
Implementation of the Gravity Enterprise Zone via Gravity Locality Investment Plan

Executive Member(s): Lead Member for Economic Development, Planning & Assets,
Lead Member for Resources and Performance

Local Member(s) and Division: All

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1. Summary

- 1.1 This report sets out the third stage of the decision-making process for the delivery of the Gravity Enterprise Zone, following recommendations approved by the Executive in March 2024 and establishment of the Gravity Enterprise Zone Executive Sub-Committee in May 2024. It focusses on the approach to delivery of the Gravity Enterprise Zone through the proposed investment in the site and the Council's approach to managing and minimising risks associated with the project. It also looks at how the Council, through the Gravity Locality Investment Plan, will ensure the project delivers transformation for the county, specifically around movement, skills and business opportunities.
- 1.2 The March report indicated the Council's ambition to invest in the Gravity Enterprise Zone site through the proposed Gravity Locality Investment Plan (included as Appendix A to this report). The Plan has now been drafted, setting out the vision, rationale and benefits from the investment - for the site, immediate locality and wider Somerset. The Gravity Locality Investment Plan focusses on the investment needed to deliver an advanced manufacturing facility, as proposed by Agratas and long-lasting benefits from the investment that will also attract further investment onto the wider Gravity site.

- 1.3 Appended to this report is the Revised Treasury Management Strategy Statement for 2024/25 (Appendix B) detailing changes needed to be made to the Council's Treasury Management Strategy to accommodate proposed investment for Members to consider alongside the proposed Gravity Locality Investment Plan. The Council's approach to financing the investment through borrowing is also detailed in the report, setting out the timing and funding needed to deliver the Locality Investment Plan in a way that is cost neutral to the Council.
- 1.4 As explained in the report presented to the Executive in March, the investment in the Gravity Enterprise Zone is dependent on securing a grant from the Department for Business and Trade (DBT) and a 10-year extension to the Enterprise Zone designation from the Department for Levelling Up, Housing and Communities (DLUHC). Those two agreements are necessary to make sure that the Council can implement the Gravity Enterprise Zone and support the first occupier, Agratas without the negative impact on the Council's finances. The Council has made a significant progress on both matters since March – the principles of the grant have now been agreed with DBT and offer in principle letter is expected soon, the extension of the Enterprise Zone status has been in principle agreed by DLUHC but an official confirmation will not be issued until after the general election in July.

2. Recommendations

- 2.1 Full Council is asked to:
 - a) Note the Gravity Locality Investment Plan as set out in Appendix A and associated investment priorities for the plan as outlined in para 16.6 of this report;
 - b) Add the Gravity Scheme to the capital programme and to agree that the Council's Treasury Management Strategy is updated for this as outlined in Appendix B, including adopting the Prudential Treasury Indicators included in table 3 of that Appendix.

3. Reasons for recommendations

- 3.1 The recommendations outlined in this report will allow the Council to implement the necessary framework to allow the delivery of the Gravity Enterprise Zone through the Locality Investment Plan, and in the first instance focus on the delivery of an advanced manufacturing facility proposed by Agratas.

3.2 In order to realise the investment in the site, it is necessary for the Council to amend its Treasury Management Strategy to accommodate the necessary borrowing, including time and quantum, to enable realisation of the Gravity Locality Investment Plan and to maximise local benefits realisation and create a lasting legacy. A revised Treasury Management Strategy was considered by Audit Committee on 30 May 2024 and by the Executive on 5 June 2024. Working closely with Agratas, as the prime site occupier, the Council has developed a list of investment priorities, seen as essential to support the project. Those priorities form part of the Gravity Locality Investment Plan and will become a basis for the Council's funding framework utilising ringfenced business rates uplift from the site.

4. Other options considered

4.1 Alternative option considered by Somerset Council, with reasons for rejecting it is outlined below:

- **Not approving changes to the Treasury Management Strategy** – This was rejected because it would significantly reduce the Council's ability to fund the Gravity Locality Investment Plan and deliver the priorities contained within it. Due to the scale and magnitude of the project, and investment needed to deliver a battery cell manufacturing facility, the funding levels needed to be borrowed are above those currently permitted under this strategy. It would hugely reduce the pace at which the development can take place putting it at risk and not delivering the desired outcomes for the locality (e.g. jobs, business rates, and wider benefits).

5. Links to Council Plan and Medium-Term Financial Plan

5.1 The proposals in this report represent a unique opportunity to deliver the Council's ambitions for Somerset as set out in the Council Plan. Specifically, development of the Gravity Enterprise Zone and particularly the proposed Agratas advanced manufacturing investment will contribute to:

- **A Greener, More Sustainable Somerset** – the creation of a clean manufacturing campus at the site and the major investment in electric vehicle battery 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 (circa 4,000 linked to existing planned investment) 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 Agratas’ 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 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. 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.

5.2 The proposals in this report reconcile facilitating transformational projects without detriment to the Council’s Medium Term Financial Plan (MTFP) position by:

- Ensuring that the costs incurred by the Council in relation to the delivery of the project are fully covered by the grant from the Department for Business

- and Trade (DBT) until such time that the business rates uplift generated on site can cover the ongoing costs.
- Aligning the borrowing necessary to facilitate delivery of the Gravity Locality Investment Plan associated with the delivery of the advanced manufacturing facility with the Enterprise Zone status to ensure the investment is fully repaid and does not create a financial burden on the Council.

6. Financial and Risk Implications

- 6.1 The report sets out how the Council intends to support the development of the Gravity Enterprise Zone by spending up to £150m of retained business rates to support delivery of the Agratas development. The investment will be made in line with the Gravity Locality Investment Plan (Appendix A) which provides a framework for the use of public funding in relation to the Enterprise Zone.
- 6.2 The Gravity Locality Investment Plan focuses on several themes that have been identified through close working with the investor and which aim to directly support the delivery of the advanced manufacturing facility while also enabling benefit locally and to the wider Somerset community. Proposed themes will deliver interventions that improve or deliver necessary infrastructure on- and off-site; address active travel requirements and provide support for the workforce and prospective supply chains.
- 6.3 In order to deploy the funding, the Council will have to follow rules and processes that apply to the use of public funding. A funding strategy and details of a funding scheme are set out in the Gravity Locality Investment Plan establishing a funding framework to guide the Council's investment. To underpin the Locality Investment Plan and the need for public investment in the site, the Council has commissioned a viability assessment to explain the need for the proposed investment in the Gravity Enterprise Zone. Best practice requires that any funding application is accompanied by a business case, compliant with the HM Treasury Green Book, evidencing the need for public intervention. The Council has commissioned a joint business case with Agratas to assess the need for the investment in the battery cell facility through the Enterprise Zone funding scheme. The Council and DBT are also working jointly on a subsidy control assessment to ensure that public funding used to support this project comply with the Subsidy Control Act 2022. Once those processes are concluded it is expected that draw-down funding applications for individual projects as prescribed in the Locality Investment Plan will be submitted by the investor.

- 6.4 The implementation of the scheme and subsequent funding applications will be decided in line with the existing financial delegations prescribed in the Council's Constitution, with the Executive Director for Climate and Place deciding on applications up to the value of £5 million, and the Gravity Enterprise Zone Executive Sub-Committee deciding on funding applications above that threshold. The same arrangements will apply to entering into funding agreements following successful application process. Any subsequent funding agreements will protect the Council's finances by ensuring relevant clawback clauses and monitoring mechanisms are built in. It is to ensure that the public funding is used in an appropriate, correct and lawful way and so that proposed projects deliver the Enterprise Zone objectives and present value for money.
- 6.5 Any party proposing to support the development through the Gravity Locality Investment Plan will bear the risk of any cost increases, delays, unexpected costs, etc. The Council's investment will be limited to the sums agreed in the Locality Investment Plan. The EZ funding scheme is not an open bidding process but one guided by precise priorities established within the Gravity Locality Investment Plan to enable delivery of the Agratas' facility. Therefore, the scheme will only be accessible to the investor, partners and the Council delivering prescribed interventions and improvements.
- 6.6 It is proposed that once an application for funding is approved and funding agreement entered into, the Council will provide funding in arrears to successful applicants on presentation of eligible expenditure and subject to the applicants meeting agreed milestones and delivering agreed outputs. That way the Council will reduce its exposure to risk reducing the need for borrowing up front to a minimum and only when necessary. Through the grant agreed with DBT, the cost of borrowing (both capital repayment and interest) will be covered by external funding ensuring the delivery of the project is cost neutral to the Council. Robust modelling and monitoring regimes are being put in place to ensure the Council is able to draw down money from the grant when the need arises. It is vital to keep the modelling up to date to ensure the investment can be delivered within the limitations of the grant (both value and timeframes) and the rateable floorspace coming forward.
- 6.7 The Council agreed with DBT close working arrangements to ensure that any delays and risks to delivery that could put the Council in a disadvantaged position are identified and mitigated as early as possible.

- 6.8 A project of this scale and the level of investment proposed presents a number of risks for the Council due to complexity, number of parties involved and various funding strands being put in place. It is therefore essential that the project is appropriately resourced and managed. The grant secured from DBT provides funding for core Council staff that will be responsible for implementation of the Enterprise Zone and to ensure that the project can be delivered without negatively impacting on the Council finances. Further resources might be identified as the project progresses including external expertise and it is expected that the implementation team might change over time to respond to changing needs and priorities as they arise.
- 6.9 The two tables below summarise the key risks associated with matters included within this report. Both impact and likelihood of those risks have been scored from 1-5 and mitigation measures have been proposed. A comprehensive programme risk register is maintained, and further risks will be identified, added and monitored as the individual elements of the project develop. Particular attention will be paid where external risks are identified or where risks arise from interdependencies between various elements of the project.

Key financial risks and proposed mitigation measures

1. Increased project costs					
Likelihood	3	Impact	2	Risk Score	6
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).					
2. Changes to the cost of borrowing					
Likelihood	3	Impact	4	Risk Score	12
To minimise the risk and the cost to the Council, it will only borrow what is necessary when it is necessary. 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 from development					

on the site, the borrowing will be fully financed by the up to £55m grant secured from Government.

3. Lower than anticipated business rates income from the development

Likelihood	3	Impact	4	Risk Score	12
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External risk out of the Council’s control. Financial modelling is based on prudent assumptions to allow for realistic value of future business rates income and the likely floorspace requirements coming forward on site. The Council will work closely with both site owners to maximise delivery on site and to maximise business rates income from the site. 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.

4. Changes to national business rates policies

Likelihood	1	Impact	5	Risk Score	5
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External risk out of the Council’s control which would significantly impact multiple local authorities. Modelling based on prudent assumptions to allow for realistic value of future business rates income. Focus to deliver further investment beyond the Agratas facility to de-risk the investment and expand potential income stream. In practice the likelihood of this risk materialising is very low given that this would impact multiple authorities across enterprise zone, freeport and investment zone designations and would be best mitigated through collective action through representative bodies e.g. the LGA.

5. Loss of business rates income

Likelihood	3	Impact	5	Risk Score	15
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External risk outside the Council’s control. The Council would 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.

6. Income from the site diverted to other priorities

Likelihood	2	Impact	4	Risk Score	8
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Business rates from the site will be ringfenced and protected from other Council operations. Measures are being put in place to create and separate necessary budgets and monitoring tools to ensure the business rates income is correctly recorded and spend. It is very likely that the use of business rates uplift will be restricted for the duration of the grant funding agreement with DBT to ensure the funding delivers Agratas investment and is not diverted elsewhere.

7. Slower than anticipated uptake of the site

Likelihood	3	Impact	3	Risk Score	9
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The modelling is based on the minimum delivery scenario to eliminate overoptimistic scenarios. Current assumptions present a minimum viable scenario and any business rates income created above the Agratas investment will have a positive impact on the modelling. The modelling and assumptions within it have been tested by external experts and will be subject to an ongoing review to ensure they are relevant and fit for purpose.

Other key risks and proposed mitigation measures

1. Reputational risk due to non-delivery

Likelihood	2	Impact	4	Risk Score	8
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The Council is working closely with central government departments to ensure the investment and benefits for locality, region and UK plc are realised. The delivery timetable is likely to be expedited given the importance of this project to the UK's industrial strategy, and hence the work to ensure there is revenue support for our staffing costs and to ensure a full project team is put in place urgently to reflect the delivery and implementation on site. Programme management, finance, planning and permitting resources are amongst the urgent resource needs to facilitate the delivery programme.

2. Council's financial position

Likelihood	2	Impact	4	Risk Score	8
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Robust modelling and support secured from government in the form of a grant and Enterprise Zone extension ensure that the project delivery will not have an adverse impact on the Council's financial position and that the Council will

have the necessary resources to deliver the project. Entering into appropriate legal agreements with Government and the site occupiers ensures that the project can continue even if a s114 notice was declared. Oversight of delivery, risks, outputs and outcomes from the site provided by the Executive Sub-Committee and monitoring through Scrutiny Committee processes.

3. Project benefits realised elsewhere and not shared across Somerset

Likelihood	2	Impact	3	Risk Score	6
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The Council is working with partners to develop skills, training, supply chain and further inward investment programmes, learning from our experience with Hinkley Point C to maximise benefit realisation locally and deliver transformational change across the whole of Somerset. Oversight through the proposed Executive Sub-Committee and monitoring through Scrutiny Committee processes.

4. Inadequate governance resulting in mismanagement of the project

Likelihood	3	Impact	4	Risk Score	12
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Robust governance structures are being put in place underpinned by a senior leadership team and an Implementation and Delivery Team to ensure necessary resources are in place to manage various aspects of the delivery of the Enterprise Zone with full transparency and accountability of deploying public funding.

5. Impacts on local housing market and pressure on services

Likelihood	3	Impact	4	Risk Score	12
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The Council is working closely with Agratas to understand their employment and skills requirements to create pathways, through the Locality Investment Plan, for local residents to secure employment on site. Emerging Somerset Local Plan will also set out new housing targets and locations that taking account of assumed growth on the Gravity site.

6. Impacts on road infrastructure

Likelihood	2	Impact	4	Risk Score	8
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The Gravity Local Development Order (LDO) puts requirements on any occupants to develop solutions in order to minimise reliance on car transport

to and from the site. The Council proposes to address active travel and public transport improvements through the Locality Investment Plan to enable a range of travel modes and to limit the potential impacts on local road networks. The necessary highway infrastructure will be put in place to address operational requirements. It is hoped that the rail link, could be reinstated to ship material and goods to and from the site limiting the need for the use of road haulage. The Gravity LDO allows for the rail connection to be reinstated for passenger and freight services, as well as supporting rail infrastructure. This would complement the Gravity Link Road (“Enterprise Way”) which opened in 2021, and the village enhancement scheme, that provides improved cycle and walking links between Puriton and Woolavington, which is under construction.

7. Legal Implications

- 7.1 There are significant legal implications arising from a decision by Full Council to approve Council undertaking the borrowing needed to deliver the Gravity Locality Investment Plan, in addition any decisions to undertake the borrowing will trigger a number of significant legal implications, including in relation to:
- (i) the terms of any loan agreement(s) between the Council and its lender(s),
 - (ii) the legal agreements required to deliver the investments (including grant funding agreements with funding recipients and contracts between the Council and those suppliers/contractors delivering the investments), and
 - (iii) the Council’s compliance, when making the investments, with the subsidy control regime and public procurement law.
- 7.2 The terms of the funding agreement with the Department for Business and Trade and the confirmation from the Department for Levelling Up, Housing and Communities relating to the extension of the Enterprise Zone will impose legally binding obligations on the Council and these will have to be reviewed by Legal Services before the Executive Director for Climate and Place can authorise the Council to enter into these agreements.
- 7.3 The Council’s Constitution describes the thresholds at which the decisions can be made by the Officers of the Council, and which decisions should be made by the Members. The delivery of the Gravity Enterprise Zone will involve various decisions to be made with a range of financial and legal implications arising from them. The table below summarises the decision making arrangements in line with

the Council's Constitution and current scheme of delegation and explains who has the authority to approve business cases and borrowing to implement the investment and to award contracts where the Council is the delivering body:

Type of decision	Financial threshold	Decision-maker	In consultation with
Borrowing	Any sums within the limits approved by the Council in line with the Council Strategies and Gravity Locality Investment Plan	Executive Director for Resources and Corporate Services	Gravity EZ Executive Sub-Committee
Approving business cases and funding applications and authorising funding agreements	Above £5 million	Gravity EZ Executive Sub-Committee	n/a
	Between £500,000 and £5 million	Executive Director for Climate and Place	Lead Member for Economic Development, Planning & Assets
	Up to £500,000	Executive Director for Climate and Place	n/a
Contract awards for Council delivered projects	Above £5 million	Gravity EZ Executive Sub-Committee	n/a
	Between £500,000 and £5 million	Executive Director for Climate and Place	Lead Member for Economic Development, Planning & Assets
	Up to £500,000	Executive Director for Climate and Place	n/a

8. HR Implications

- 8.1 The management and delivery of the Enterprise Zone, the facilitation of investment at the site - including a proposed advanced manufacturing facility

and work to ensure the fullest economic benefit and legacy from this - will require staffing capacity and capability from the Council across economic development, planning, highways and infrastructure and other services (e.g. education and ecology). These costs will be financed as a result of the Enterprise Zone, including the grant the Council has secured from DBT. In addition, the Council is discussing with the site owners the potential options for ensuring appropriate resources are in place to manage and coordinate multiple parallel workstreams to facilitate the start of works on site.

- 8.2 Work is currently underway with the transformation programme team and HR team to establish the delivery team needed for both the delivery of the Enterprise Zone and long-term benefits, and immediate priorities arising from technical requirements, especially around planning and consenting activities.
- 8.3 It is envisaged that the majority of the tasks could be facilitated internally through secondments and temporary assignments to the project. It is also expected that some level of technical expertise will have to be procured externally. A minimal number of new posts could be created and will be subject to the usual recruitment process with staff at risk of redundancy being considered in the first instance prior to any external or agency recruitment (subject to timings and an assessment of essential role requirements against employees on the redeployment list). Working collectively will ensure that the necessary resources can be secured as quickly and efficiently as possible and at the same time will help the Council to design and implement transformational change driven by budget challenges.

Other Implications:

9. Equalities Implications

- 9.1 An initial Equalities Impact Assessment has been prepared to accompany this report recognising that a project of this scale could inevitably have impacts on protected demographics. The assessment has been undertaken based on data and information available at this point in time and will require regular reviews to ensure the risks and impacts are identified early and correctly monitored.

10. Community Safety Implications

- 10.1 As the project progresses into a delivery phase, starting with a construction of the planned advanced manufacturing facility, it will be vital to deploy lessons

learnt from similar projects, like Hinkley Point C to identify and address any arising community safety implications.

- 10.2 Once construction and delivery plans are known, it is expected that the Council will engage with Agratas to decide how the community safety is ensured throughout the implementation. It is expected that dedicated resources will be deployed by the developer to act as a single point of contact for any concerns arising from the construction, including any safety concerns.
- 10.3 The site will require specific permits and licences, including hazardous substances permits and environmental permits. Onsite and offsite emergency plans will need to be prepared and the Council will work closely with its partners to ensure those suitably protect local environment and residents.

11. Climate Change and Sustainability Implications

- 11.1 As the project moves into the implementation phase, with Agratas as a first mover, it is vital to make sure the development delivers on the clean smart campus vision from the start by fully utilising the powers within the Local Development Order, that is in place for the site. The investment proposed to be financed by the capital borrowing detailed in this report will be critical to facilitating this outcome, in line with the sustainable economic development priorities of the Somerset climate emergency strategy and Somerset Plan.
- 11.2 The LDO compliance process requires demonstration against the mitigation checklist requirements supporting travel planning, modal shift targets and supporting mechanisms for securing additional sustainable transport measures. Key design principles for the development also include prioritising pedestrian, cycle and micromobility movements and accommodating high levels of public transport provision.
- 11.3 In addition to matters listed in the LDO mitigation checklist, there are a number of additional environmental consents that are required. Relevant to Agratas is the need to obtain an abstraction licence from the Environment Agency in order to use the large quantities of water necessary for battery manufacturing from either the King Sedgemoor Drain and/or the Huntspill River. When considering such an application, the impacts of abstraction on connected water courses will be fully investigated and levels of abstraction set at levels that ensure there are no direct or indirect consequences to third parties. The LDO Delivery Group includes representatives from all of the key infrastructure providers, including the Environment Agency, in order to consider and co-ordinate all of the necessary

consents, both those that are the responsibility of Somerset Council and those that are determined by other public bodies.

- 11.4 One of the key areas of focus of the Gravity Locality Investment Plan is to maximise the positive local employment impacts of the Gravity Enterprise Zone. This will among others include educational development programmes, local facilities and infrastructure for specialist skills requirements and targeted outreach programmes to encourage less advantaged groups in the Somerset population to aspire to employment opportunities relating to the site, with a focus on the Agratas facility in the first instance.

12. Health and Safety Implications

- 12.1 There are no health and safety implications associated with this report. However, associated applications for various consents and compliance to implement development on site will consider Health and Safety implications in detail through existing processes and procedures.

13. Health and Wellbeing Implications

- 13.1 Implementation of the Gravity Enterprise Zone will facilitate delivery of up to 7,500 jobs directly on site and many more in associated supply chains across the county, region and nationally. The first confirmed project – Agratas’ development could deliver up to 4,000 of those jobs in a globally important growing sector and will help Somerset deliver a transformational change for the benefit of its residents and businesses.
- 13.2 The Council, through the Locality Investment Plan has an opportunity to maximise realisation of those benefits locally and secure long-lasting legacy for generations to come. Priorities identified in the Gravity Locality Investment Plan will deliver significant improvements in infrastructure, making the site more attractive to future occupiers and accelerating delivery of future growth.
- 13.3 Programmes and interventions proposed under the skills and workforce themes will enable local existing and future workforce to obtain the necessary skills and qualifications to gain employment on site. It is also proposed that work is undertaken to minimise displacement and migration to limit any possible negative impacts on the locality. The delivery of a dedicated training facility will provide a focal point for skills development linked to the advanced manufacturing facility enabling local people to stay locally and gain local employment. The

Council also proposes to work with schools and other education providers to deliver interventions focussing on STEM skills in new and emerging sectors, raising ambitions and identifying new career paths for younger residents. Working with care leavers and those furthest from the labour market is also planned. Specific programmes engaging those currently underrepresented in STEM skills will also be delivered, increasing participation across women, single parents and those furthest from the labour market.

- 13.4 In addition to the strategic infrastructure, improvements to the existing transport infrastructure and active travel measures have also been identified as priorities to be funded through the Locality Investment Plan. The rationale behind it is to make sure the site is accessible by a range of sustainable travel modes whilst accessibility within it will focus on walking, cycling and micro-mobility solutions as supported by the parameters of the LDO. The smart campus vision for the site seeks the foundations for accelerating and transforming growth whilst simultaneously supporting decarbonisation of transport, creating good jobs and realising positive social outcomes for local communities.

14. Social Value

- 14.1 The infrastructure investment priorities identified in the Gravity Locality Investment Plan will deliver significant social value for Somerset. As part of the Skills Charter, which is part of the Gravity LDO, inclusion of local labour and local supply chains will provide opportunities for Somerset residents and businesses. As detailed in the Locality Investment Plan, any business cases submitted for consideration for funding will have to evidence social value implications and describe how wider benefits can be realised using Council's funding. It is also expected that Agratas will work closely with local communities during the delivery of their investment. It is hoped that a regular reporting on socio-economic benefits will be produced to evidence their positive impact on the locality.

15. Scrutiny comments / recommendations:

- 15.1 The proposed decisions have been considered by the Corporate and Resources Scrutiny Committee on 29 May 2024.
- 15.2 The committee agreed the recommendations as detailed within the report published within the agenda.

- 15.3 Scrutiny commented on the complexity of the risk register and the interdependencies between different risk and impacts of externally controlled risks.
- 15.4 Project governance and a need to clearly understand decision-making and a role of local members and residents were also discussed.

16. Background

- 16.1 In March 2024, the Executive approved the creation of the Gravity Executive Sub-Committee to drive the implementation of the Gravity Enterprise Zone. The Sub-Committee's role is to establish investment priorities for the retained business rates uplifts from the site and investment through the Gravity Locality Investment Plan. The Sub-Committee is the Council's main decision-making body ensuring the use of funding attracts investment into the site and delivers the objectives of the Enterprise Zone and Council's priorities, especially those included in the Climate Emergency Strategy and Council Plan 2023-27.
- 16.2 To ensure transparency and accountability, the Sub-Committee's work will be supported by Council Scrutiny Committees and Members and Local Fora, as detailed below. Those groups will monitor and provide feedback on a regular basis to make sure the investment decisions deliver best outcomes for the people of Somerset.

Gravity Locality Investment Plan

- 16.3 The Gravity site has been designated as Enterprise Zone in 2017 for a period of 25 years. The Enterprise Zones are a national policy designed to provide a tool for local authorities to regenerate their areas and promote local growth. The Enterprise Zone status allows the host authorities to retain and reinvest business rates receipts collected from the designated areas to support and accelerate growth, job creation and delivery of new employment land. An Investment Plan is usually developed to outline how the business rates income will be utilised to promote growth and investment.
- 16.4 The realisation of the Gravity Enterprise Zone benefits for Somerset will take place through the investment via the Gravity Locality Investment Plan. The Plan is the Council's funding framework establishing the need for investment, policy objectives, expected outcomes and local benefits realisation. The process will be guided by the best practice principles in deploying the public funding and will

have to comply with laws and regulations concerning public funding, including subsidy control assessment if necessary.

16.5 The Gravity Locality Investment Plan aims to create an environment that is commercially attractive to investors and future occupiers by addressing site's immediate infrastructure needs, offsite improvements, and creating a vehicle for addressing skills and training requirements. The Council has been working closely with both current site owners to understand the site's immediate infrastructure requirements and wider impacts of the development to ensure those are addressed through interventions included in the Plan.

16.6 Following those conversations high level themes have been developed for the Gravity Locality Investment Plan and it is envisaged that capital and revenue projects within those themes will be funded to help deliver the Gravity Enterprise Zone and in particular will respond to the needs of the first occupier, Agratas:

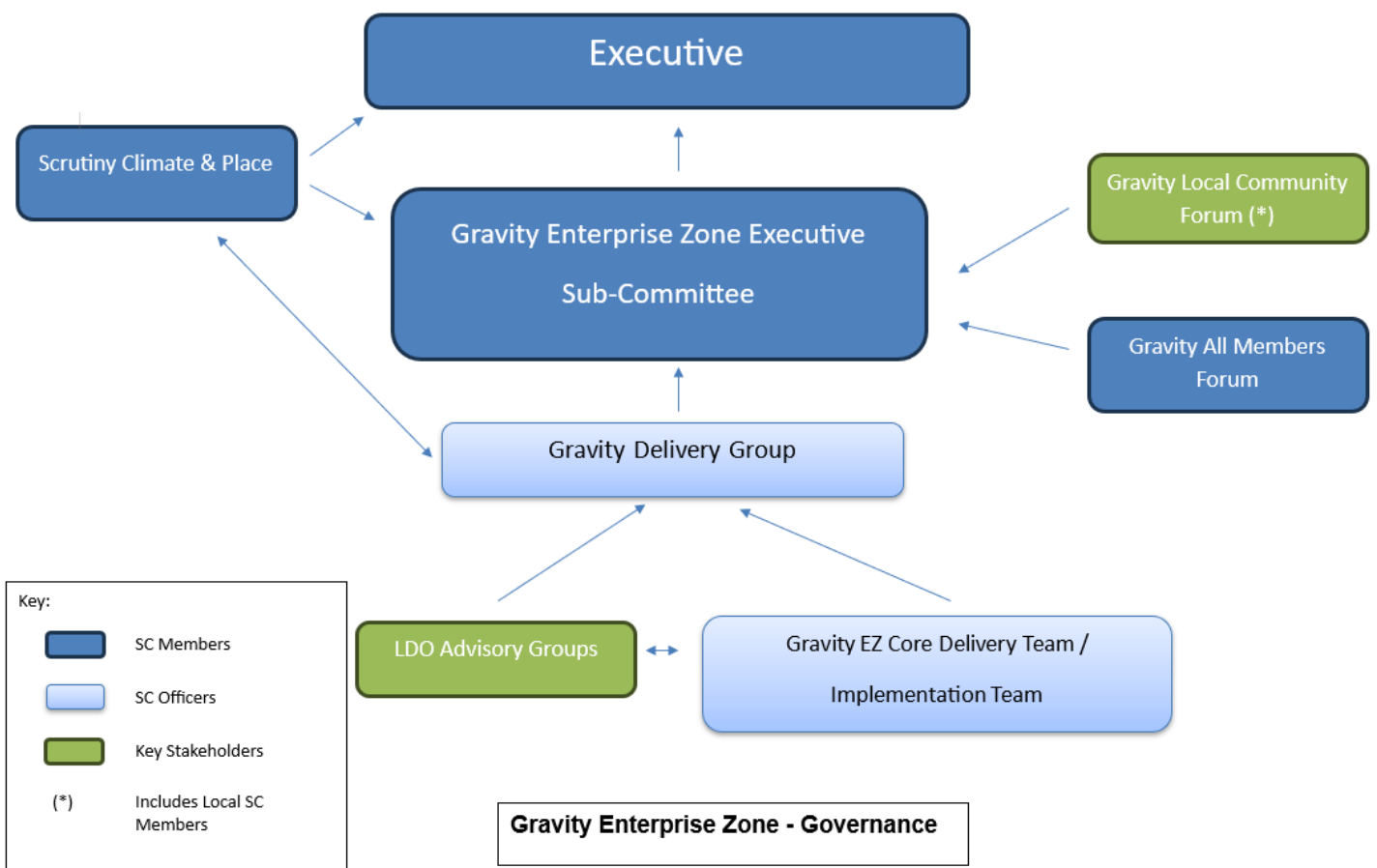
- Strategic site and movement – could include delivery of a spine road connecting Enterprise Way to the south of the site with a new proposed junction on the M5, active travel proposals, improvements to public transport, mobility solutions, reinstatement of a rail link;
- Initial energy connection and infrastructure – work needed to upgrade distribution network to enable temporary energy connection for Agratas' facility, longer term the upgraded connection could serve the rest of the site;
- Workforce development training centre and local skills enhancement programmes – delivery of a training centre to deliver foundation training, technical and vocational courses, outreach programmes, upskilling and retraining projects, advocacy programmes and projects aimed at increasing STEM participation across the underrepresented groups;
- Additional groundworks and/or infrastructure, landscaping and re-wilding – projects addressing abnormal ground conditions, delivery of specific operational infrastructure (e.g. water supply), landscaping and re-wilding, and increased bio-diversity projects;
- Local priorities and natural environment – contributions towards two strategic local infrastructure projects: Bridgwater Tidal Barrier and improvements to the Dunball roundabout.

16.7 Maximising benefit realisation and limiting negative impacts for local people and businesses are vital to the success of the project and to delivery of the Enterprise Zone's objectives.

16.8 The delivery of the Agratas advanced manufacturing facility, that will kick-start the implementation of the Gravity Enterprise Zone through the Locality Investment Plan, is conditional on securing cost-neutrality to the Council's finances. The report presented to the Executive in March 2024 referenced the ongoing discussions with DBT and DLUHC to secure solutions that would ensure the Council's investment to support Agratas' development was financially viable. The Council has made a great progress on both matters, negotiating a set of satisfactory conditions for the revenue grant and submitting a successful business case for the extension of the Enterprise Zone designation. It is expected that both those matters can be officially concluded in the near future.

Detailed Governance and Delivery

16.9 As previously agreed, specific governance arrangements to facilitate delivery of the Gravity Enterprise Zone, as illustrated on an organogram below, have now been put in place to enable decision making and delivery of the project.



16.10 The Gravity Enterprise Zone Executive Sub-Committee has been established as a strategic decision-making body to drive the delivery of the Enterprise Zone. The Sub-Committee's Terms of Reference, agreed by the Executive in May 2024, state that the Sub-committee's functions are to:

- manage the Gravity Locality Investment Plan which will set out priorities and projects needed to maximise the potential of the Gravity Enterprise Zone.
- monitor delivery, risks, outputs and outcomes from the site, both related to overall delivery and site-specific projects.
- oversee and act on feedback and issues raised by Members, stakeholders and local communities through engagement and consultation with the relevant groups and fora.
- 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.
- 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.

16.11 The Sub-Committee is supported by the Gravity Delivery Group, a group of senior decision-makers that have responsibility for day-to-day operations across various workstreams, including LDO compliance, and will act within their delegated authorities to make operational decisions. Support is provided by a core delivery team from across a variety of services (currently being assembled) to expedite delivery and to respond to the procedural, compliance, financial and contract management requirements of delivering the Gravity Enterprise Zone.

16.12 To provide maximum flexibility, whilst ensuring the core tasks have dedicated resources to call upon, the Implementation / Delivery Team will be a mix of staff from the Council employed fully or partly on the project, named representatives of partners and other statutory consultees and call-off arrangements with external consultants and agencies as appropriate/required.

16.13 Whilst it is expected that the advisory LDO Governance Groups (as detailed in the March 2024 Executive Report) will play a part in making recommendations in relation to potential future investment priorities, the Sub-Committee and authorised officers within the Gravity Delivery Group are the only ones that can

make decisions concerning the Gravity Locality Investment Plan and associated financial decisions. However, it is expected that the LDO Advisory Groups will play a part in highlighting potential future investment priorities through their role on the LDO compliance and mitigation processes.

16.14 Acting on feedback received both internally and externally, it has been decided to develop and implement further engagement vehicles to ensure everyone concerned is kept updated and informed about the progress of the project. Any feedback and issues raised through either of those groups will be fed back to the Gravity Enterprise Zone Sub-Committee to act upon as specified in the terms of reference for that Sub-Committee. That engagement will be delivered through two dedicated fora:

- **Gravity All Members Forum** – a regular information and engagement forum for all Somerset Council Members to provide a space for all to stay informed, ask questions and raise issues relating to the project and wider delivery of the Enterprise Zone.
- **Local Community Forum** – A local community forum for local Members, residents, community groups, businesses and key local stakeholders is proposed to be established. The Local Community Forum would have representatives from both site owners – This is Gravity Limited and Agratas (and any future occupiers), alongside Council officers. The Local Community Forum will seek to make sure that there is a forum for the local community to engage with the project and get a holistic update from the relevant stakeholders involved with the delivery of the project. It will also act as a vehicle to raise issues and provide feedback that will be reported back to the Executive Sub-Committee to act upon.

Background Papers

[Gravity - Executive Report.pdf \(somerset.gov.uk\)](#)

[Establishment of the Gravity Enterprise Zone Executive Sub-Committee.pdf \(somerset.gov.uk\)](#)

[Implementation of the Gravity Enterprise Zone via Gravity Locality Investment Plan.pdf \(somerset.gov.uk\)](#)

Appendices

- Appendix A – Gravity Locality Investment Plan May 2024
- Appendix B - Revised Treasury Management Strategy Statement for 2024/25

Assurance checklist

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17.05.2024
Communications	Peter Elliott	17.05.2024
Finance & Procurement	Jason Vaughan/Nicola Hix	14.05.2024
Workforce	Dawn Bettridge	15.05.2024
Asset Management	Oliver Woodhams	17.05.2024
Executive Director / Senior Manager	Mickey Green	13.05.2024
Strategy & Performance	Alyn Jones	17.05.2024
Leader of the Council	Cllr Bill Revans	18.05.2024
Executive Lead Member	Cllr Ros Wyke	19.05.2024
Consulted:		
Local Division Members	Cllr Mark Healey, Cllr Suria Aujla	24.05.2024 (MH)
Opposition Spokesperson	Cllr Mandy Chilcott	17.05.2024
Scrutiny Chair	Cllr Bob Filmer	23.05.2024