

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

14th July 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Regeneration & Transport – Lead Cabinet Member – Councillor Smith

ENTERPRISE ZONE PROPOSAL

1. Summary

This report is to inform Members of the Stockton element of the Tees Valley Enterprise Zone proposal submitted to Government. It lists the sites within the Borough which are recommended for inclusion in the zone and the target sectors for these sites.

2. Recommendations

Members are recommended to note the content of this report including the details of the sites located in Stockton Borough which have been included in the Tees Valley Enterprise Zone proposal.

3. Reasons for the Recommendations/Decision(s)

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. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same

purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;

- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

AGENDA ITEM

REPORT TO CABINET

14th July 2011

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

ENTERPRISE ZONE PROPOSAL

SUMMARY

This report is to inform Members of the Stockton element of the Enterprise Zone proposal submitted to Government.

RECOMMENDATIONS

Members are recommended to note the content of the report and the sites located in Stockton Borough which have been included in the Tees Valley Enterprise Zone proposal.

DETAIL

1. 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.
2. Guidance issued by the Government makes it clear that the Government wants the new wave of Enterprise Zones to be different from previous models particularly in respect of preventing displacement i.e. businesses moving within an area solely to obtain financial relief. Successful areas are encouraged to concentrate upon the opportunities that their particular locality has and ensure that the sectors identified have a real strategic fit with the economic development aspirations and policies of the area to ensure long-term viability.
3. The Guidance also sets out the financial benefits to be gained through the Enterprise Zone of which perhaps the most important in terms of business rates is 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 is the single sentence about enhanced Capital Allowances for plant and machinery in certain cases although the value or details are not yet known.
4. 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.

5. This approach has resulted in the recommendation of multiple sites to form the Enterprise Zone rather than a simple one-site proposal. The sites produce a combination of incentives under the three elements of business rate incentive, capital allowances and tax incentive finance (TIF) schemes. Savills have produced a plan that shows the sites and a copy of this is attached to this report as Appendix 1.
6. Sites totalling 170 hectares are 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 allows growth in business rates to fund current infrastructure improvements.
7. Matters still to be resolved include how to prevent displacement and distortion of the market. Further consideration will 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 meets the definitions of permitted uses/activities. Discussion with private landowners will be undertaken about sharing uplift in land value and investment in infrastructure to support future growth.
8. Further consideration is also required on the appropriate governance arrangements required to oversee the additional funding the Enterprise Zone regime will provide (through the equivalent business rate relief being paid to Tees Valley by Government).
9. There is also a National Review of the system for Local Government Finance and further details are expected towards the end of July. A key element of the review is some form of localisation of Business Rates with incentives for Local Authorities to retain Business Rate Growth. The Council will need to understand the proposed system for Local Government Finance and the potential impact of Enterprise Zones before any proposal is finalised.
10. The Tees Valley proposal was submitted to the Government following final approval by the TVU Leadership Board on 28th June 2011.
11. Further detailed reports will be brought to Members once a decision from the Government has been received and member decisions are required particularly around finance.

FINANCIAL IMPLICATIONS

12. The financial implications will be assessed once there is further clarity around the review of Local Government Finance and the operation of the Enterprise Zones.

LEGAL IMPLICATIONS

13. At this stage there are no legal implications from this report.

RISK ASSESSMENT

14. A risk assessment has not been undertaken at this stage as this report is for information only and the Enterprise Zone proposal is subject to a decision by Government.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

15. The Enterprise Zone proposal would impact positively on the key policy platforms of the Sustainable Community Strategy in the following ways:-

Economic Regeneration & Transport - the Enterprise Zone proposal will help strengthen the local economy and will support the creation of new businesses and enable more people to find employment.

Children and Young People - the proposal would create future employment opportunities for children and young people

Safer Communities – more employment opportunities are likely to contribute to a reduction in the propensity of people to commit crime.

Health and Wellbeing – enabling more people to find employment will improve people's wellbeing.

Environment and Housing – the development of the identified sites in the proposal would improve the environment of the Borough

EQUALITIES IMPACT ASSESSMENT

16. This report is not subject to an Equality Impact Assessment because it is for information only.

CONSULTATION INCLUDING WARD/COUNCILLORS

17. There has been consultation with the public via the media and the Council's website, with major businesses, landowners and business representative organisations, Directors of Regeneration, Chief Executives and the TVU Leadership Board.

Name of Contact Officer: Annette Nylund

Post Title: Business Development Officer

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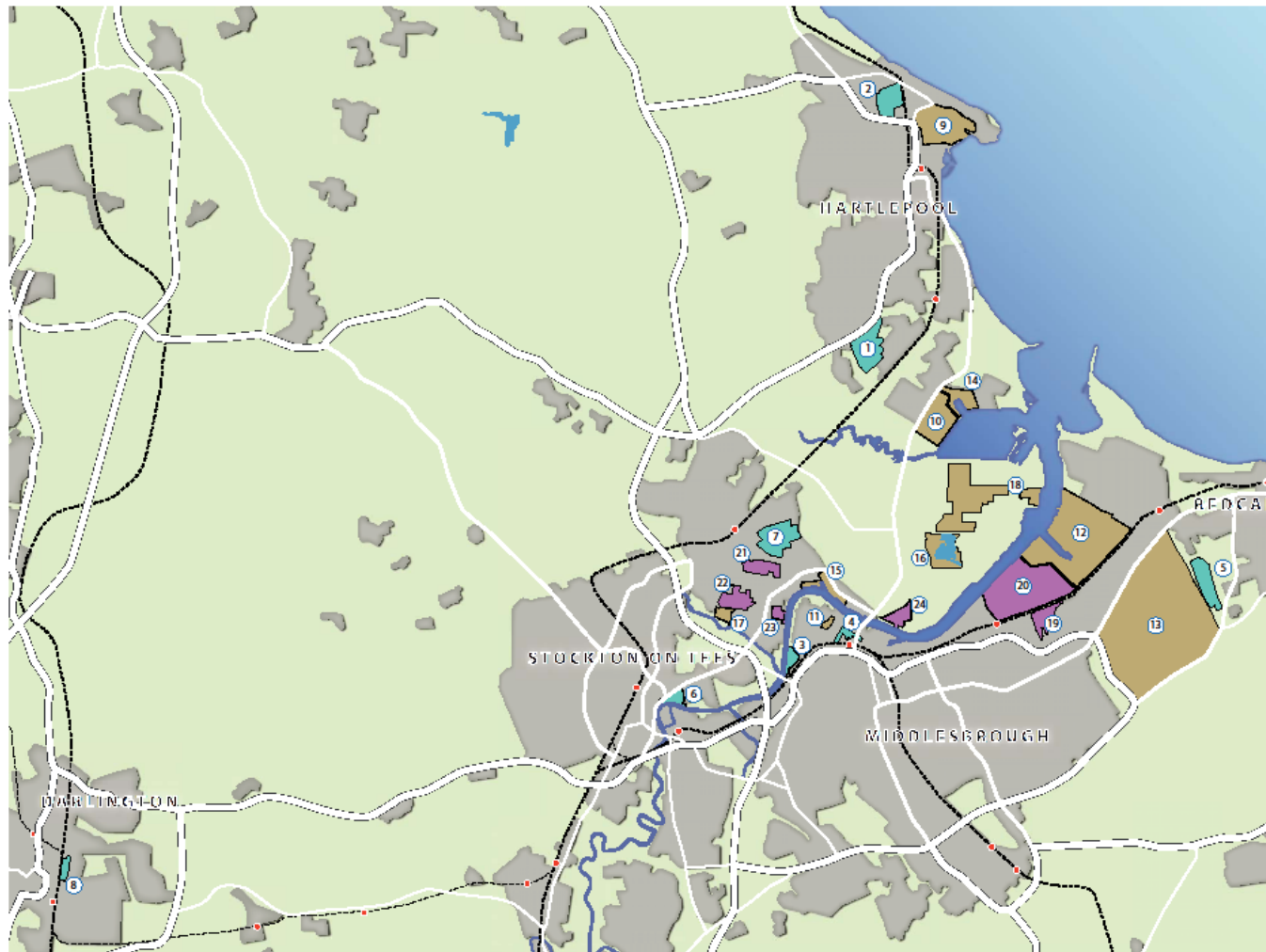
Email Address: Annette.nylund@stockton.gov.uk

Education related? No

Background Papers Enterprise Zone Prospectus, TVU Leadership Board Enterprise Zone Proposal Report 8th June 2011

Ward(s) and Ward Councillors: Billingham East- Councillors Cunningham & Stoker; Billingham South – Councillors O'Donnell & Smith; Stockton Town Centre – Councillors Coleman & Kirton

Property There are no direct implications in relation to the Council's property



KEY

Business Rate Discount Sites

- 1 Queen's Meadow
- 2 Oakesway
- 3 South West Iron Masters
- 4 St Hilda's
- 5 Kirkleatham
- 6 North Shore
- 7 Belasis Hall Tech Park
- 8 Darlington Central

Capital Allowances (without TIF)

- 9 Port Estates
- 10 Huntsman
- 11 Riverside
- 12 PD Ports
- 13 Wilton
- 14 Able Seaton
- 15 Haverton Hill
- 16 New Energy & Tech Park
- 17 Lucite
- 18 Seal Sands

Capital Allowances (with TIF)

- 19 Prairie Site
- 20 South Bank Wharf
- 21 Billingham North
- 22 Billingham South
- 23 Billingham Reach
- 24 Port Clarence

Tees Valley Enterprise Zone

on behalf of Tees Valley Unlimited

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 scale NTS
 drawn by KS
 checked by JA

drawing Site Locations
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