Manchester City Council  
Report for Resolution**

**Report to:** Executive - 6 January 2016

**Subject:** Enterprise Zones

**Report of:** Chief Executive

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**Summary**

The purpose of this report is to update Members on the proposals to establish a new Enterprise Zone within Manchester that will focus on the development opportunities associated with the growth of Life Sciences within Manchester. The report also sets out the details of the new boundaries, agreed by Government, that expand the coverage of the Greater Manchester Airport City Enterprise Zone. The Government will lay the Orders before Parliament that will give effect to the Life Sciences Enterprise Zone and the extension to the Airport City Enterprise Zone from the 1<sup>st</sup> April 2016.

**Recommendations**

The Executive is recommended to:

1. Approve the boundaries of the Greater Manchester Life Sciences Enterprise Zone as outlined in Annex 1 of this report.
2. Approve the Business Rate Framework for the Greater Manchester Life Sciences Enterprise Zone, as set out in Paragraph 3.5 of this report and authorise the City Treasurer to determine applications for discounts within this policy framework, following consultation with the Chief Executive and the Executive Member for Finance and Human Resources.
3. Approve that any business rate growth achieved within the boundaries of the Manchester Life Science Enterprise Zone will be ringfenced for reinvestment in the Greater Manchester Life Sciences Enterprise Zone area and authorise the Chief Executive and the City Treasurer, in consultation with the Leader of the Council and the Executive Member for Finance and Human Resources, to agree any proposals for reinvestment following consultation with the Corridor Manchester Board and the Greater Manchester Local Enterprise Partnership.
4. Approve the boundaries of the expanded Greater Manchester Airport City Enterprise Zone as outlined in Annex 2 of this report.
5. Approve the Business Rate Framework for the Greater Manchester Airport City Enterprise Zone, as set out in Paragraph 4.5 of this report and authorise the City Treasurer to determine applications for discounts within this policy framework, following consultation with the Chief Executive and the Executive Member for Finance and Human Resources.

6. Approve that any business rate growth achieved within the boundaries of the expanded Greater Manchester Airport City Enterprise Zone will be invested to support priorities agreed at City Region level by the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership.

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**Wards Affected**

Baguley; Brooklands; Northenden; Sharston; Woodhouse Park, Hulme, Ardwick

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	Both the existing Greater Manchester Airport City Enterprise Zone and the Greater Manchester Life Sciences Enterprise Zone, and the associated development that will be created on these Zones, will make a significant contribution to the economic growth of the Greater Manchester economy.
Reaching full potential in education and employment	The development of the Greater Manchester Airport City Enterprise Zone and the Greater Manchester Life Sciences Enterprise Zone will lead to the creation of a substantial number of jobs in a range of employment sectors and across a range of skill levels.
Individual and collective self esteem – mutual respect	Not applicable
Neighbourhoods of Choice	The proposed developments are aimed at establishing the Greater Manchester Airport City Enterprise Zone and the Greater Manchester Life Sciences Enterprise Zone as global investment destinations and as a major catalyst for driving forward and encouraging the retention of existing residents and attracting new working households to live in Manchester.

**Environmental and Climate Change Impacts**

The City Council will encourage partners and occupiers to adopt sustainable design and development principles which will then be tested at planning application stage.

**Full details are in the body of the report, along with any implications for:**

- Equal Opportunities Policy

- Risk Management
  - Legal Considerations
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### **Financial Consequences – Revenue**

The Government has recently made announcements regarding the full retention of Business Rates by Local Authorities, which should come into effect before 2020. Whilst the Enterprise Zone rules allow retention for 25 years of the full Business Rate growth further analysis is required to determine the impacts on the benefits to be secured as compared to the 100% full retention available to all local authorities. This work will be undertaken when further details are made available on the reform of Business Rates. .

### **Financial Consequences – Capital**

None

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**Background documents (available for public inspection):**

Manchester Airport City Development and Infrastructure Framework, Executive, 6<sup>th</sup> April 2011

Airport City, Manchester – Greater Manchester Enterprise Zone, Executive, 14<sup>th</sup> September 2011

Greater Manchester Enterprise Zone – Planning Framework and Business Rates Regime, Executive, 25<sup>th</sup> July 2012

## **1.0 Introduction**

- 1.1 The Greater Manchester Enterprise Zone (EZ) focused on Airport City was one of four vanguard zones announced in the 2011 Budget. Between 2011 and 2015 the Government has now established 24 enterprise zones. Associated with the Government Spending Review announcements a further 18 new Enterprise Zones were designated, one of which was the Greater Manchester Life Science Enterprise Zone.
- 1.2 The purpose of this report is to update Members on the Greater Manchester Life Science Enterprise Zone that will focus on the development opportunities associated with the growth of Life Sciences within Manchester. The report also sets out the details of the new boundaries, agreed by Government, that expand the coverage of the Greater Manchester Airport City Enterprise Zone. The Government will lay the Orders before Parliament that will give effect to the Life Sciences Enterprise Zone and the extension to the Airport City Enterprise Zone from the 1<sup>st</sup> April 2016.

## **2.0 Enterprise Zones: Key Benefits**

- 2.1 The Government first announced a new wave of Enterprise Zones (EZs) in the 2011 Budget. When established the Government determined that the following core benefits would apply to Enterprise Zones:
- a business rate discount worth up to £275,000 per business over a 5 year period;
  - simplified local authority planning, for example, through Local Development Orders that grant automatic planning permission for certain development (such as new industrial buildings or changing how existing buildings are used) within specified areas;
  - government grants to install superfast broadband; and
  - enhanced capital allowances in some zones - tax relief for investments in equipment.
- 2.2 All business rates growth generated within an enterprise zone will - for at least 25 years - be kept and used by the relevant local enterprise partnership and local authorities to reinvest in local economic growth.
- 2.3 The Chancellor of the Exchequer announced in the 2014 Budget that the deadlines for businesses locating on the initial 24 Enterprise Zones for accessing business rate discounts and enhanced capital allowances on enterprise zones would be extended by 3 years. This means that businesses now have until March 2018 to locate on an enterprise zone in order to be able to access business rate discounts. On sites where enhanced capital allowances are available, businesses now have until March 2020 to make their investment.

2.4 For the 18 new Enterprise Zones announced in November 2015, including the Greater Manchester Life Sciences Enterprise Zone, the following incentives are available for occupiers and for Local Enterprise Partnerships, in common with the existing incentives for the current 24 Enterprise Zones. These are:

- Local Enterprise Partnerships retaining 100% of business rate growth for 25 years. The Government's expectation is that this will be used to fund development required on the Enterprise Zone sites.
- A business rate discount for occupiers. Central government will reimburse a 100% discount for five years up to the maximum state aid *de minimis* threshold, for businesses that enter the Zone before 31 March 2022, e.g. if a business enters the Zone on 31 March 2022, it can receive the discount (subject to *de minimis*) until 30 March 2027.
- Where a site is in an assisted area, companies investing in plant and machinery can qualify for Enhanced Capital Allowances (ECAs). Capital allowances allow businesses to write down the costs of qualifying plant and machinery assets against their taxable income. Under the current designation, ECAs will give a 100% first year allowance on capital expenditure on qualifying assets until 31<sup>st</sup> March 2020. A cap of €125 million<sup>1</sup> per investment has been placed on the ECAs. Any qualifying expenditure, not covered by a claim to the Annual Investment Allowance (AIA) or an ECA, qualifies for writing-down allowances at either 18 per cent or eight per cent a year depending on the nature of the asset. For assisted areas considering an ECA, the changes to AIAs announced in the July 2015 Budget should be considered, as they may impact on the choice of incentive to be adopted.

2.5 The Greater Manchester Airport City Enterprise Zone is located in an Assisted Area, apart from that part of the Zone located in Brooklands Ward, as this ward does not have Assisted Area status. The Greater Manchester Life Science Enterprise Zone lies in an Assisted Area.

### **3.0 The Greater Manchester Life Science Enterprise Zone**

3.1 The Greater Manchester Life Science Enterprise Zone comprises of two sites within the "Corridor Manchester" area, the largest clinical academic campus in Europe and an identified growth priority for the Greater Manchester Local Enterprise Partnership. These sites are the Manchester Science Partnerships Central Campus, owned by Manchester Science Partnerships (MSP) and the Clusterlabs site, owned by the Central Manchester University Hospital Foundation Trust (CMFT). Together these site comprise 10.6 hectares of strategic employment land within Corridor Manchester. Annex 1 sets out the boundaries of the two sites that will form the basis of the Greater Manchester Life Science Enterprise Zone.

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<sup>1</sup> This is per project but it is unlikely that this cap would be breached

- 3.2 In terms of the benefits to be derived from Enterprise Zone status the potential of each site is set out below:

MSP Central Campus

MSP's Central Campus site comprises a significant quantum of undeveloped land totalling 9.6 hectares. The EZ boundary will include this 9.6 hectare site and with EZ designation, the site has the potential to deliver 65,000 sqm of new commercial floorspace, supporting the delivery of 5,400 new gross and high value jobs over a 9 year timeframe.

CMFT Clusterlabs site

CMFT's Clusterlabs site is located in close proximity to the Citylabs site and is a short walking distance from MSP's Central Campus. It comprises land which has been declared surplus to core hospital uses and is a 1 hectare site. It includes some existing Grade II Listed buildings as well as cleared development land. The site has the potential to deliver 19,500 sqm of new commercial floorspace and 3,700 sqm of redeveloped floorspace, supporting the creation of 1,700 new gross and high value jobs over a 3 year timeframe.

- 3.3 MSP will play a key role in the delivery of the Greater Manchester Life Science Enterprise Zone. MSP is the UK's largest science and technology park operator, established in 1984, to support the commercialisation of research and technologies originating from universities and the knowledge base. MSP's Board includes the University of Manchester, Manchester Metropolitan University, Bruntwood, Manchester City Council, Cheshire East, Salford City Council and Central Manchester University Hospital Foundation Trust (CMFT). CMFT have recently appointed MSP to be their specialist development partner to work alongside it to deliver its ambitions for the Clusterlabs site. This appointment will enhance the marketing and delivery of this site. This appointment, together with MSP's ownership of Alderley Park, which has also recently secured Enterprise Zone status as part of the Cheshire Science Corridor Enterprise Zone, will provide MSP with a very strong platform to promote the development of an innovation cluster within the North West's life science sector which to drive forward the growth and expansion of the Life Science sector in the region.

- 3.4 The Greater Manchester Life Sciences Enterprise Zone will:

- Strengthen the existing Corridor Manchester offer and will be extremely valuable in the promotion of the region as a leading global centre for the life science industries;
- Contribute towards achieving Manchester's ambition for Corridor Manchester to become one of the top 5 Innovation Districts in Europe;
- Accelerate the delivery of two large and strategic sites;

- Deliver high value employment opportunities in a priority growth sector where average GVA per worker far exceeds national sector averages;
  - Capitalise upon existing initiatives such as the Greater Manchester & Cheshire Life Science Fund which provides investment to target business occupiers to enable them to grow and develop;
  - Fully align with the LEP's SEP, the Greater Manchester Strategy (GMS) and the Greater Manchester and Cheshire East Life Science Strategy 2015-2025; and
  - Will fully align with and support the Cheshire and Warrington LEP's Cheshire Science Corridor Enterprise Zone.
- 3.4 In order to provide the necessary strategic oversight of the Greater Manchester Life Science Enterprise Zone and ensure that it delivers on the outputs and benefits set out above it is proposed that the existing Corridor Manchester Board should take forward this responsibility. The City Council, along with the University of Manchester, the Manchester Metropolitan University, Central Manchester University Hospital Foundation Trust, Manchester Science Partnerships, amongst others, are represented on this Board. The Corridor Manchester Board will provide regular monitoring reports to the City Council, the Greater Manchester Combined Authority, the Greater Manchester Local Enterprise Partnership and to Government.
- 3.5 The core conditions and timescales governing the availability of business rate discounts and other incentives for the Greater Manchester Life Sciences Enterprise Zone are set out in paragraph 2.4 of this report. With regard to determining which businesses can benefit from business rate discounts it is proposed that a Business Rate framework is adopted whereby the growth of new businesses moving into the Zone would be supported through business rates discounts and that existing businesses would not normally qualify for the discount. If, however, there are cases where existing businesses decide to expand within the Zone, either on their existing site or by moving it is proposed that the case for giving discounts to these businesses is assessed on a case by case basis. There would need to be a clear basis for awarding a discount related to a material change and contribution to the success of the Zone. The Government have confirmed that the effective start date for businesses to claim Business Rate relief is the 1<sup>st</sup> April 2016.
- 3.6 In relation to any business rates growth generated within the Greater Manchester Life Sciences Enterprise Zone and which can be retained for at least 25 years it is proposed that any retained business rate growth will initially be ringfenced for reinvestment in the Greater Manchester Life Sciences Enterprise Zone area. The Corridor Manchester Board should make recommendations to the City Council in the first instance on any re-investment opportunities and the City Council will then consult the Greater Manchester Local Enterprise Partnership on any proposal.



#### **4.0 The Greater Manchester Airport City Enterprise Zone**

4.1 Following a review of Enterprise Zone opportunities across Greater Manchester in early 2011 Airport City was designated to be Greater Manchester's preferred option to be one of four vanguard Enterprise Zones in the country. In doing so the Executive were informed in April 2011 that AGMA had agreed, in developing their approach to Enterprise Zones, that any business rate proceeds would be reinvested to support priorities agreed at City Region level reflecting the principle that to support a single economy there needs a single economic policy.

4.2 The Greater Manchester Airport City Enterprise Zone consists of a series of linked sites focused around Manchester Airport, University Hospital of South Manchester, Atlas Business Park and Wythenshawe Town Centre. The key roles of each of these sites can be summarised as follows:

- Airport City North – The focus for this site is to create a high quality new business district, attracting global companies into grade A offices, high tech manufacturing and research and ancillary facilities (leisure, hotels, retail);
- Medipark and Roundthorn Industrial Estate – health and biotech commercial development, related to the research strengths of UHSM. Roundthorn will provide affordable opportunities for ancillary and related business development;
- Airport City South – World Freight facility, supporting the operational growth of the Airport and providing opportunities to enhance the logistics role of the Airport;
- Wythenshawe Town Centre – secondary and back office functions (which will also enhance the vitality of the Town Centre). alongside ancillary retail and leisure development to serve the increased volume of visitors to the area; and
- Atlas Business Park – Affordable secondary and back office functions, including business related to the primary operators in Airport City North (for example, support services or companies linked through supply chains).

These sites were chosen on the basis that they aligned with existing planning and regeneration frameworks, they would deliver jobs quickly and they provided unique propositions that would fully exploit the economic potential of the location.

4.3 In October 2014 a Business Case was made to Government to extend the geographic coverage of the existing Greater Manchester Airport City Enterprise Zone. A series of proposals were put forward to expand the Airport City South, the Airport City North and the Medipark parts of the Enterprise Zone. The expansion proposals were as follows:

- Medipark – four sites, with the potential for 15,000m<sup>2</sup> of net additional business space to be created;
- Airport City South – one single site, with the potential for over 80,000m<sup>2</sup> of new logistics development; and
- A small extension to Airport City North of 0.1 hectare (circa 600m<sup>2</sup>).

These 5 additional sites are set out identified in the map provided Annex 2, and put the extensions in the context of the existing Enterprise Zone (116 hectares). The total area covered by the extended Enterprise Zone is now 171 hectares.

- 4.4 The business case was accepted and the proposal to expand the Enterprise Zone was announced by the Chancellor of the Exchequer as part of the Budget announcement in March 2015. In doing so it should be noted that the core conditions and timescales governing the availability of business rate discounts and other incentives for the Greater Manchester Airport City Enterprise Zone, as set out in paragraphs 2.1 to 2.3 of this report, have not been extended.
- 4.5 The Executive at its meeting in July 2012 agreed a Business Rate framework whereby the growth of new businesses moving into the Zone would be supported through business rates discounts and that existing businesses would not normally qualify for the discount. However, in respect of existing businesses the existing Business Rate Framework acknowledges that there may also be cases where such businesses decide to expand within the Zone, either on their existing site or by moving. In these instances the case for giving discounts to these businesses is assessed on a case by case basis. In determining the case to award a discount there would need to be a clear basis related to a material change and contribution to the success of the Zone. It is proposed that this policy framework is extended to the newly expanded Greater Manchester Airport City Enterprise Zone and that the effective date for any businesses within the expanded Zone has been confirmed by Government to the 1<sup>st</sup> April 2016.
- 4.6 In respect of the existing opportunity for all business rates growth generated within the Greater Manchester Airport City Enterprise Zone to be retained for at least 25 years and for these resources to be invested, by the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership, in local economic growth across Greater Manchester it is proposed that any business rate growth achieved within the expanded Zone should, as with the existing Zone, be retained for such a purpose

## **5.0 Concluding Remarks**

- 5.1 The designation of the Greater Manchester Life Science Enterprise Zone within Corridor Manchester will help spur the development of a key priority

sector for economic growth within the city, and will promote the continuing development of a leading innovation cluster within the North West's life science sector. Along with the expansion of the Greater Manchester Airport City Enterprise Zone the combined effect of two areas of the city with Enterprise Zone designation and the incentives provided will see new businesses attracted to the Zones, making it easier for businesses to locate there and generate jobs and wealth for the city. The Zones will also act as catalysts for new businesses, enabling the City Council, the Greater Manchester Combined Authority and the Greater Manchester Local Enterprise Partnership the scope to reinvest business rate growth into the zones and beyond to attract additional investment.

5.2 Detailed recommendations appear at the front of this Report.

## **6.0 Contributing to the Community Strategy**

### **(a) Performance of the economy of the region and sub region**

6.1 Both the existing Greater Manchester Airport City Enterprise Zone and the Greater Manchester Life Sciences Enterprise Zone, and the associated development that will be created on these Zones, will make a significant contribution to the economic growth of the Greater Manchester economy.

### **(b) Reaching full potential in education and employment**

6.2 The development of the Greater Manchester Airport City Enterprise Zone and the Greater Manchester Life Sciences Enterprise Zone will lead to the creation of a substantial number of jobs in a range of employment sectors and across a range of skill levels

### **(c) Individual and collective self esteem – mutual respect**

6.3 Not Applicable

### **(d) Neighbourhoods of Choice**

6.4 The proposed developments are aimed at establishing the Greater Manchester Airport City Enterprise Zone and the Greater Manchester Life Sciences Enterprise Zone as global investment destinations and as a major catalyst for driving forward and encouraging the retention of existing residents and attracting new working households to live in Manchester.

## **6.0 Key Polices and Considerations**

### **(a) Equal Opportunities**

- 6.1 A key outcome will be to capture significant employment opportunities within the Enterprise Zones and ensure that local residents have the opportunity to compete for such job opportunities. In addition, the planning system will seek to ensure that design standards will comply with the highest standards of accessibility.

### **(b) Risk Management**

- 6.2 The planning and business rates regimes are integral aspects of the Enterprise Zone programme. The proper development of policy and approach to these issues mitigates any risks associated with implementation.

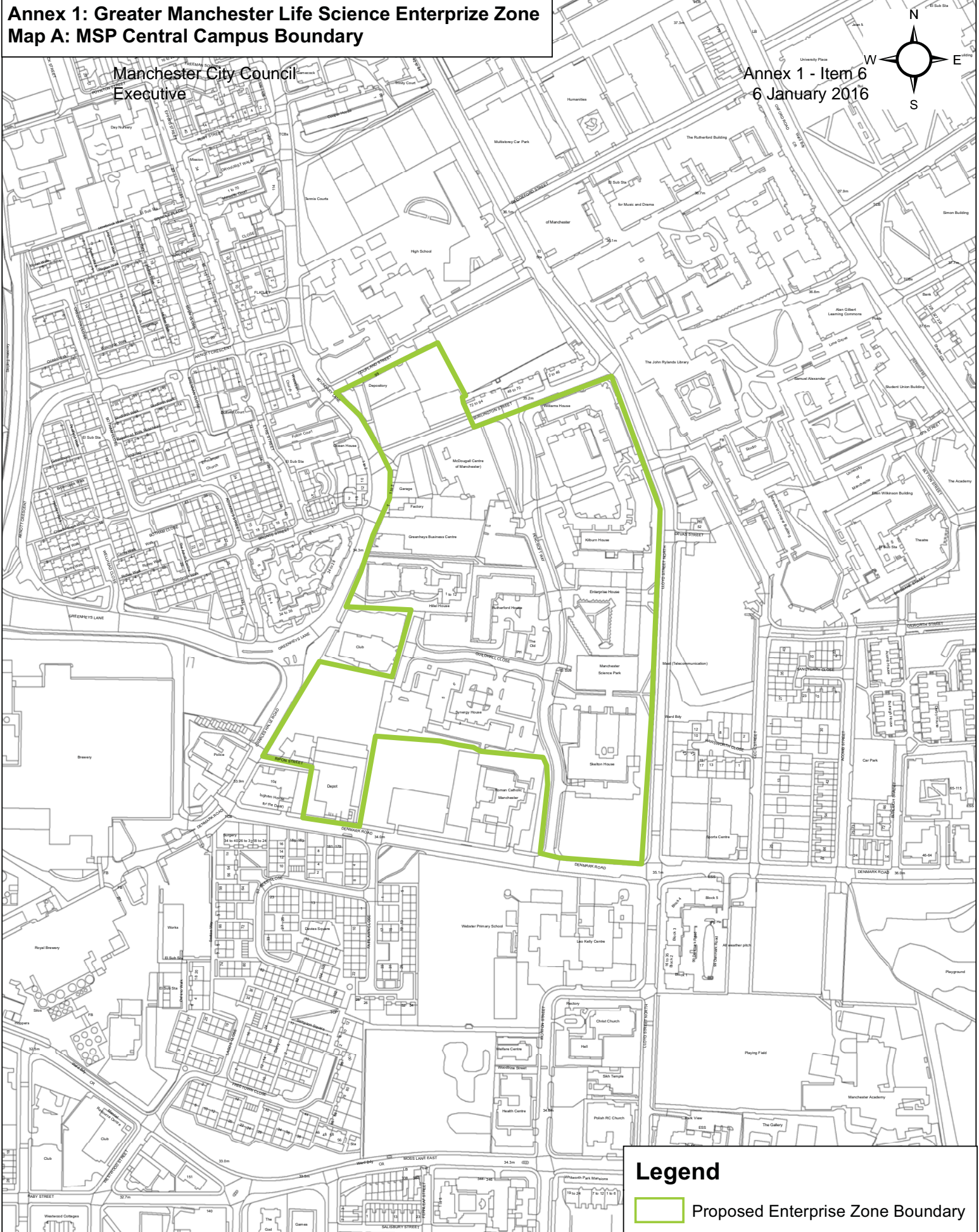
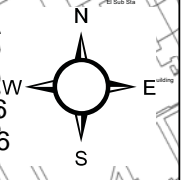
### **(c) Legal Considerations**

- 6.3 The legal implications of the issues are set out in the body of the report.

**Annex 1: Greater Manchester Life Science Enterprise Zone  
Map A: MSP Central Campus Boundary**

Manchester City Council  
Executive

Annex 1 - Item 6  
6 January 2016



A3 Scale 1:3,000

**PLAN FOR IDENTIFICATION  
PURPOSES ONLY**

Capital Programmes and Property  
Growth and Neighbourhoods Directorate  
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Manchester M60 2LA

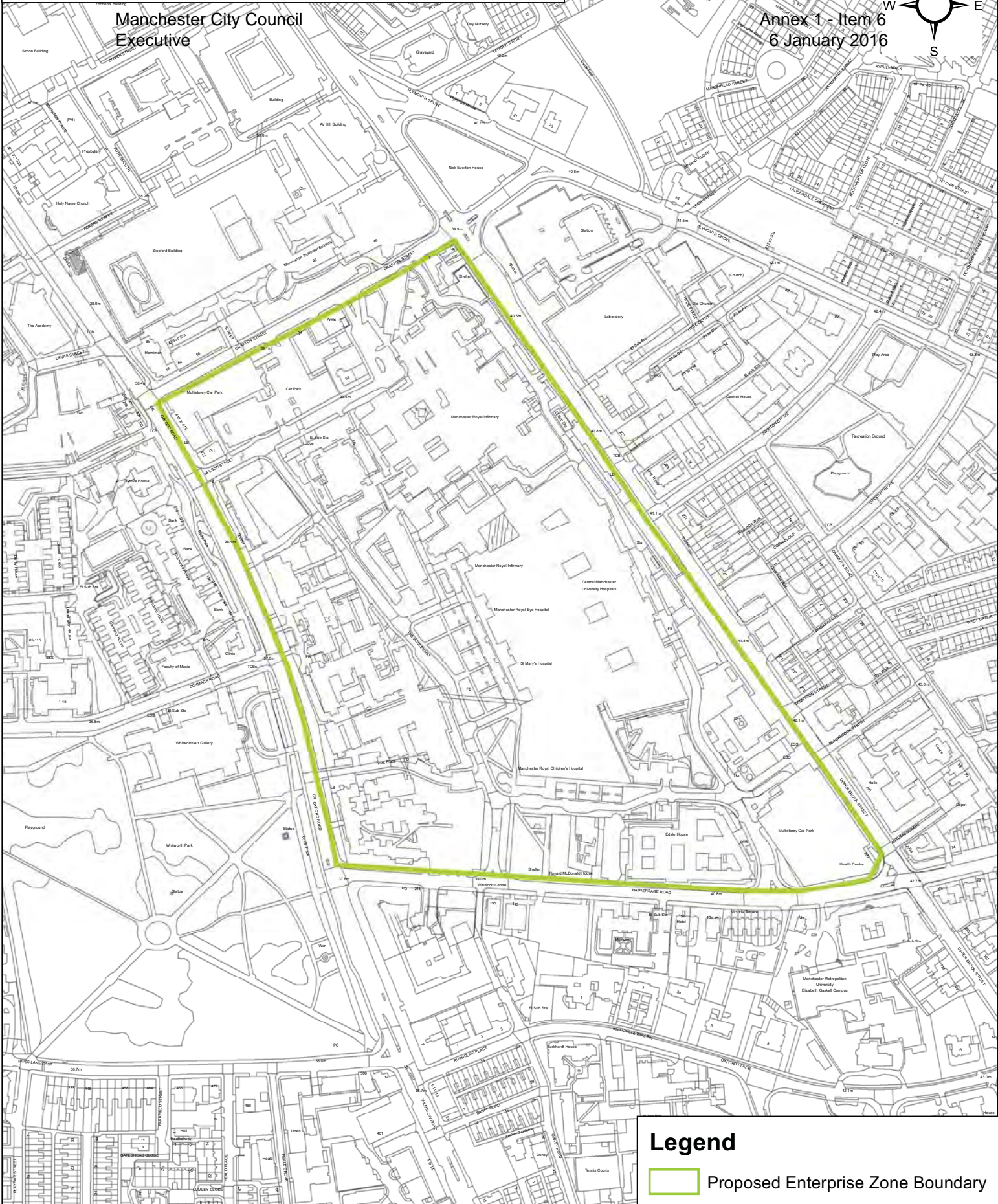
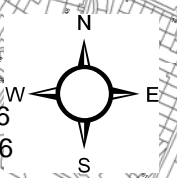




**Annex 1: Greater Manchester Life Science Enterprise Zone  
Map B: CMFT Clusterlabs Site**

Manchester City Council  
Executive

Annex 1 - Item 6  
6 January 2016



**Legend**

Proposed Enterprise Zone Boundary

A3 Scale □ □ 1:3,000

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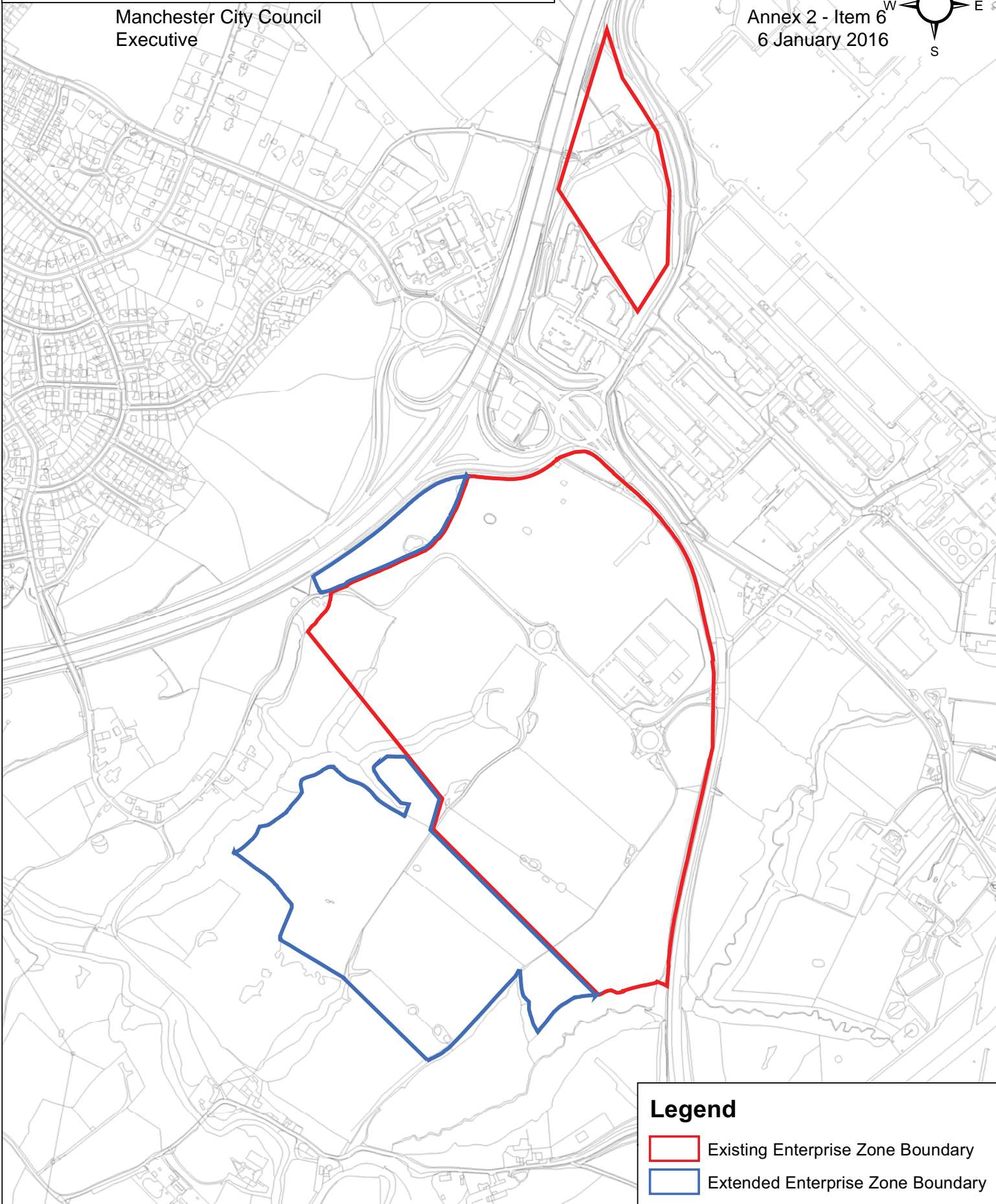
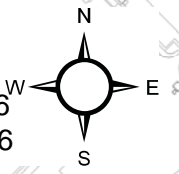






**Annex 2: Greater Manchester Airport City Enterprise Zone  
Map A: Airport City South Extension**

Manchester City Council  
Executive

Annex 2 - Item 6  
6 January 2016



**Legend**

-  Existing Enterprise Zone Boundary
-  Extended Enterprise Zone Boundary

A3 Scale 1:6,000

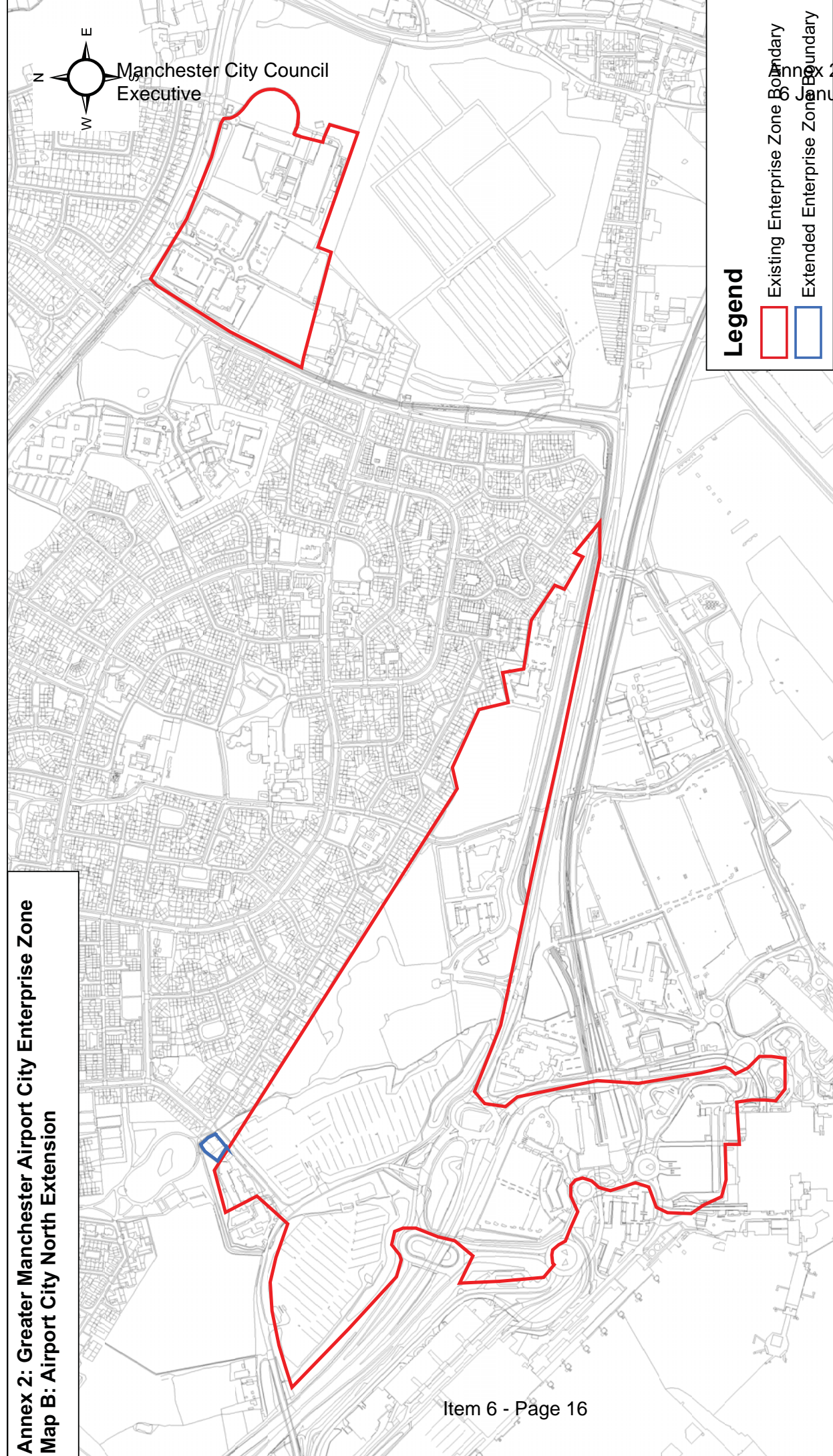
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**Annex 2: Greater Manchester Airport City Enterprise Zone  
Map B: Airport City North Extension**



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**Legend**



Existing Enterprise Zone Boundary

Extended Enterprise Zone Boundary

A3 Scale 1:7,000

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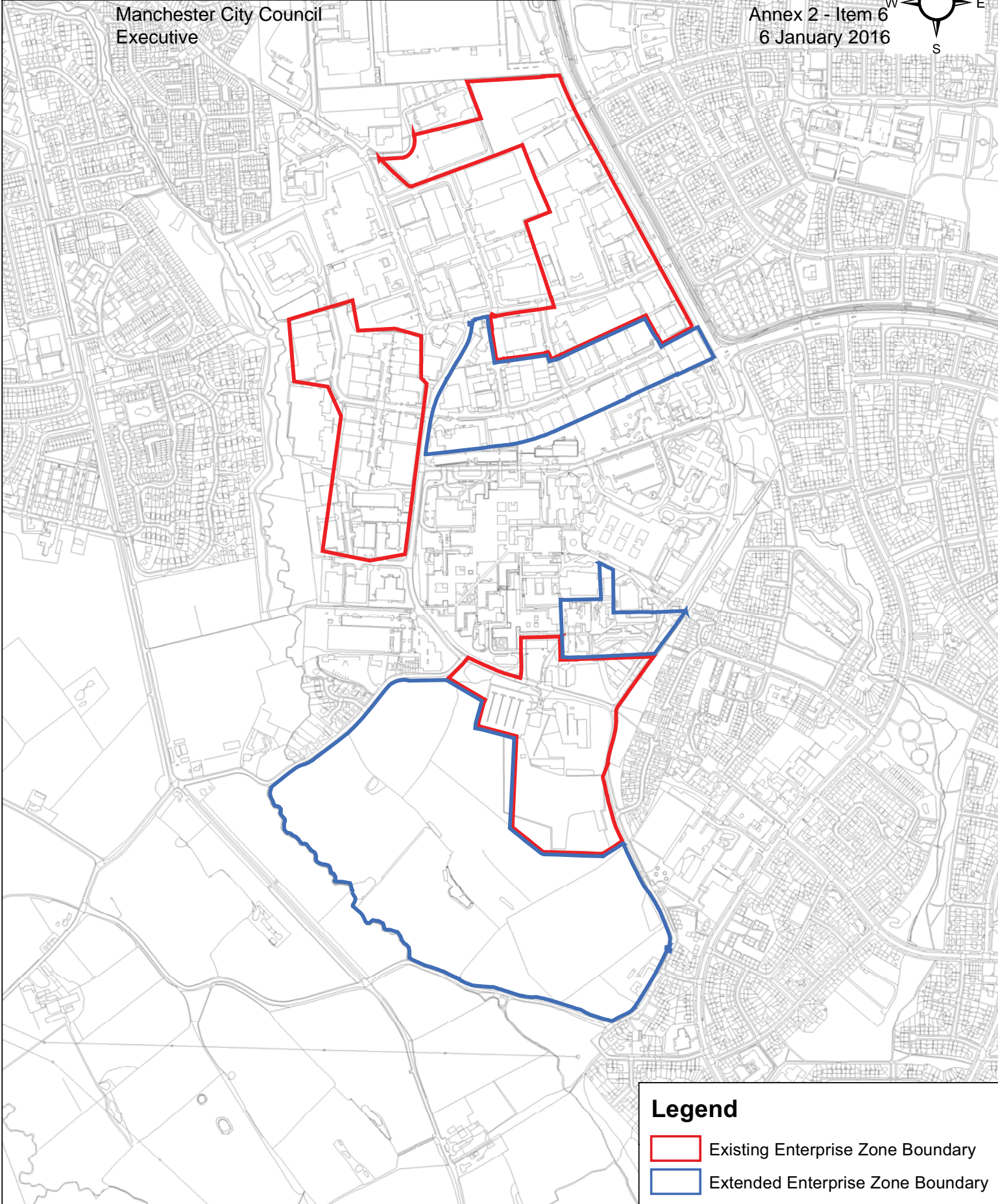
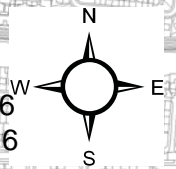
**MANCHESTER  
CITY COUNCIL**





**Annex 2: Greater Manchester Airport City Enterprise Zone  
Map C: Medipark Extension**

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Annex 2 - Item 6  
6 January 2016



**Legend**

-  Existing Enterprise Zone Boundary
-  Extended Enterprise Zone Boundary

A3 Scale 1:6,000

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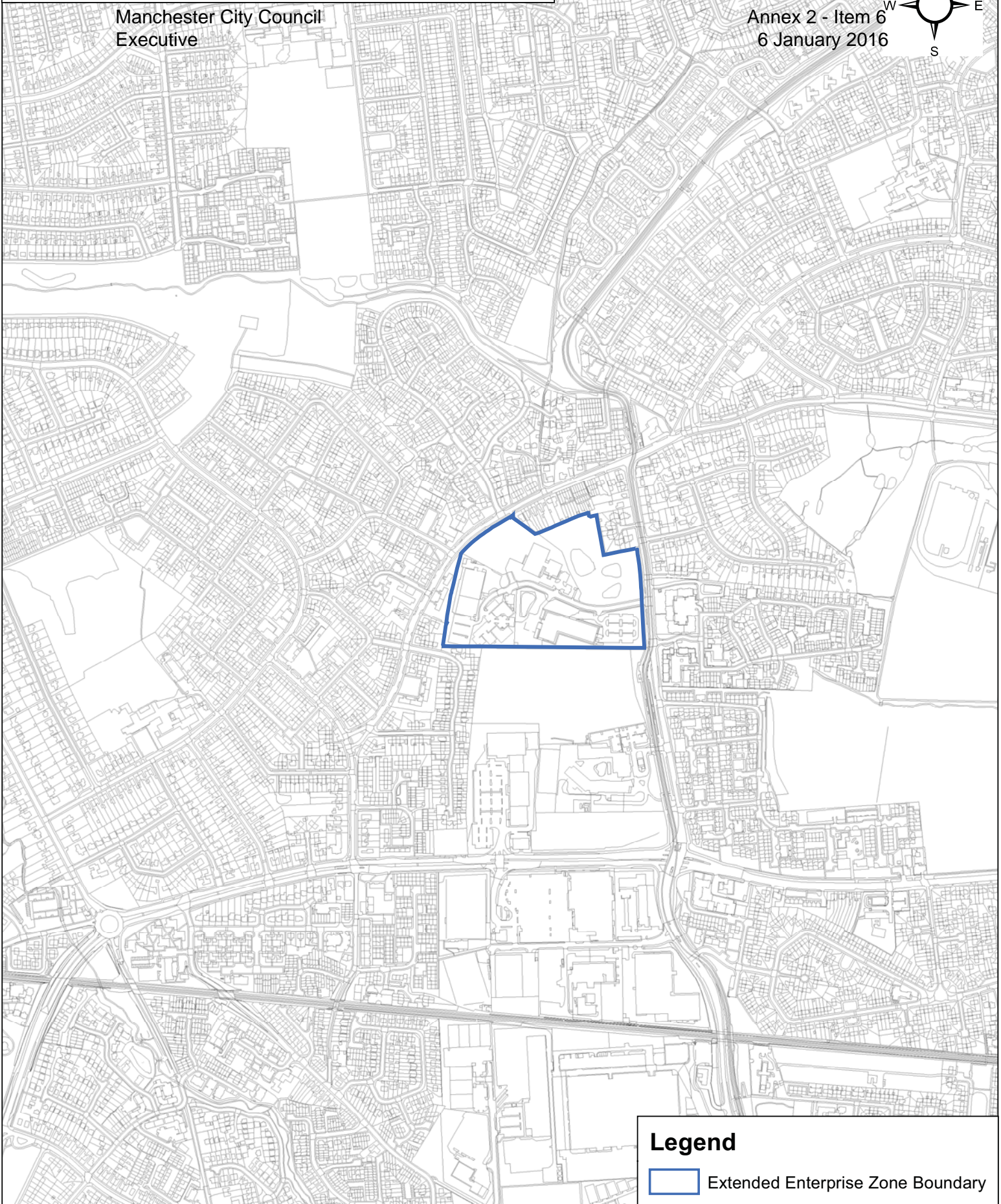
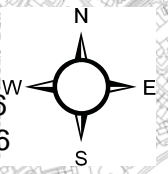




**Annex 2: Greater Manchester Airport City Enterprise Zone  
Map D: Oaks Business Park Extension**

Manchester City Council  
Executive

Annex 2 - Item 6  
6 January 2016



**Legend**

 Extended Enterprise Zone Boundary

A3 Scale 1:6,000

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