

CABINET

AI Growth Zone Collaborative bid May 20th 2025

Report of Chief Executive

PURPOSE OF REPORT				
To seek Cabinet's support for a collaborative bid to Government for an AI Growth Zone in the Lancaster District.				
Key Decision	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/>	Referral from Cabinet Member
Date of notice of forthcoming key decision	NA			
This report is public				
APPENDIX B is exempt				

RECOMMENDATIONS OF Cllr Hamilton- Cox

- (1) That Cabinet supports Lancaster City Council's involvement in the development of a proposal for an AI growth zone in our District.

1.0 Introduction

- 1.1 The UK government is accelerating efforts to build the infrastructure needed to support AI growth. AI Growth Zones will unlock investment in AI-enabled data centres and support infrastructure by improving access to power and providing planning support. This will help drive innovation, create high-skilled jobs, and strengthen the UK's position as a leader in AI.
- 1.2 Applications are invited from:
- **regional and local authorities** in England, Scotland, Wales and Northern Ireland, including city and regional mayors
 - **industry** including data centre developers and energy firms
- 1.3 This Government initiative aligns with the Council's aim for a 'An inclusive and Prosperous Local Economy' and the outcomes of sustainable innovation, sustainable skills and investment and regeneration.

2.0 Proposal Details

- 2.1 There is considerable interest in submitting a collaborative bid for an AI Growth Zone to be located around the Imperial Road site in Heysham.
- 2.2 Earlier in the year a collaboration of partners including, Lancaster City Council, Lancaster University, AQL, Northern Reach, Purple Renewables and Bay Fusion submitted a proposal to Government to ensure that before submitting a formal expression of interest we were clear Government would be interested. This was supported by the MP and several other partners.
- 2.3 From this it was clear that we do meet the Government's criteria which is set out in Appendix A.
- 2.4 Based on this it is proposed that a collaborative proposal is prepared as set out in the Appendix A.
- 2.5 Some capacity will be required to ensure the proposal meets the required criteria. Resource will be required for this. The Council will need to contribute towards this from within existing budgets.
- 2.6 Appendix B (exempt) contains outline technical details that will underpin the proposal

3.0 Details of Consultation

- 3.1 At this stage all that is being submitted is a proposal. Depending on the outcome consultation will take place as appropriate.

4.0 Options and Options Analysis

- 4.1 Supporting the proposal aligns with the Council Plan, supports our local economy and shows leadership in looking to take advantage of an opportunity for our District and the wider region.
- 4.2 Not supporting the proposal will forgo our opportunity to lead for our communities and collaborate with a range of partners.

5.0 Officer Preferred Option (and comments)

- 5.1 That Lancaster City Council continues to work with partners to submit a collaborative proposal

RELATIONSHIP TO POLICY FRAMEWORK
As outlined in the report
CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)
At this stage there is nothing specific to report

LEGAL IMPLICATIONS

There are legal implications for the use and development of Council land for AI related infrastructure. Should the proposal be successful the Council will need to carry out due diligence in relation to the use of land for development (taking appropriate legal advice). The Council will also need to consider issues such as environmental constraints/clean up costs/liability, ecology, planning, building control, subsidy control and procurement.

Legal services (with external support where needed) will need to assist on any development contracts or land transfers/acquisition.

FINANCIAL IMPLICATIONS

Any officer time required to support and develop the collaborative bid, can initially be met from existing resources.

Should any further costs arise then in-house savings would be sought in the first instance and if necessary a request to utilise general fund reserves bid would be required, subject to the correct governance procedures being complied with.

OTHER RESOURCE IMPLICATIONS

Human Resources:

NA

Information Services:

NA

Property:

See Appendix B

Open Spaces:

NA

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments to add.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments to add.

BACKGROUND PAPERS

[Click here and type list of background papers. NOTE: ALL listed background papers MUST be sent to Democratic Services for publication on the Council's website.]

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Ref: [Click here and type Ref, if applicable]

Appendix A

Criteria for applicants

- There are **4** sections that each AIGZ application will be considered against:

- [Technical feasibility](#)
- [Delivery feasibility](#)
- [Local impact](#)
- [Level of government support requested](#)

1. Technical feasibility (criteria)

- This covers:
 - Power availability
 - Water availability and discharge
 - Land availability and area information
 - Planning
 - Connectivity

Power availability

- Sites must demonstrate access to at least 500MW of power capacity by 2030.
- **To demonstrate this**, applicants must provide the following:

- A confirmation letter from National Grid, the National Energy System Operator (NESO) (or the relevant transmission operator) setting out a secured connection agreement or formally allocated capacity, or
- A credible behind-the-meter solution supported by detailed technical documentation (e.g. feasibility studies, supplier Memorandum of Understandings (MoUs), permitting timelines).
- While 500MW by 2030 is the minimum requirement, sites with greater capacity will be viewed favourably.

Water availability and discharge

- Sites must demonstrate sufficient access to water to support at least 500MW of AI infrastructure.
- **To demonstrate this**, applicants must provide written confirmation from the relevant local water supplier. This written confirmation should include:
 - Volumes required and available
 - Infrastructure requirements or constraints
 - Timelines for delivery
- Applicants should also set out plans for managing wastewater discharges, including any necessary permits, infrastructure requirements, and engagement with the relevant regulatory bodies.

Land availability and area information

- Sites must have a minimum of 100 acres of land available for the construction of AI infrastructure by 2028.
- **To demonstrate this**, applicants must provide the following:
 - Title deeds or equivalent proof of ownership/control
 - Site plan/map clearly delineating developable land
 - Where land is not currently developable, a credible and time-bound remediation or enabling works plan, including budget, timeline, and responsible party to enable works by 2028
- While 100 acres is the minimum requirement, sites with greater land availability will be viewed favourably, particularly where this supports long-term scalability and cluster development.
- Note: A remediation plan will be considered more credible if it is agreed by the relevant environmental regulator (e.g., the Environment Agency in England).

Planning

- Sites must either have existing planning permission, or a robust and deliverable plan to secure full planning consent by 2028.
- **To demonstrate this**, applicants must provide the following:
 - A copy of existing planning consent covering the intended use, or
 - A planning pathway document, including:
 - Site status in the Local Plan
 - Pre-application and consultation status
 - Projected submission and decision timeline
 - Risks to delivery and mitigation plan
- Please also include any other relevant information about the area, such as:
 - Relevant economic status (e.g., freeports, investment zones)
 - Relevant local planning authority
- Note: Overlaps with Freeports or Investment Zones will be considered on a case-by-case basis. Sites that fall within these areas must demonstrate clear complementarity.

Connectivity

- Sites with strong, reliable, and readily available digital connectivity will be viewed favourably (fibre and mobile).
- Applicants are encouraged to provide the following as evidence:
 - Network operator letter confirmation of existing fibre and mobile coverage
 - Network operator letter on plans to extend or upgrade connectivity
 - Any relevant commercial or government partnerships

2. Delivery feasibility (criteria)

- This covers:
 - Regional power impact
 - Delivery team and execution
 - Local support

Regional power impact

- Sites located in areas with lower existing grid congestion will be viewed favourably, as they are more likely to support balanced management of overall system demand and supply.

- Applicants are encouraged to provide the following as evidence:
 - a map of local transmission network capacity, or
 - a statement from their network operator, to demonstrate low congestion or headroom availability.

Delivery team and execution

- Applicants must provide initial proposals for their delivery team and execution approach.
- **To demonstrate this**, applicants must provide the following:
 - Team structure and key personnel
 - Role and responsibilities
 - Subcontractor and delivery partner integration
 - Resourcing and continuity plan
 - Risk and contingency planning

Local support

- Applicants must provide evidence of support from relevant local authorities and a willingness to work collaboratively with government and partners to meet ambitious delivery timelines.
- **To demonstrate this**, applicants must provide the following:
 - Letters of support from the relevant local authority/authorities
 - Evidence of engagement with local stakeholders (e.g. LEPs, development corporations)
 - An outline of how the applicant will work with central and local government to meet tight delivery timelines

3. Local impact (criteria)

- This covers:
 - Regional ecosystem impact and development plans
 - Local benefits
 - Low carbon energy solutions

Regional ecosystem impact and development plans

- Sites that can demonstrate how an AI Growth Zone would enhance the surrounding regional innovation ecosystem - including R&D capacity, industrial clusters, academic partnerships and AI employment and business - will be viewed favourably.

- Proposals should set out how the development would strengthen the UK's wider AI economy, build on existing regional strengths, and align with long-term local growth strategies.
- Applicants are encouraged to provide the following as evidence:
 - Existing or planned partnerships with universities or Registered Training Organisation (RTOs)
 - Proximity to AI-relevant clusters (e.g. robotics, semiconductors)
 - Links to local innovation funding or accelerator programmes
 - Alignment with published regional development plans or economic strategies

Local benefits

- Sites that can demonstrate clear and measurable benefits to the local community will be viewed favourably.
- These may include:
 - job creation
 - investment in local infrastructure or community assets
 - delivery of training and education programmes for local residents, and
 - the regeneration of brownfield or underused land
- In assessing local benefits, government may also consider whether the proposed AIGZ displaces or limits other forms of strategically important development on or around the site.
- Applicants are encouraged to provide the following as evidence:
 - Forecast job creation (construction and operational)
 - Commitments to local skills, training, or education delivery
 - Planned investment in community infrastructure or assets
 - Plans for regeneration of brownfield or underused sites

Low carbon energy solutions

- Sites located near land suitable for the development of low-carbon power generation and energy storage infrastructure will be viewed favourably.
- Applicants are encouraged to provide the following as evidence:
 - Existing or planned low carbon generation in the area
 - Available land parcels for low-carbon energy solutions
 - Evidence of engagement with low-carbon energy solutions providers

4. Level of government support requested (criteria)

- Applicants should clearly set out any specific asks of government that would be required to make the proposed AIGZ viable - particularly where these relate to meeting minimum technical requirements or accelerating delivery within the required timeframe.
- This should include:
 - Details of the support requested (e.g. regulatory flexibility, planning assistance, coordination with agencies)
 - The specific barriers the ask is intended to address
 - Delivery timelines that would be unlocked with this support
- Note: government's ability to accelerate power connection timelines is extremely limited. Sites that rely primarily on government intervention to secure or bring forward a grid connection date by a considerable margin are unlikely to be viable.

How to apply

- You can submit an application at any time to aigrowthzones@dsit.gov.uk. Your application should clearly state how you meet the criteria and include supporting evidence.
- Apply by the end of **May 2025** if you wish to be chosen as an AI Growth Zone in the summer of 2025.
- After 1 June 2025, the application process will **stay open** indefinitely.
- If you are not selected as an AI Growth Zone in summer 2025 you can apply again. If you have applied before, and the details of your application have changed substantially, please contact the AI Growth Zone team at aigrowthzones@dsit.gov.uk.