



Report of the Acting Director of Development

Executive Board

Date: 22nd June 2011

Subject: Proposed Aire Valley Leeds Enterprise Zones

Electoral Wards Affected:

City Wide

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

1. In its March budget, the Government announced plans for new Enterprise Zones, including one in Leeds City Region. The Leeds City Region Local Enterprise Partnership (LEP) has invited proposals, and the Council submitted as its core proposal an area of undeveloped land in the Aire Valley totalling some 142 ha. At its meeting on 18th May 2011, the LEP Board determined that four sites be considered further including Aire Valley Leeds. Following further analysis, the LEP board at its meeting on 15th June 2011 determined that the Aire Valley Leeds proposal be submitted to the Government as the Leeds City Region and Enterprise Zone.
2. The proposed Enterprise Zone will need to include the establishment of a simplified planning regime for the area in the form of a Local Development Order.

1.0 Purpose of this report

1.1 This report advises the Executive Board of the submission to the Local Enterprise Partnership Board of the proposal for an Enterprise Zone in Leeds and welcomes the decision of the LEP Board; seeks endorsement to the approach taken and support for further work to deliver an Enterprise Zone in Aire Valley Leeds.

2.0 Background information

2.1 The government announced in its most recent budget, plans for new Enterprise Zones and that a number of Local Enterprise Partnerships, including Leeds City Region LEP would be invited to nominate a site and come forward with proposals.

2.2 Shortly after the Budget the Department for Communities and Local Government (CLG) published the Enterprise Zone prospectus which sets out the Government's ambitions for this programme in the context of its wider plans for economic growth. Enterprise Zones are designed to stimulate business growth and investment and create new jobs through the provision of lower tax levels, reduced planning controls and a lighter regulatory and administrative burden.

2.3 All Enterprise Zones will benefit from:

- a business rate discount worth up to £275,000 per business over a five year period;
- business rates growth within the zone for a period of at least 25 years will be retained by the local area, to support the LEP's economic priorities;
- Government help to develop radically simplified planning approaches for the zone using, for example, existing Local Development Order powers; and
- Government support to ensure that superfast broadband is rolled out throughout the zone, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.

2.4 Government will work with Local Enterprise Partnerships on additional incentives, to suit local circumstances, including consideration of:

- enhanced capital allowances for plant and machinery, in a limited number of cases and subject to State Aid, where there is a strong focus on manufacturing;
- Tax Increment Finance to support the long-term viability of the area; and
- UK Trade and Investment support for inward investment or trade opportunities in the zone.

2.5 At its first board meeting the LEP agreed a process and criteria for the selection of the EZ area. At the following LEP Board meeting on 18th May it considered the submissions received and determined that further consideration of four of the proposals was required. These were Aire Valley Leeds, Bradford City Centre, sites in the M62 corridor Wakefield and a site at Selby. The LEP Board meeting on 15th June recommended that the Leeds proposal for the Aire Valley Leeds be submitted to Government as the City Region's Enterprise Zone.

2.6 The prospect of an Enterprise Zone in Leeds presents a significant opportunity to deliver economic growth that will have a major impact on the City's and the City Region's economy. An Enterprise Zone not only affords economic growth opportunities in the Zone itself, but also the potential for a catalytic effect in adjacent areas.

3.0 Main issues

- 3.1 The key part of the Government's proposal is the ability of the designated EZ to generate new business rates in the first 3 years of its operation. Government has stated that authorities will be able to retain this rate increase for 25 years to support priorities across the LEP areas.
- 3.2 Government guidance recommends that simplified planning processes should be a key element of Enterprise Zones, and has suggested that these can be put in place using a Local Development Order (LDO). Officers have begun to consider what a simplified planning regime may look like and urgent discussions will be required with Members and stakeholders.
- 3.3 LDOs are not new but have been little used to date. The process for their introduction is set out in regulations. It will be necessary to clearly define the type of development that will be permitted, to set out the policies that the LDO is intended to implement and to define the area to which it applies. It should be noted that the Council may decide that the LDO should cover a wider area than the EZ itself, stimulating interest in the wider Aire Valley.
- 3.4 A draft LDO will need to be prepared for consultation following approval by Executive Board. Consultation must last a minimum of 28 days and must include statutory consultees who would otherwise have been consulted on a planning application. LDOs are not subject to public examination but must be submitted to the Secretary of State prior to adoption.
- 3.5 The Council will also need to consider what additional measures it feels are appropriate to attract sustainable jobs and investment to the area (see 2.4 above). For example should the rate relief offered be targeted on specific sectors or types of business and should we be requesting a change in the rules to enable tax incentives for capital investment in research and development, plant and machinery. The Council will also want to encourage skills development by working with local colleges and Employment Leeds.
- 3.6 A number of sites were assessed for their suitability and fit with the Government's Enterprise Zone criteria. Sites at Holbeck Urban Village, Leeds Bradford Airport, Thorp Arch, Kirkstall Forge and South Leeds had initial desk based investigations carried out. These sites have been largely ruled out, as they do not provide the scale required to maximize the impact of an Enterprise Zone.
- 3.7 It is sites in Aire Valley Leeds which are considered to present the most deliverable opportunity (see attached plan). There is a significant area of land that can be brought forward in the short term and it is of course the major area of opportunity in Leeds and the wider city region. Considerable work has already been undertaken in developing proposals for Aire Valley Leeds in connection with the use of Tax Increment Financing (TIF) which the Government continues to support. The proposal for an Enterprise Zone in the Aire Valley which was submitted to the LEP is included with Members' agenda papers and available upon request from the clerk named on the front of the agenda.
- 3.8 It should also be noted that the Chamber of Commerce has written to the Council proposing an Enterprise Zone for Leeds comprising the Aire Valley and Thorpe Park. This has been given consideration, and whilst the Council's core bid is for the Aire Valley Leeds, it did suggest to the LEP Board a variant comprising sites in the Aire Valley and at Thorpe Park. Further proposals have also been submitted to the

Council promoting the West End area of Leeds as an Enterprise Zone and observations have been made by the Leeds Sustainable Development Group suggesting that “City Centre South” be designated as an Enterprise Zone. The LEP Board has been made aware of these proposals. The LEP Board did consider the designation of a number of different sites across the city region but given Government guidance felt that in the first instance a single contiguous area which is also a “clean” site would be most appropriate, they also gave significant weight to the economic impact of the proposal on the city-region. As indicated in 3.6 it was the Council’s view that sites in the Aire Valley provided the only contiguous area of a scale which met Government Guidance (up to 150 ha) and thereby maximised the impact of the EZ and the potential financial return.

- 3.9 Executive Board should note that the Government has reserved the approval of the terms of the individual Enterprise Zone proposals and have requested a business case for the LEP’s preferred site. It is anticipated that this will be submitted over the summer period.

4.0 Implications for Council Policy and Governance

- 4.1 The designation of part of the Aire Valley as an Enterprise Zone will contribute in particular to the Sustainable Economy and Culture Corporate Priority Plan.
- 4.2 The Aire Valley is a key priority for the Council and its partners The focus resulting from Enterprise Zones status will help reduce the chance that the area does not attract the investment and development that will bring jobs and the additional business rates that the Council will be able to keep to help fund LEP priorities.
- 4.3 There are no specific issues arising from the submission of the Enterprise Zone proposal although an Equality Impact Assessment will be required for any new planning policy.
- 4.4 Consultation has taken place on the submission of the proposal with the Leader and Executive Member. Further consultation will be required regarding the establishment of a Local Development Order (see 3.2-5)

5.0 Legal and Resource Implications

- 5.1 Consideration will need to be given to the process of agreeing and adopting the new planning policy associated with the Local Development Order.
- 5.2 The development and submission of the full proposal to the Government will be contained within existing resources. At this stage it is not clear what the resource implications relating to the operation of the Enterprise Zone will be, though it is not thought they will be significant.

6.0 Conclusions

- 6.1 The designation of Aire Valley Leeds as an enterprise zone is a significant boost to the development of the area as a key economic driver providing future growth and jobs for the Leeds City Region. Business must now seize the opportunity to invest and grow.

7.0 Recommendations

- 7.1 That Executive Board welcomes the recommendation of the LEP Board and agrees to the further Development of the Aire Valley Leeds Enterprise Zone proposal for submission to Government.
- 7.2 That Executive Board agrees to the preparation of a Local Development Order, the details of which are to be reported to the Board for approval.

8.0 Background documents

- (i) Enterprise Zone Prospectus, Department of Communities and Local Government