

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting14th July 2011

1. Title of Item/Report

Enterprise Zone Proposal

2. Record of the Decision

Members considered a report relating to the Stockton element of the Tees Valley Enterprise Zone proposal submitted to Government.

Members were reminded that, in March, the Government announced that the Tees Valley area would be one of the eleven areas awarded an Enterprise Zone to stimulate business and job growth in the private sector.

Guidance issued by the Government made it clear that the Government wanted the new wave of Enterprise Zones to be different from previous models particularly in respect of preventing displacement.

The Guidance also set out the financial benefits to be gained through the Enterprise Zone of which perhaps the most important in terms of business rates was the ability to retain them within the area for 25 years to support reinvestment in the local economic infrastructure. The business rate discount would be worth up to £275,000 per business over a five year period. Of even greater significance for Tees Valley area was the single sentence about enhanced Capital Allowances for plant and machinery in certain cases although the value or details were not yet known.

The desired outcome to be obtained from the Enterprise Zone initiative in the Tees Valley area would be to stimulate private sector growth in accordance with the key priorities of economic development set out in Tees Valley Unlimited's Statement of Ambition to create a high value low carbon economy and a more diverse and inclusive economy for the area. Given the complexity of considering what sites were best suited to provide the outcomes identified and meet the guiding principles established Savills were appointed to assist with this exercise.

This approach has resulted in the recommendation of multiple sites to form the Enterprise Zone rather than a simple one-site proposal. The

sites produced a combination of incentives under the three elements of business rate incentive, capital allowances and tax incentive finance (TIF) schemes. Savills had produced a plan that showed the sites and a copy of this was provided.

Sites totalling 170 hectares were being put forward under the business rate incentive including five hectares at Northshore for the digital sector and 18 hectares at Belasis Hall Technology Park for the biotechnology related industries. The discount subsidised by Government would be retained by TVU and the local authorities for local reinvestment. Sites totalling 679 hectares are being put forward to benefit from Capital Allowances including 25 hectares at Haverton Hill for renewable energy production, and 65 hectares at the New Energy and Technology Park (Reclamation Pond), 165 acres at Seal Sands and 27 acres at Lucite for petrochemical industries. This would provide financial assistance for companies making capital investment, making these sites even more attractive for inward investment by major industrial enterprises. In addition approval will be sought for six TIF areas across 244 hectares including 30 hectares at Billingham North and 35 hectares at Billingham South for petrochemicals industries, and 9 hectares Billingham Reach and 18 hectares at Port Clarence renewal energy production. This incentive allowed growth in business rates to fund current infrastructure improvements.

Members noted that matters still to be resolved include how to prevent displacement and distortion of the market. Further consideration would be given to the governance and management arrangements to operate the Enterprise Zone and the ability to agree, through land ownership/management, only occupation which met the definitions of permitted uses/activities. Discussion with private landowners would be undertaken about sharing uplift in land value and investment in infrastructure to support future growth.

Further consideration was also required on the appropriate governance arrangements required to oversee the additional funding the Enterprise Zone regime would provide (through the equivalent business rate relief being paid to Tees Valley by Government).

There was also a National Review of the system for Local Government Finance and further details were expected towards the end of July. A key element of the review was some form of localisation of Business Rates with incentives for Local Authorities to retain Business Rate Growth. The Council would need to understand the proposed system for Local Government Finance and the potential impact of Enterprise Zones before any proposal was finalised.

The Tees Valley proposal was submitted to the Government following final approval by the TVU Leadership Board on 28th June 2011.

Further detailed reports would be brought to Members once a decision from the Government had been received and member decisions were required, particularly around finance.

RESOLVED that the content of the report including the details of the sites located in Stockton Borough which had been included in the Tees Valley Enterprise Zone proposal be noted.

3. Reasons for the Decision

To ensure members are aware of the Enterprise Zone proposal submitted to Government and the sites located in Stockton Borough. Further reports will be submitted following Government approval as member decisions are required particularly around finance.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

None

6. Details of any Dispensations

Not applicable

7. Date and Time by which Call In must be executed

Not later than Midnight on Friday 22 July 2011

Proper Officer
18 July 2011