

## Luton Airport Enterprise Zone

### Implementation Plan

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EZ Implementation Plan v1.

## Part One: The Luton Airport Enterprise Zone

### 1. *About the Luton Airport Enterprise Zone*

Luton Airport Enterprise Zone is one of a wave of 18 new Enterprise Zones announced by the Government in 2015 and came in existence on the 1<sup>st</sup> April 2016.

The Luton Airport Enterprise Zone is around 160 hectares and comprises of three linked zones surrounding London Luton Airport. The Zone covers all of the strategic employment land in and around the airport and supports the continued growth of London Luton Airport as a key economic driver in the regional and national economy.

The site is a significant investment opportunity to attract businesses from aerospace, engineering and advanced manufacturing sectors, specialist airline support and operations services.

These sectors reflect the existing strengths and opportunities in Luton's economy and also the opportunity from the continued growth of London Luton Airport.

### 2. *Strategic context*

#### *The SEMLEP Strategy Economic Plan*

The mission of the SEP is:

The South East Midland will build on its reputation as a premier location for growth, innovation, creativity and world-leading technologies, which will result in a doubling of the areas GVA by 2050.

SEMLEP and the Government have also coproduced a Local Industrial Strategy which sets an ambition to deliver growth which is sustainable and does not leave people or places behind. The LIS contains 6 key pillars:

- To become the connected core of the Oxford to Cambridge Arc
- To lead the Future of Mobility Grand challenge
- To put employers at the heart of innovative skills provision
- To improve productivity and sustainability with a focus on transport solutions
- To be an exemplary business environment

The EZ plays an important contribution to the economic growth of SEMLEP and the wider economy.

### 3. *Progress to date*

It was always anticipated that there would be significant up front activity in developing proposals, securing planning permission and development funding and delivery programmes for the Enterprise Zone.

Since designation the following works have been undertaken:

- London Luton Airport Ltd (LLAL) has continued to acquire lease and freehold interests in the area to ensure the delivery of the EZ.
- Outline consent has been granted for the Bartlett Square development;

- £225m has been investment LLAL in the DART to provide a fast reliable public transport access to London Luton Airport. This has significantly improved the attractiveness of this site for high quality office development and a hotel.
- Consent has been secured for the Century Park Access Road and New Century Park for 95 hectare of employment land.
- Secured £1m of CITB funding for a Construction Skills Hub delivering training to support the construction sector in Luton and the wider sub-region.

#### 4. Barriers to development

The Luton Airport Enterprise Zone programme seeks to overcome structural, long term barriers to development in the area. The key market failure is the availability of new high quality business accommodation which is well located in the eastern side of the town. There has be no large scale employment site development in Luton for a number of years. This has restricted the opportunity for existing businesses to grow and expand or to attract new businesses to the area.

Land values in Luton has meant that there has been a growing demand to convert older employment land to residential and has led to a loss of employment land. There has also been uncertainty in the commercial property market. These two pressures have meant that commercial developers have really looked to develop with pre-lets and there has been extremely limited capacity of sites where there is sufficient scale.

The Century Park site in Luton does provide a site of sufficient scale. However, the site requires an expensive access road. Providing an affordable option has proved challenging.

There are also some site specific issues which need to be dealt with such as remediation of a former tip and the relocation of the Council's Tidy Tip.

The following risks and barriers to development have been identified:

Risk/barrier	Actions Required
Planning and other approvals	All sites within the EZ are allocated for employment development. Planning permission has been granted for Bartlett Square, New Century Park and Century Park Access Road
Projected demand fails to materialise	This is unlikely due to the interest locally and the lack of available sites on the east side of Luton in close proximity to the airport.
Delays in bringing forward critical infrastructure	This has proved difficult and Luton Borough Council is now pump priming CPAR Phase 1
Access to finance	Luton Borough Council/ LLAL have been leading on pump priming in advance of the market. However, this is placing significant costs on the Council in terms of borrowing capacity.

The following barriers have been identified on each of the key development sites.

Site	Barriers	Route map to Development	Timescale
Bartlett square	<p>Investment interest in 4* hotel and high quality office accommodation.</p> <p>Phasing of development restricted due to the development of the DART</p> <p>High costs of land remediation due to pre-existing concrete pad</p> <p>Part of the adjacent site is a grade 2 listed building</p>	<p>Masterplan for development and phasing agreed.</p> <p>Development partner needs to be procured</p>	To May 2026
Central Area EZ	<p>Multiple leases and complexity of links to the LLAOL Concession Agreement</p> <p>Remediation costs</p> <p>Significant business in occupation that needs to be retained</p>	Master plan to be prepared and programme for strategic acquisitions in the Central Zone.	To May 2030
New Century Park	<p>Key barrier is the £140m access road cost which means all development options potentially unviable</p> <p>Land remediation issues</p> <p>Relocation of the Council's tidy tip</p> <p>Ensuring adequate green energy supplies</p>	Funding for CPAR in process	To May 2032

## **Part two: Enabling Development**

### *1. Investing in Infrastructure and Access*

Dealing with the significant infrastructure costs of bring forward New Century Park is a key barrier which needs removing.

### *2. Investing in skills*

Given that a key element of Luton Borough Council's ambition is to eradicate poverty, a key element of delivery of the EZ is dealing with the major skills deficit in the town.

### *3. Funding Sources for the Investment Plan.*

Delivery of the Luton Airport Enterprise Zone is a shared responsibility between the public and private sectors. The relationship between London Luton Airport Ltd and Luton Borough Council give an interesting take on private/public partnership.

London Luton Airport Ltd and Luton Borough Council are already investing in the Enterprise Zone. However, one of the major sources of public sector investment for the Investment Plan is the reinvestment of income from retained business rates and funds borrowed against future growth in business rates. Luton Borough Council intends to use retained business rates to support borrowing for the delivery of the Century Park Access Road.

## **Part three: Attracting Investors**

### *1. The Luton Airport Enterprise Zone offer*

Benefitting from Luton's strategic location within the Oxford to Cambridge Arc and with access to key markets in London and the Midlands, the EZ has the potential to drive Luton's economic position. With the added benefit of links to London Luton Airport the EZ is of regional importance and significance.

### *2. Strategic approach to marketing the Luton Airport Enterprise Zone*

It is essential that the marketing of the Luton Airport Enterprise zone is developed. However, it is considered that this is currently not required.

### *3. Luton Airport Enterprise Zone Marketing activity*

To be developed further

## Part four

### 1. *Governance*

The Luton Airport Enterprise Zone programme is governed in accordance with the South East Midlands LEP Accountability and Assurance Framework. The Governance Group for the Luton Airport Enterprise Zone is a sub-group of the main LEP Board and includes representatives of the LEP Board, Luton Borough Council and London Luton Airport. The Terms of Reference are set out in the LEP Accountability and Assurance Framework.

A Luton Airport Enterprise Zone Memorandum of Understanding will be agreed between SEMLEP and Luton Borough Council. The Local MOU will set out provisions for the use of retained rates, governance and monitoring.

### 2. *Monitoring*

The Luton Airport Enterprise Zone Implementation Plan will be updated annually following the end of each financial year to include a review of delivery against the previous year's plan. An updated Investment Plan will be submitted to the Luton Airport Enterprise Zone Board.

Monitoring of outputs will predominantly be undertaken via the DCLG Enterprise Zone quarterly monitoring returns, which collect information on the value of investments made; job creation, new business and site development; impact of the investment and delivery of the simplified planning arrangements.

### 3. *Use of business rates retained by Luton Borough Council.*

Retained rates will be used to support the development on the Enterprise Zone via a range of mechanisms, prioritising identified activity which accelerates the development of the Enterprise Zone sites while retaining flexibility to allocate funds in response to emerging opportunities.

The Local MOU will specify that retained rates may be used for:

- Investment in strategic infrastructure to support access to the Enterprise Zone including contributing to borrowing costs;
- Reinvestment in site specific projects which will accelerate the development of the Enterprise Zone sites and maximise the increase in land value.
- Marketing the Luton Airport Enterprise Zone and surrounding area to potential investors.
- Activities and investment to support the economic growth of Luton in line with SEMLEP priorities.

Relevant SEMLEP priorities are defined as:

1. Growing business –
  - (i) Using strengths in high performance technology and next generation transport to deliver commercialisation of innovation, driving growth within the Cambridge- Oxford- Milton Keynes Growth Corridor.
  - (ii) Attracting increased levels of private sector investment including FDI and to grow jobs by 10%
  - (iii) Access global market and retain good European links
  
2. Growing Places
  - (i) Deliver sufficient new homes;
  - (ii) Deliver infrastructure needed to achieve full growth potential including improved broadband and wireless connections;
  
3. Growing People
  - (i) Delivery of an integrated and employer led approach to skills and attainment including apprenticeships, up skilling, reskilling and re-engagement

This will all be delivered in a way that supports social inclusion, equality and environmental sustainability.

The timing of investments will be dependent on the timescale and deliverability of individual projects. Investments in wider economic development activities may be made in parallel with site specific projects.

Retained rates will be invested in projects which benefit Luton.