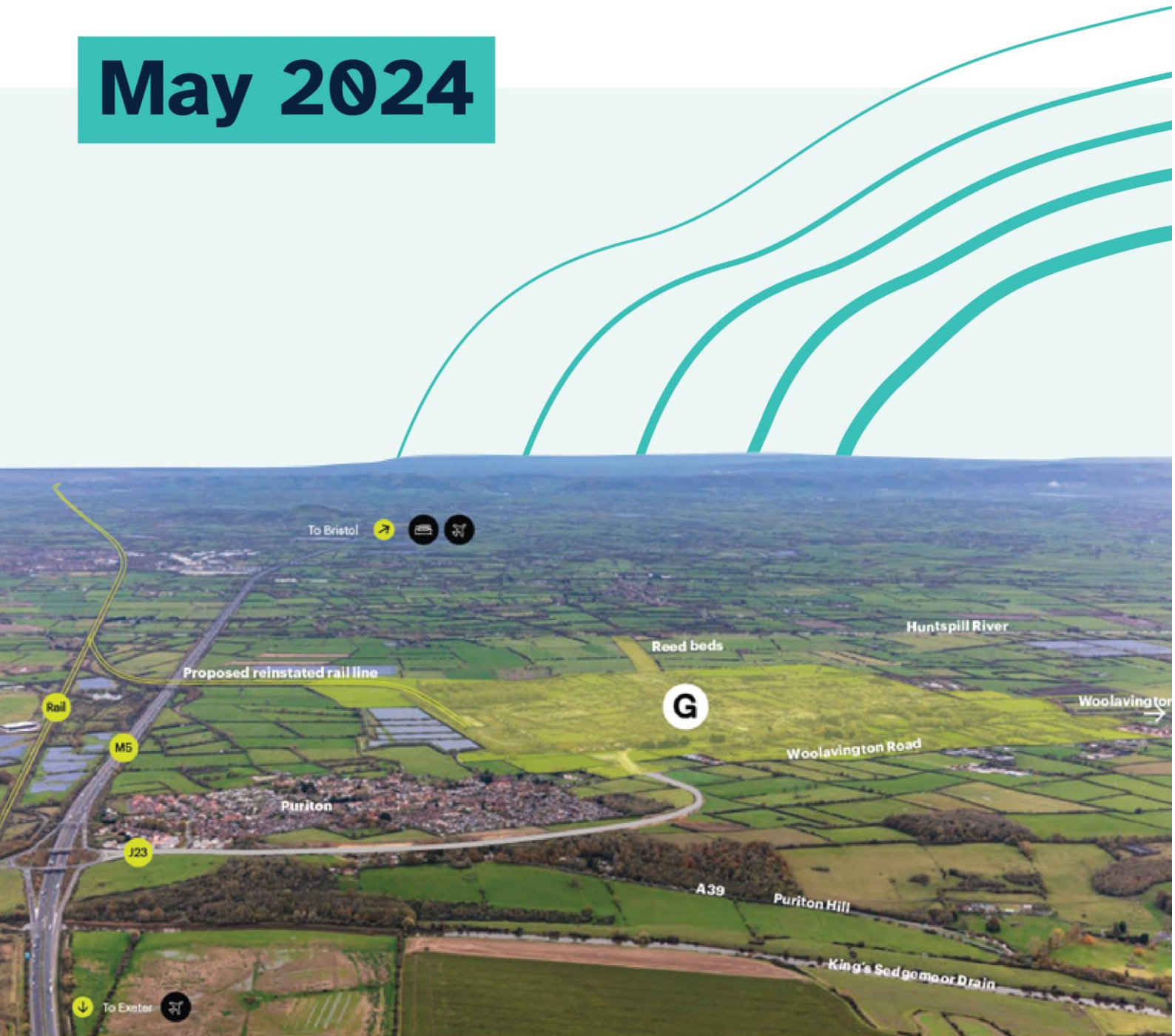


Gravity Enterprise Zone Investment Plan

May 2024



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Foreword

Since 2017, when the Gravity site gained an enterprise zone status, a lot has happened to bring the site to the market.

After many years of complex work to prepare the site, develop a vision to attract significant investment and create a simplified planning framework through a Local Development Order, Gravity has entered an implementation phase.

The announcement of the £4bn battery cell manufacturing facility by Agratas in February 2024 opened a new chapter for this exciting development.

Gravity, thanks to its excellent location and physical attributes, provides a transformational opportunity for Somerset, its residents and businesses.

By the end of the decade, Gravity Enterprise Zone will be hosting a battery cell manufacturing facility capable of satisfying half of the UK's demand for EV batteries, and many other businesses delivering the UK's net zero ambitions through sustainable clean growth.

Combined with the magnitude of Agratas' investment, this project will also have a positive impact regionally and nationally.

This investment plan sets out how Somerset Council intends to deliver the Enterprise Zone and realise its benefits across the county through nearly £150m investment which will deliver thousands of new jobs, in excess of 400,000 sq m of new employment space, and significant retained business rates receipts.



1. Introduction

Gravity was allocated Enterprise Zone (EZ) status in the 2015 Autumn Statement to start from 1st April 2017 for 25 years. A memorandum of understanding was signed between the key parties including Sedgemoor District Council, Somerset County Council, and the Heart of the Southwest Local Enterprise Partnership (LEP), with the Government.

It is a 616-acre brownfield site located near Bridgwater in Somerset, and now encompasses a Local Development Order (LDO) consenting over 1.1million sqm of employment generating uses across the full area, the site offers a unique opportunity for large scale advanced manufacturing and associated research and development and clean and inclusive growth focused development in the South West. Enterprise Zone status alongside the LDO are important foundations to support the objectives for the future of the site by assisting in mitigating impacts and to bring forward essential infrastructure to support delivery and occupier investment.

Bringing forward a site of this scale, complexity and past heavy industrial legacy will require significant investment. While responsibility will fall primarily upon the developer and end user(s), viability issues are likely to affect the deliverability of aspects of this.

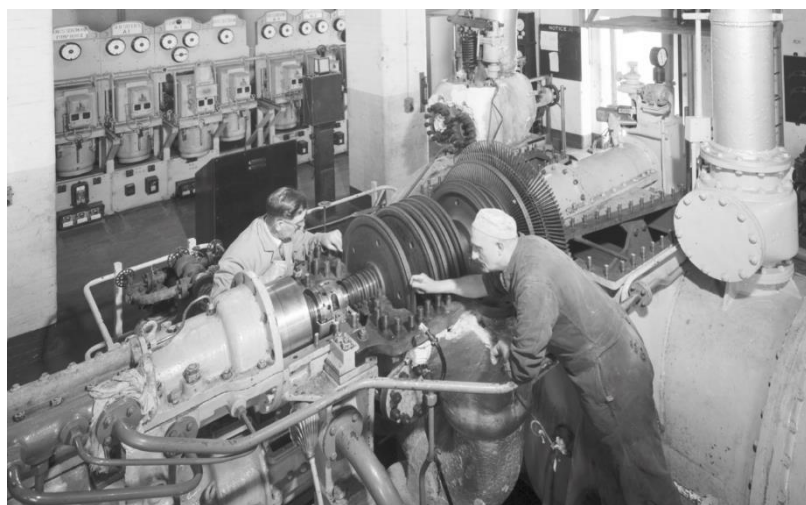
Significant investment is required to make sure the infrastructure and resources are in place to enable businesses and the local workforce to be able to benefit from the economic opportunities the site will create.

The objective of the Gravity Locality Investment Plan (GLIP) is to deliver the Gravity Enterprise Zone in a timely way, while creating the right environment for businesses to locate and grow and to support investment projects across the immediate area to transform the economy. The immediate priority will be actions that support site delivery and maximising opportunities for using business rates income to add value to other funding bids and to attract additional investment through strong business case submissions. This will seek to ensure positive outcomes for the locality and the whole County.

The GLIP is intended to be a live document, responsive to the implementation and delivery of the Gravity EZ site with the LDO in place. It will evolve as occupiers and their proposals come forward. The focus on this first version is on delivering necessary infrastructure and/or mitigation associated with the first phase of development, the Agratas advanced manufacturing facility.

2. Background

The Gravity site comprises land and buildings associated with the former Royal Ordnance Factory site at Puriton near Bridgwater. This brownfield site is circa 616 acres and has a net developable area of circa 400 acres. The site is well connected to the A39 and only a mile from junction 23 of the M5. There is a railhead associated with its former use, potentially enabling future connection to the national rail network. Historically the



Royal Ordnance Factory was a prime industrial player in Somerset, employing circa 2,000 people and acting as a bedrock employer in the Bridgwater area.

Following the closure of the Royal Ordnance Factory in 2008 the local authorities worked with the landowner to look at future options for the site. Sedgemoor District Council (SDC), as local planning authority, adopted a supplementary planning document (Puriton Energy Park SPD) in 2012 which envisioned the re-use of the site as an energy business park. Several factors affected progress in bringing the site forward, including the asset portfolio priorities of the then landowner British Aerospace, the extensive decontamination and site remediation requirements and the condition of legacy buildings. Consequently, the local authorities and the Heart of the South West Local Enterprise Partnership (HotSW LEP) identified the site as potentially suitable for an Enterprise Zone designation.

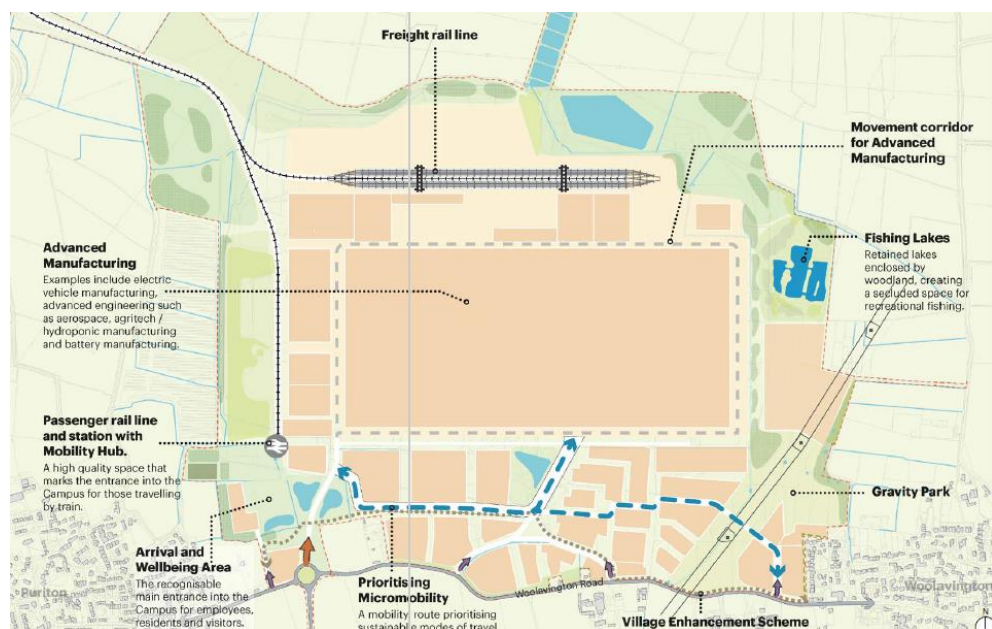
Enterprise Zones were created by Government to provide key sites for economic growth and regeneration across England, supported by deregulation and financial incentives attached to each zone. For businesses these incentives potentially include simplified planning and access to fiscal incentives. In addition, local authorities with jurisdiction over the area containing the Enterprise Zone are able to retain all the uplift in business rates income generated by the site for a fixed period of time, with this income ring-fenced for reinvestment in economic development. This was designed to incentivise accelerated delivery of the Enterprise Zones, including via borrowing financed by the business rates income stream, to invest in measures to bring the sites forward and maximise the economic benefits to the host authority area.

The combination of the strategic potential of the Gravity site (given its scale, location and potential assets such as water supply and electricity) and investment and regeneration challenges were considered by the partners to make the site an obvious case for

Enterprise Zone designation. In 2015 the LEP, with support from SDC and Somerset County Council (SCC), applied to Government for the site to be designated as an Enterprise Zone and this was approved by the Government in the 2015 Autumn Statement. The site was designated an Enterprise Zone in April 2017, lasting until 2042.

In August 2017, planning permission was granted for the following on the site:

- a. full planning permission – a new access road to the A39, a B8 storage building and associated infrastructure;
- b. outline planning permission – B1, B2 and B8 buildings, a green bridge across the access road and associated development;
- c. land was 'safeguarded' for energy-related uses, the reinstatement of a rail head and leisure uses.

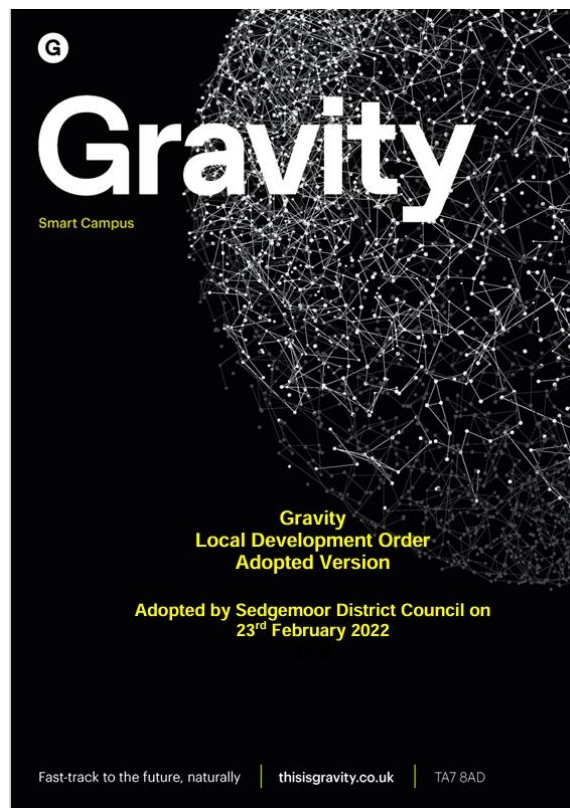


In 2017, the Salamanca Group acquired the site from British Aerospace. In subsequent years Salamanca, through This is Gravity Limited (TIGL - a company established specifically for this site), negotiated acquisitions with secondary landowners, in part to meet planning requirement to construct the new access road (part funded through the LEP's Growth Deal) from the A39 to the site. TIGL also continued remediation works on the site in preparation for its future redevelopment. The remediation of the site was concluded in 2020.

In 2020 TIGL, working closely with the local authorities and other partners, prepared a Local Development Order (LDO) for the site to re-imagine it within a new era of clean and inclusive growth.

The LDO was prepared on the basis of it being developer funded by TIGL but prepared collaboratively with Sedgemoor District Council and other project partners. The LDO was progressed as a planning tool to assist in accelerating the site's delivery; realisation of clean growth ambitions; enabling host local authority and TIGL to respond quickly to new investment opportunities, in respect of offering an agile and responsive planning process. This LDO was prepared to realise an overall vision and ambition for the site as a smart campus, to host large scale advanced manufacturing and related uses.

The Gravity LDO was adopted by Sedgemoor District Council in February 2022, which effectively grants planning permission for future proposals in accordance with development parameters set out in the LDO without the need for a planning application. The Gravity LDO sets out a simplified planning process to facilitate the delivery of substantial commercial floorspace (up to 1 million sqm for an advanced manufacturing facility) and smart campus including a wide range of supporting uses (up to 100,000 sqm), up to 750 homes (for people principally employed on site) and associated infrastructure. The LDO will facilitate the delivery of Gravity – Smart Campus, establishing a planning regime for fast-track responses and implementation to be highly responsive to national and international business needs. The type of uses permitted by the LDO is framed to attract large scale advanced manufacturing facilities to accelerate progress towards achieving a net zero carbon economy, hosting new business to ensure transport decarbonisation and the shift to electrification.



In 2024 Somerset Council (a new unitary authority created by merging four district councils and the county council in Somerset) made a successful case to the Department for Levelling Up, Housing and Communities (DLUHC) to extend the EZ designation for the Gravity site for additional 10 years. This extension is yet to be formally confirmed and will be subject to a secondary legislation.

3. Commercial proposition

Gravity Enterprise Zone is Somerset's prime employment site presenting nationally significant commercial proposition.

Situated just miles from the Hinkley Point C and next to the M5, the site benefits from an excellent strategic location.

Apart from the size and its location, the Gravity site benefits from a range of commercially significant incentives:

- Proximity to the grid connection infrastructure
- Dark fibre infrastructure and 5G trials
- Enterprise Zone status allowing the local authority to reinvest retained business rates income to support development on and off site
- LDO providing simplified planning regime for potential future occupiers
- Closeness to a network of innovation and enterprise centres and well established business ecosystems

Recently delivered link road (Enterprise Way) funded partially through the Local Enterprise Partnership's Growth Deal provides a link to A39 and Junction 23 to the south of the site.

Located equidistant from the urban centres of Bristol and Exeter, Gravity has the potential to draw in activity and support from both north and south with an offer of space and accessibility, and building upon the education, innovation and industrial capacity across both areas. This is further supported by a strong and growing local offer to clean growth related industries, with key centres for Nuclear and Energy related activity located within five miles of the site, including Somerset Energy Innovation Centre, Bridgwater and Taunton College's Advanced Engineering and Apprenticeship Centre and the UK National College for Nuclear (Southern Campus) in Cannington.



The site's attributes have been instrumental in attracting Tata Group's investment to the UK and Agratas locating their first UK battery cell facility in Somerset.

Through the Gravity Locality Investment Plan and further investment in the site's infrastructure and off-site priorities, Somerset Council hopes to accelerate further investment on site to maximise delivery of the LDO and maximise funding stream that could be used to facilitate further improvements and investment in the area.

4. Investment strategy

The objective of the GLIP is to deliver the Gravity Enterprise Zone in a timely way, whilst creating the right environment for businesses to locate and grow and to support investment projects across the immediate area to transform the economy. The identified priorities below are therefore aimed at directly supporting site delivery and specifically the proposed battery cell manufacturing facility.

Infrastructure priorities for which funding could be provided include onsite works, strategic access, energy connections, workforce development and supply chain development, sustainability and active travel and local infrastructure projects that support the occupier and its workforce. Proposed projects for investment are set out below and summarised under Table 1.

It is important to note that at this stage the projects are based on investment required to deliver the Agratas battery cell facility. It is recognised that as this project progresses there are likely to be further refinements to the requirements and priorities, particularly relating to the delivery of the remainder of the Gravity site. The investment plan will therefore be a subject to regular review and update and as such should be seen as a framework for detailed discussion with potential occupiers.

The Gravity Locality Investment Plan identifies a range of infrastructure priorities that fall within the following broad categories:

- Strategic site access and movement including active travel
- Energy connection and infrastructure
- Workforce development training centre and local skills enhancement programmes
- Additional ground works, landscaping and re-wilding
- Strategic local priorities and natural environment projects

The overall indicative breakdown of investment is set out below and the subsequent sections provide further details regarding the types of investment activities and schemes. It should be noted that the indicative value of schemes is based on current day prices. As additional detailed costings are developed and the Agratas project progresses through the detailed design stage, both the indicative funding allocations and the specific projects will be further refined including where agreed re-allocation of funding between the broad

categories. It is expected that an LDO compliance process will highlight any necessary mitigation that needs to be delivered as part of the process. Gravity Strategic Management and Delivery Team, in consultation with other advisory groups will have a role in recommending projects for inclusion in the Investment Plan in line with the LDO mitigation requirements.

Table 1: Gravity Locality Investment Plan Summary

Heading	Broad Activities	Indicative allocation
Strategic site access and movement	Second road connection from J22a (funded by the Department for Transport) and internal spine through road with drainage and active travel elements Improvements to public transport Mobility solutions Reinstatement of a rail link Pedestrian and cycle routes	£74m
Initial energy connection and infrastructure	NGED connection in advance of new National Grid substation to serve plant. Potentially capacity available for remaining Gravity site following completion of National Grid substation	£45m
Workforce development training centre and local skills enhancements	Training centre to provide local skills centre Education Inspire programmes Outreach support backfilling and retraining Supply chain and business engagement	£20m
Additional Groundworks/infrastructure (site specific), landscape and re-wilding	Works required to mitigate against abnormal ground conditions New water supply infrastructure Strategic landscaping Increased bio-diversity both within site and on related off-site locations.	£8m
Local priorities and natural environment	Contribution towards Bridgwater Tidal Barrier Contribution towards improvements to Dunball junction	£3m
		£150m

Strategic site access and movement

This is Gravity Ltd have delivered the main access to the site comprising a new roundabout on the A39 and new single carriageway road running south of the village of Puriton. This new access road has now been completed. The specification of this access road was based on the outline planning consent granted in 2017 and does not reflect the requirements/expectations for larger scale advanced manufacturing inward investment. Currently additional access requirements are likely to comprise of a new junction on the M5 (J.22A) that would serve the site directly as well as improvements to J.23. Both schemes comprising of works to the Strategic Road Network (SRN) would be funded via central Government. The connection from J.22A through the main site and connecting back to the Gravity access road would however be locally funded.

This link road/internal spine road would provide both access to Gravity and wider public benefit providing alternative access between the A39 the M5. The specification of this road has yet to be finalised and the indicative cost also includes associated active travel provision and drainage.

There is also an opportunity to reinstate rail connection into the Gravity site for freight and potentially passengers and this is facilitated by the approved LDO parameters plan for the site. The delivery of this re-instated rail connection is not currently included within the investment plan, however.

A key objective for any development of Gravity is that it supports sustainable transport and modal shift. This is set out in both the mitigation checklist and the associated Gravity Design Principles. The scope of any such requirements will be dependent upon the scale of development and number of people employed both on-site and within the wider supply network.

The focus of any investment into public transport will be on supporting sustainable options both on-site and also opportunities that provide wider locality benefits. This could include therefore direct support for new or enhanced bus services both within Gravity and also connecting the site to the wider locality.

Active travel investment will include pedestrian and cycle routes within the site as well as those that will connect the site with adjoining population centres. They will enable a wider choice of sustainable transport opportunities within and to the site. Current obligations within the Section 106.

Agreement will also deliver active travel routes connecting Puriton and Woolavington.



Initial energy connection and infrastructure

In advance of the construction of a new substation to provide a direct energy connection to the National Grid, a new connection to the regional National Grid Electricity Distribution (NGED) will be required. This will provide sufficient electricity for the first building and subsequently this “temporary” supply can become available for the remainder of the Gravity site following the commissioning of the new substation. The NGED connection will require a new transmission line from the Bridgwater substation to the site.

Workforce development training centre and local skills enhancements

Investment in local workforce including reskilling/upskilling programmes, training and onboarding infrastructure is a critical element of investment to ensure that the benefits of inward investment at Gravity are available to everyone. Based on the successful approach used to support new nuclear build at Hinkley Point a purpose-built training centre/centre of excellence linked to occupier is proposed.



In addition to this, future workforce investment is proposed through enhanced and targeted curriculum development (Education Inspire Programme) to maximise opportunities and benefits for the wider locality and ready access to appropriately trained and skilled workforce.

Advocacy programmes aimed at increasing participation in STEM skills aimed at under-represented skills are also proposed, focussing on those further away from the labour market, women, single parents amongst others.

The Council also proposes initiatives that are aimed at engagement and participation within the business community. Creation of a collaborative environment and provision of networking and knowledge sharing will be key to ensure local businesses are well placed and informed to take up opportunities presented from the delivery of the Gravity Enterprise Zone and Agratas’ facility in particular.

Additional Groundworks/infrastructure (site specific), landscape and re-wilding

Due to the nature of the ground conditions at Gravity significant groundworks including pilling will be required. There is also a need to raise finished floor levels of both the main buildings and all supporting structures to mitigate against any potential flood risk on the site. There is also a requirement to provide both upgraded and new water supply connections to the site

given the nature of the processes. These are considered to be specific and abnormal costs associated specifically with the physical characteristics of the site and the processes required to manufacture batteries.

In addition to the site-specific investment there is also a need to provide both local and strategic landscaping as part of the wider mitigation given the scale of the buildings proposed. New landscaping also provides opportunities to improve local biodiversity through both on-site provision and investment into appropriate off-site opportunities related to the site.

Both landscaping and enhancement of biodiversity further enhance the overall sustainability of Agratas and appropriate schemes will contribute further to carbon reduction. The Council will work closely with Agratas, Natural England and other appropriate environmental bodies in order to secure the optimum outcomes and to develop specific proposals and projects.

Local priorities and natural environment

The Bridgwater Tidal Barrier provides long term strategic flood defences for Bridgwater and the surrounding area protecting critical businesses and training facilities that will support Gravity.

The Bridgwater Tidal Barrier and the associated improvements to the downstream defences will also protect the strategic road and rail network that provides access to Gravity. The barrier scheme has secured necessary consent through a Transport and Works Act Order but requires confirmation of partnership funding in advance of the approval of the Full Business Case. Currently it is anticipated that construction will commence in late 2024 with an operational barrier completed by the end of 2026 subject to the confirmation of funding.

Additionally, a contribution to the planned signalisation and improvement of Dunball roundabout is prioritised as this is essential for the continued safe and efficient operation of J.23 that provides the access to Gravity. This scheme is programmed to be delivered during 2024/5 and therefore will be in place during the peak construction period as well as initial operational phase of the battery cell facility in advance of the wider access improvements to the M5. Contributions were previously secured through the S.106 agreement attached to the planning consent but through discussions on the LDO and its S.106 it was agreed that this necessary contribution would be included in the investment plan. It should be noted that without the improvements to Dunball roundabout, the projected congestion that is already apparent during the AM and PM peak, will impact on the safe and efficient operation of J.23. This will directly impact access to Gravity leading to delays for the delivery of construction materials and possible interruptions in deliveries and exports from the Agratas facility once first building is operational in 2026.

5. Outputs and Outcomes

The Gravity Locality Investment Plan will deliver significant socio-economic impacts and will help to deliver Somerset's Council Plan and meet the Council's net zero ambitions.

In particular, the Council's investment to support delivery of the Agratas battery cell facility will contribute to:

A Greener, More Sustainable Somerset

The creation of a clean manufacturing campus at the site and the major investment in battery cell manufacturing will play a significant role in achieving local and national net zero targets. Active travel and public transport interventions will support the Council's ambition to reduce green gas emissions and decarbonise local transport. Proposed re-wilding projects will help improve biodiversity and natural environment on site.

A Flourishing and Resilient Somerset

Attracting a major new employer with significant growth potential, along with the scope for considerable associated investment, will have a transformational impact on Somerset's economic performance. The Council's investment in road and site infrastructure will ensure the site offer an attractive proposition to future investors. There will also be a strengthened and improved external profile for Somerset with scope to attract further inward investment.

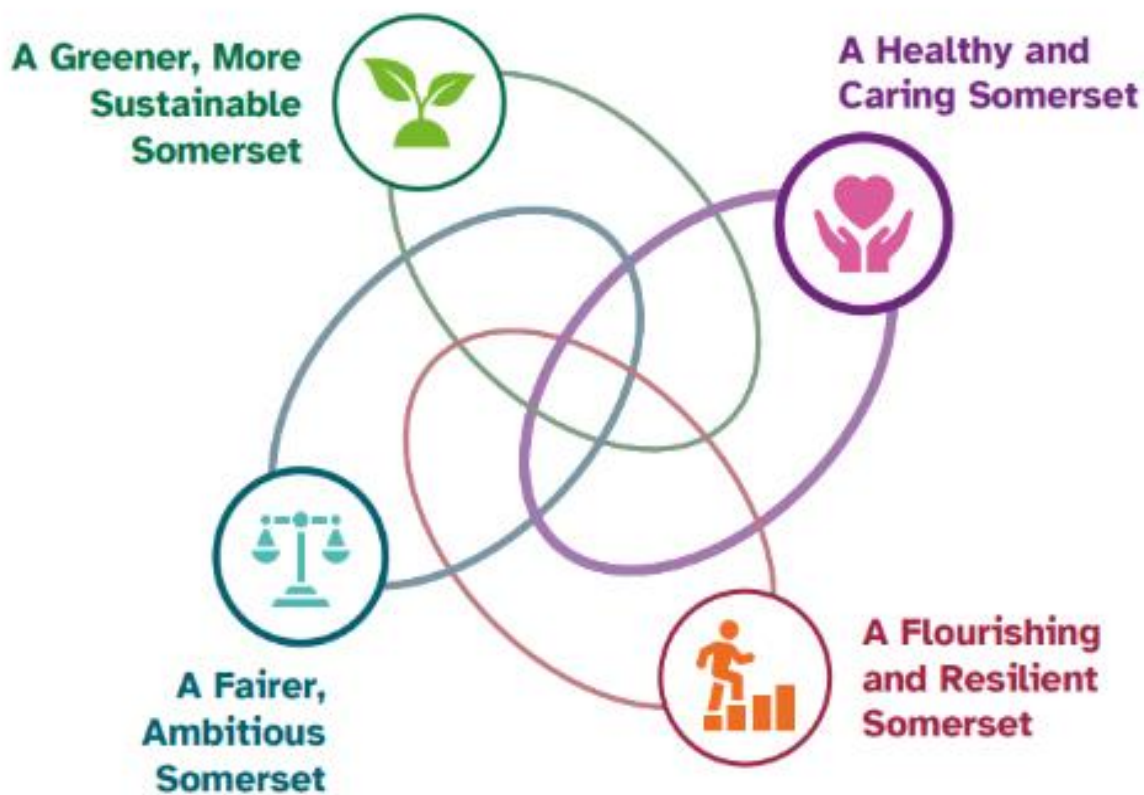
A Fairer, Ambitious Somerset

The establishment of an advanced manufacturing sector of the future in Somerset creating significant numbers of new jobs will have a positive impact on average earnings in Somerset which are persistently below the national average. The proximity of the site to communities in need of levelling up (including Bridgwater and Highbridge) coupled with skills development measures and work to raise awareness and ambition among young people about career opportunities linked to the battery cell facility will also address inequalities across the whole of Somerset. The proposed investment in skills and outreach programmes will focus on equipping local workforce with the right skills to benefit from the jobs that the facility will create and will ensure that those furthest from the labour market are provided with the means back into the labour pool.

Specific programmes encouraging STEM skills in the underrepresented groups will also be delivered.

A Healthy and Caring Somerset

The Gravity Locality Investment Plan includes measures to promote active travel to and across the site which will also bring health and wellbeing benefits, both to the workforce and through wider use by local communities in the vicinity of the Enterprise Zone. In addition, the creation of a significant number of secure and well-paid jobs, both directly at the site and through supply chain and economic multiplier effects across Somerset, will bring improved wellbeing for Somerset residents especially. The proposed investment in skills and training and in particular focus on groups under-represented in STEM skills and outreach support will help improve mental and physical wellbeing among local residents.



Enterprise Zones add new growth by offering incentives to locate and expand new and growing businesses on sites where the location, infrastructure and available workforce add value by encouraging investment in physical business capacity, entrepreneurship and innovation (research/technical, product/process and market). The net benefits of EZs not only derive from developing new competitive activities but also by creating the room for growth, breaking down existing barriers, correcting market failures and building networks of best practice and knowledge dissemination. EZs aim to grow new business faster, in time and space, in a way that brings agglomeration and connectivity benefits to a wider economy, creating (real and virtual) 'communities for growth' that significantly outweigh the EZ subsidies/costs and encourage the further recycling of net benefits and fiscal yields to sustain higher net growth over the long run.

Inputs

- £4bn private sector investment
- National investment
- Up to £150m SC investment
- Enterprise Zone status
- Local Development Order
- Clean growth strategy
- Skills and Business Charters

Outputs

- c. 400,000 sq/m of new advanced manufacturing floorspace
- 40Gwh facility able to supply half of UK's demand for battery cells
- 4,000 jobs at Agratas/ 7,500 jobs across the site
- 1000 sq/m of new employment space
- New infrastructure on site
- Skills and training programmes

Impacts

- Putting Somerset on a global map
- Introduction of new growing sector in Somerset
- Help towards net-zero targets
- Increased GVA and resident wages locally
- New high-skilled jobs
- Reduced inequality and increased wellbeing
- Local supply chain opportunities

The proposed Agratas development supports this goal through the delivery of the UK's largest battery factory that will support the wider UK automotive industry to compete on a global scale as it transitions away from the internal combustion engine to low carbon and electric vehicles. It builds on strong growth in the region and connecting this with the enhanced growth potential inherent in related developments in Somerset. By overcoming development constraints in an already successful economic area, capturing the significant investment from a battery cell manufacturing facility, the project offers the prospect of creating new high value jobs, adding value and furthering local agglomeration across a wide area of all cities, market towns and rural communities.

6. Governance and Delivery

Governance

The Gravity Locality Investment Plan will need to be considered alongside the governance principles against which the local authority will make investment decisions and allocate funds to the site's implementation. A key requirement of this Governance process will be to ensure that all business rates expenditure or other allocations of public funding are fully compliant with current subsidy controls and public procurement rules.

The newly established Gravity Enterprise Zone Executive Sub-committee is the strategic decision-making body to drive the delivery of the Enterprise Zone. This will include decisions relating to the current and future version of the GLIP.

The role of the Gravity Enterprise Zone Executive Sub-committee is to:

1. manage the Gravity Locality Investment Plan which will set out priorities and projects needed to maximise the potential of the Gravity Enterprise Zone.
2. monitor delivery, risks, outputs and outcomes from the site, both related to overall delivery and site-specific projects.
3. oversee and act on feedback and issues raised by Members, stakeholders and local communities through engagement and consultation with the relevant groups and fora.
4. oversee and assist with maximising the benefits for the whole of Somerset and the potential of the site, including oversight of delivery of relevant project activity such as championing clean growth and a progressive economic vision, transport innovation and inward investment projects, funding applications, business support matters, and other relevant matters.
5. approve third party funding applications and expenditure by the Council above the thresholds for delegated powers to the Officers of the Council as specified in the Council's Constitution, and to monitor compliance with funding agreements to deliver the investment priorities set out in the Gravity Locality Investment Plan.

The Sub-Committee is the only body that can make decisions in relation to the Locality Investment Plan, investment priorities and associated expenditure.

The Sub -Committee's work is supported by the following other advisory governance groups:

- **Gravity Strategic Management and Delivery Team (GSMT)** which takes a strategic oversight of the impacts of carrying out and operating the Development on the Development Site, and mitigation of those impacts (including through the operation of the Mitigation Checklist procedure. It also advises and assists occupiers in the delivery of any part of the development, including compliance with the LDO.
- **Gravity Transport and Infrastructure Management Group (TIMG)** which has responsibility for assisting Occupiers to identify measures to be specified in the Mitigation Checklist that mitigate the impacts of development in relation to all matters of transport, the local and strategic road network (with first priority to be given to allocating funds for the improvement of the A38/A39 Dunball Roundabout), related transport infrastructure, travel planning and the decarbonisation agenda; and
- **Gravity Environment and Social Value Group (ESG)** which has responsibility for assisting Occupiers to identify measures to be specified in the Mitigation Checklist that relate to environmental and social value, and for ensuring that necessary measures as set out in the Mitigation Checklist are implemented to mitigate the impacts of development.

Process

The actual amount of chargeable floorspace delivered and its rateable value will influence the amount of funding the Council could be prepared to invest to facilitate infrastructure funding. The mechanisms for funding necessary infrastructure in advance of business rates generation are currently being discussed with partners and Government. Business rates investment would complement significant direct developer/occupier investment and Government funding on strategic transport infrastructure such as additional motorway access at J.22A and improvements to the existing strategic route network/J.23.

A key principle will be to wherever possible complement existing or planned expenditure from other sources, both public and private sectors to maximise the overall value and impact of any expenditure.

The Investment Plan identifies a range of investment areas and infrastructure that will directly and indirectly support the delivery and operation of the Agratas facility and wider Gravity site.

As any Enterprise Zone funding to be made available is public funding, it is regulated in its dispersal. Such regulation comes from the need to ensure the funding is not used in a way that contravenes subsidy control rules or procurement rules and that it is used appropriately to support the delivery of the site and wider investment in the locality.

Drawing down investment would need to be accompanied by a HM Treasury Green Book compliant business case setting out what funding might be needed to address any commercial viability gaps, and to allow for the necessary assessment against the procurement and subsidy control tests.

Funding decisions will be made in line with the Council's Constitution.

Delivery

Day to day implementation of the Enterprise Zone, and in the first instance the Agratas facility, will be led by the senior decision-makers through Gravity Delivery Group supported by a multi-disciplinary team of Council officers from across various services and external expert advisers. The Gravity Delivery Group will make financial decisions up to levels specified within the Somerset Council's Constitution (currently £5m) including granting full approvals for funding within those limits.

✓	Gravity Enterprise Zone Executive Sub-committee
✓	Gravity Delivery Group
✓	Gravity EZ core delivery team
✓	Implementation Team

Overall programme management and implementation of the Enterprise Zone will be led by the Gravity EZ core team. The team will be responsible for all aspects of monitoring and performance management including appraisals of funding applications and reporting back to HM Government and compliance with reporting and monitoring requirements linked to a grant secured from the Department for Business and Trade (DBT).

Wider implementation team will include technical expertise across a range of disciplines, including planning, civil contingencies, emergency planning, environmental health and transport and will be instrumental during consenting and permitting processes.

The team will be initially funded and supported through the grant from DBT until such time that the site generates enough business rates to become self-funding.

Links to other Council services

The Gravity Enterprise Zone is the Council's prime employment site with a transformational potential for the local and regional economy. The Council has a vast experience in delivering nationally significant projects, with Hinkley Point C new nuclear station and Hinkley Grid Connection Project currently being delivered in the area. Drawing on experiences and lessons learned from Hinkley Point C will be essential to the successful delivery of Gravity. To ensure that the benefits of the Enterprise Zone are felt across the county, the project cannot be delivered in isolation.

Project of this scale will require a substantial team effort and coordination spanning across many services to make it a success. It is crucial to ensure that any investment and interventions supporting the delivery of the Enterprise Zone are imbedded into wider Council services to complement and enhance work being delivered across the County. Workforce, supply chain or transport improvements are just some examples of areas where joint working will be expected to minimise impacts and maximise benefits.

The EZ core team will be supported by internal and external experts in a range of areas not only to ensure a smooth implementation but also to join efforts across the geography and maximise impacts locally.

Financial Modelling

The Gravity Locality Investment Plan is based on a robust financial model developed by Somerset Council to support its investment ambitions to support the delivery of the Gravity Enterprise Zone. The modelling has been scrutinised by HM Government departments and Council's expert advisers to ensure that projected income is rational and proposed expenditure (including borrowing costs and revenue programmes) affordable. The feasibility of the Investment Plan has been ensured by securing an up to £55m revenue grant from the Department for Business and Trade to cover the Council's costs in the initial years and a 10-year extension to the enterprise zone status to ascertain that the borrowing can be fully covered by the retained business rates from the site.

The development of the Gravity Locality Investment Plan has been underpinned by a robust review of all delivery assumptions, including business rates yield, phasing of delivery, phasing of investment, resource cost.

The Investment Plan focusses on delivery of investment necessary to support delivery of the Agratas battery cell facility. As the site evolves and future development opportunities are identified and realised, the Council will consider further projects that could be funded through the retained business rates mechanism.

Financial principles

The below principles will be applied to all projects funded via the Gravity Locality Investment Plan:

- All projects are supported by a business case compliant with HM Treasury Green Book.
- Proposed projects must fall under one of the investment priorities identified in the GLIP.
- Funding for site developments will require appropriate legal agreements linked to the business rates uplift and key milestones and outputs.
- Clawback clauses will be included in funding agreements to ensure security of the funding in an event of non-delivery.
- Business rates modelling will be updated regularly to ensure robustness and accuracy.
- All borrowing will be repaid during the EZ lifetime.
- All successful applicants will be required to provide regular updates and monitoring returns, including projected spend profiles.
- Grant funding will be provided in arrears and will be subject to presentation of eligible expenditure.
- Any cost increases will be responsibility of an applicant.

Annex 1 – Monitoring and Data collection

Monitoring and data collection will be undertaken at several levels to ensure transparent governance of public funding and delivery of the Enterprise Zone objectives:

- Gravity Enterprise Zone Executive Sub-committee reporting – the Sub-committee will meet at least 6 times a year and reporting frequency will be aligned appropriately. The reports will include progress on the delivery of the Enterprise Zone and relevant metrics such as job creation, new floorspace delivered, business rates yield and investment levels. This reporting will form the primary route for reporting back to Government.
- Gravity Delivery Group reporting – the Group will receive monthly detailed reports on progress from all areas of delivery. Part of the reporting will include metrics provided by the developers linked to the Skills Charter and Business Charter.
- Government reporting – monitoring and evaluation process and frequency will be agreed with DBT as part of their grant funding process. It is expected that those reports will focus on the delivery of the Investment Plan and progress of the Agratas project and will include detail financial reporting linked to the revenue grant.
- Project reporting – each successful applicant to the GLIP funding will be required to provide regular and detail reports to evidence compliance with the funding agreements, especially focussing on expenditure, timescales, floorspace creation.

The Gravity EZ core team will be responsible for all aspects of data collection, monitoring and evaluation.

Alongside the above there will be an expectation of regular reporting to other key stakeholders, elected Members and local communities. It is expected that those updates can be distributed through regular Member briefings, Members Forum, Local Community Forum and stakeholder engagement exercises.



Annex 2 - Gravity Locality Investment Plan Funding Scheme

The Council needs to follow several public sector approval processes in order to utilise the Enterprise Zone mechanism to fund any projects and to ensure it is provided for the benefit of the Enterprise Zone and to ensure the protection and probity of the use of public funds.

In order for the public to be deployed as a minimum the Council will require:

- A.** an HM Treasury Green Book Appraisal to be undertaken. This can be utilised for a series of approval gateways by the Council;
- B.** a Subsidy Principles Assessment. This will be needed to determine that the funding is being provided in compliance with the requirements of the Subsidy Control Act 2022; and
- C.** a grant funding structure which ensures that the proposed projects meet and continue to meet the objectives of the Enterprise Zone.

HM Treasury Green Book Appraisal

Any proposals to the Gravity Locality Plan will require a Full Business Case compliant with the HM Treasury Green Book (2022) to set out a case for funding.

The Treasury's five case model is the means of developing proposals outlining social / public value produced by the use of public funds.

The five stages include:

- 1. Strategic Case** – includes description of the proposal and rationale for investment, it should set out key aims and objectives the project aims to achieve and the principles established in development of the proposals. It will include key performance indicators, consideration of risks, constraints and dependencies. It should also identify key stakeholders.
- 2. Economic Case** – this section should initially consider a long list of options that is then further refined to create a short list which usually considers options “do nothing”, “business as usual” and another couple of credible options. Each option should be then assessed for value for money to determine the recommended option. A comprehensive risk register needs to be included scoring each identified risk in terms of probability and impact and should include proposed mitigation to reduce the risks.

3. Commercial Case – will consider contractual and compliance aspects of the project including procurement routes and regulations that might be triggered.

4. Financial Case – needs to identify a robust case for the need for public support, the minimum level required, and the timing of necessary support. It will include appraisal projections and cashflow profiling together with sensitivities to identify any potential cost increases that need to be taken into account.

5. Management Case - it will outline how the project is to be managed in order to ensure successful and timely delivery. Governance and project management arrangements should be set out. Key milestones will also be set out. It should include communication plan and key stakeholder engagement proposals.

Subsidy Principles Assessment

In order for the Funding to be provided to the project in a legally compliant way, that funding must comply with the Subsidy Control Act (SCA) Subsidy Control Measures.

The first stage of the subsidy control assessment is to establish whether any assistance given under the project by the Council amounts to a subsidy under the SCA.

If the Subsidy Control Tests are met, the financial assistance will be deemed a Subsidy under the SCA and will need to comply with the seven Principles set out in Schedule 1 of the SCA.

Demonstrating compliance with the Principles requires an evidence based approach. The assessment will draw on as much evidence as possible to demonstrate that each Principle under the SCA has been met. Generally, the more evidence available to draw upon, the more robust the arguments for compliance can be.

The Council, as the body responsible for the grant funding will have to consider subsidy control implication and make referrals to the Subsidy Assessment Unit where appropriate.

Grant Funding Structure

Any project that involves proposed development within the Enterprise Zone, must meet the key objectives for the site, and that any funding unlocked through the Enterprise Zone funding model can be justified. As such, a business case will need to be submitted outlining the requirement for funding (direct or indirect) and how any funding granted will contribute towards the successful delivery of the Enterprise Zone's objectives. Therefore, the following information will be required, in order to prepare a comprehensive and justifiable application for consideration:

- How will the proposed Project align with public policy initiatives/ objectives for the Enterprise Zone?
- Who are the intended occupants of the Enterprise Zone?
- Does the Project meet the eligibility requirements for occupation at the Enterprise Zone?
- What is the level of funding required (directly or indirectly) through the Enterprise Zone?
- What is the proposed phasing for the funding (direct or indirect) from the Enterprise Zone?

The provision of the funding, directly or indirectly through the Gravity Locality Investment Plan will be required to be secured under the provisions of a grant funding agreement, which ensures that the objectives set out in the business case will be achieved in order that the funding can be provided. This would include suitable protections for the Council and the Council funding. All successful applicants will be subject to due diligence checks prior to any funding being committed.

Funding agreements for capital projects will be directly linked to the delivery of a rateable floorspace and business rates yield to ensure the Council's borrowing can be secured and paid back through future business rates.

Annex 3 – Risk register

Risk	Mitigation	Likelihood	Impact	Risk score
Retained business rates lower than anticipated	External risk outside the Council's control. The Council will actively engage with Government departments to ensure alternative occupier or use is secured if needed. The Council will seek to ensure that terms and conditions of any funding provided to Agratas links to the receipt of the expected level of business rates income.	3	5	15
Changes to the cost of borrowing	The Council will only borrow what and when is necessary to minimise the risk and the cost to the Council. Putting measures in place to protect the Council from volatile interest rates changes will be crucial to protect Council's finances. In addition to borrowing through the Public Works Loans Board the Council is in discussion with the UK Investment Bank to identify the most appropriate and affordable route. Until business rates flow the borrowing will be fully financed by the up to £55m grant currently being negotiated with Government.	3	4	12
Changes in business rates valuation	External risk out of the Council's control. Modelling based on prudent assumptions to allow for realistic value of future business rates income.	2	4	8
Increased project costs	The Gravity Locality Investment Plan and subsequent business cases will specify Council's maximum contribution and will be capped at that. Any increase of project costs will be the responsibility of the applicant to the Investment Plan (noting that there may be different applications for different projects).	3	2	6

Lack of interest in development on the rest of Gravity EZ site	The Council is working closely with the landowners and central government to continue market the site for future investment. Current Investment Plan investment is based on delivery of Agratas facility only but improvements delivered through the Investment Plan will increase attractiveness of the site to other future occupiers.	2	3	6
Change in technology making Agratas investment redundant	The investment is being backed by Agratas' parent company within Tata Group. They are investing £4bn into the facility and are partnering up with a technology partner. The company will invest heavily into R&D and future application opportunities. Two anchor customers already secured meaning the facility will have end users from day one.	2	4	8
Council's financial position worsening	The project is being delivered at no cost to the Council because of the revenue grant from DBT. That means that the Council will not have to subsidise the project (including staff resource) until the business rates start being generated.	2	3	6
Project benefits realised elsewhere	Working with partners to develop skills agenda and supply chain opportunities. Maximising efforts to deliver the remainder of the EZ site to increase business rates income that could be used to fund local interventions	2	2	4
Delays to delivery programme	Regular engagement with site developers to track progress and identify issues and delays early.	2	3	6
Business rates income delayed	Current modelling includes assumptions around business rates income and programme delivery to account for programme slippage.	3	3	9
Council's restructure	The project is treated as a priority for the Council. Resource pressures are being identified and mitigated. New Major Projects and Regeneration team is planned with a dedicated Head of Service to lead on delivery. Securing external funding to fund staff essential to secure resource.	2	3	6
Lack of engagement with key stakeholders,	Proposed structure to include stakeholder engagement role(s) including one for the planning matters. Regular catch ups with	2	2	4

communities, elected Members	site developers, regular comms meetings with Agratas to align comms. Local Community Forum and regular Members briefings to be established to ensure regular communication and engagement locally.			
Lack of communication from the developers on progress and delivery plan	LDO governance structure to be agreed and implemented. LDO Delivery Group now taking place to keep all key planning stakeholders engaged. Regular planning conversations taking place to track progress and engage with the plans early. Need to establish “one team” way of working	3	3	9