
REPORT TO:	Environmental & Development Services Committee	AGENDA ITEM: 9
DATE OF MEETING:	27 th May 2003	CATEGORY: DELEGATED/
REPORT FROM:	Chief Executive	OPEN
MEMBERS' CONTACT POINT:	David Soanes ext 5714	DOC:
SUBJECT:	New-generation Enterprise Zones	REF:
WARD(S) AFFECTED:	Swadlincote	TERMS OF REFERENCE: ES10

1.0 Recommendations

- 1.1 That Members confirm whether they wish to support the Alliance for Regional Aid's campaign for new generation Enterprise Zones, including lobbying the government and other organisations as requested.
- 1.2 That Members confirm whether they are happy to support the inclusion of Tetron Point and Cadley Hill Industrial Estate as a potential new generation Enterprise Zone, or possibly part of a wider zone with sites in Burton.

2.0 Purpose of Report

- 2.1 To advise Members of the campaign being undertaken by the Alliance for Regional Aid to obtain a successor to Enterprise Zones (EZ's), seek Members views on their willingness to support this campaign as requested, and seek confirmation that Members are happy to support the inclusion of Tetron Point and Cadley Hill Industrial Estate as a potential new generation EZ (possibly together with sites in Burton).

3.0 Detail

- 3.1 The Alliance for Regional Aid (ARA) acts as the collective voice of local authorities in Britain's traditional industrial areas. It brings together four local authority associations—Coalfield Communities Campaign, Leading Action for Textiles, Clothing and Footwear, Steel Action and the UK wing of the European Industrial Regions Association. The associations include around 140 local authorities covering the vast majority of the industrial areas of Northern England, the Midlands, Scotland and Wales. These are the principal areas targeted by the Government's regional policies.
- 3.2 They are campaigning, including lobbying the Government, for a successor to Enterprise Zones (EZ's) which are local areas where specific additional incentives to investment and job creation are available. EZ's are designated in areas that experience job loss or unemployment, or where development has hitherto been slow

to take off. A range of incentives are available to property developers as well as to the end-users of new buildings.

- 3.3 The first round of 11 enterprise zones were developed in 1981/1982, with a 10 year life. After the success of these, there was a second round of 14 new and 2 extended zones in 1983/84. There were more new zones set up in late 80's and mid 90's with some minor adjustments to tax regulation. More recent Zones in the East Midlands are Sherwood Park, Annersley; Crown Farm; Manton Wood & Holmwood – all in the North Nottinghamshire/North East Derbyshire area. However, Current Government policy only supports the creation of new Enterprise Zones in exceptional circumstances.
- 3.4 EZ's have encouraged private sector activity to create jobs and bring derelict land back into use by removing certain tax burdens and by relaxing or speeding up the application of statutory or administrative controls. The EZ tool is ideal for kick-starting development and job creation in the places where it is most needed. As well as fostering the growth of local firms, EZ's act as a magnet for mobile investment from elsewhere in Britain and abroad. However, they have not been without problems. Sometimes, they encouraged boundary-hopping, especially in and around major urban areas. Sometimes the relaxed planning controls led to inappropriate retail development.
- 3.5 The ARA believe that a successor to EZ's is required. There is still a large problem of joblessness in parts of Britain, particularly in older industrial areas. If this is to be reduced, efforts to raise the level of skills and training of the workforce must be complemented by the creation of new jobs for people to move into. Where there are market failures, resulting in existing development sites which are attracting little interest, there may be a need for incentives to make investment attractive to the private sector.
- 3.6 A successor to EZ's needs to build upon the successful features of the old EZ regime and discard the weaknesses. The sorts of incentives that might be considered include:
 - Allowances against Corporation Tax for capital investment in land and buildings
 - A rate free holiday or reduction in Business Rates
 - Abolition of stamp duty on commercial property transactions
 - Reductions in employers' National Insurance contributions.

A combination of incentives is required. Capital allowances have arguably been the single most powerful incentive to development in the existing EZ's. The present 10 year holiday from business rates is the flagship marketing tool.

Second, there need to be safeguards to ensure that the incentives are not wasted. This needs to involve the creation of a new 'qualifying gateway'.

- Only firms that are generating new jobs for the area should qualify for support. Local 'boundary-hoppers' would be disqualified.
- Incentives should be offered only to desirable types of development. Large-scale retailing for example, which often damages existing local centres, could be made ineligible.

A qualifying gateway of this kind would overcome the principal shortcomings of the old EZ regime.

The issues relating to the relaxation of planning controls need to be clarified. This is an area that may cause Members some concern.

3.7 As members of the Coalfield Communities Campaign, the ARA originally contacted the Council in July 2002, asking it to identify specific sites that might be appropriate for new-generation Enterprise Zones i.e which were:

- Large enough to accommodate several thousand new jobs
- Ready for development
- In or near an area of proven economic need
- In a location where development is unlikely to take off without additional support

3.8 Although Swadlincote would not be categorised as an area of proven economic need, the area encompassing Tetron Point, Cadley Hill Industrial Estate (on which there are some undeveloped areas) and the local plan allocation to the south of Cadley Hill was initially suggested as a possible site, and has been included in a booklet identifying 39 potential sites (copies are available from the Economic Development Manager).

3.9 Since then the new local plan has removed the allocation south of Cadley Hill and Bison have taken a large section of Tetron Point. It is therefore unlikely that the remaining area would be large enough to be an EZ in its own right.

However, East Staffordshire Borough Council have also put forward Land south of Branston / Centrum West as a proposal. There may be an opportunity to look at these sites together as a single EZ.

3.10 Since preparing the booklet, the ARA have requested that we do the following:

- Bring the unfolding campaign on the successor to Enterprise Zones to Members attention so that they are fully in the picture
- Convey our support to our local MP and encourage him to make representations to ministers, particularly the Chancellor. The ARA have written directly to Mark Todd.
- Convey our support to the local Regional Assembly / RDA
- Seek to secure the support of local partners, through our local strategic partnership
- Write directly to the Chancellor to express our support

3.11 Members are asked to confirm firstly whether they wish to express their support for the principle of a successor to EZ's in the manner requested by the ARA, and secondly whether they wish to support the inclusion of Tetron Point and Cadley Hill Industrial Estate as a potential new generation EZ, possibly joining with sites in Burton to create a sufficiently large area.

3.12 At this stage there has been no discussion with the landowners. This would take place at a later point once it is clearer whether the campaign is likely to be fruitful.

4.0 Financial Implications

4.1 No initial implications envisaged

5.0 Corporate Implications

5.1 Depending on the agreed features of EZ's, there may need to be a relaxation of planning policy.

6.0 Community Implications

6.1 The designation of EZ status for Tetron Point and Cadley Hill industrial estate could assist with redevelopment and the creation of large numbers of jobs.

7.0 Conclusions

7.1 The campaign for a successor to Enterprise Zones certainly appears to have its merits in terms of the benefits which such a designation can bring. However, there may also be other issues, such as relaxation of planning policy, which cause more concern.

7.2 Members are asked to confirm whether they wish to support the principle of new generation EZ's, and their wish to lobby the government and others as requested by the ARA. They are also asked to confirm their support for the inclusion of Tetron Point and Cadley Hill Industrial Estate as a potential EZ, possibly joining with sites in Burton to create a sufficiently large area.

8.0 Background Papers

8.1 The booklet "A Successor to Enterprise Zones" produced by the Alliance for Regional Aid.