

**ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS**

<b>1.</b>	<b>Meeting:</b>	<b>Cabinet Member for Town Centre, Economic Growth and Prosperity</b>
<b>2.</b>	<b>Date:</b>	<b>5 March 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Enterprise Zone sites within Rotherham and proposed Local Development Orders</b>
<b>4.</b>	<b>Directorate:</b>	<b>Environment and Development Services</b>

## **5. Summary**

The report details the Enterprise Zone status for specific sites within Rotherham and seeks approval for commencement of public consultation, on the draft Local Development Orders on 3 sites within the Borough, during March / April 2012.

## **6. Recommendations**

**i) Cabinet Member approves the publication of the 3 draft Local Development Orders for public consultation.**

**ii) that, subject to no modifications being required, following the consultation process the LDO's are submitted to the Secretary of State for confirmation.**

## 7. Proposals and Details

The Sheffield City Region Enterprise Zone was designated by the Government last year to encourage investment in key regeneration areas of the City Region and will be operational from April 2012.

The SCR Local Enterprise Partnership (LEP) was asked to identify a site within the city region to be given “enterprise zone” status. The LEP assessed a number of sites (including the Dearne Valley and sites in the south of the borough) against the following criteria: -

1. Potential to deliver economic growth (GVA) and job creation (GVA) through growth in priority sectors (including manufacturing, low carbon, creative and digital, healthcare technology, all vital for the UK’s future economic growth)
2. Deliverability (e.g. involvement of partners, availability of “oven ready” sites)
3. Ability to generate a source of income which will deliver benefits across the SCR (e.g. income from business rates)

The LEP agreed to proceed with an enterprise zone along the M1 corridor, focused around the Advanced Manufacturing Park, Templeborough and the Lower Don Valley. The decision was based on use of Enterprise Zone status to designate a Modern Manufacturing and Technology Growth Area (MMTGA) which reflects the reality of the SCR economy, removes a number of barriers to investment and growth and is spatially clustered around a number of the city region’s key advanced manufacturing and related technology assets.

The selection of this Enterprise Zone, represents a varied, yet cohesive offer of development opportunities, giving businesses (those starting up, expanding or inward investors) the choice of quality, size and type of space they need. The zone offers: -

- Sites across a range of sizes, with some larger sites of between 20-30 hectares
- A range of property tenures and sizes, particularly larger units in excess of 2000sqm
- A mix of ‘industry only’ (including warehousing), hybrid and office sites
- A choice of newly built premises or ‘development-ready’ sites affording greater flexibility for bespoke requirements.

The city region has strong ambitions to build on its key sectoral assets, particularly in advanced manufacturing where it is considered we can offer the UK a world-beating internationally significant capability. The strength of this proposal is that no other geographic area in the UK can offer the unique capabilities and foundations that the Sheffield Rotherham Economic Corridor can and that this strength can be used to stimulate growth in other parts of the city region. The combination of companies already established, or committed to the area, offer established routes to international markets for other SME’s, through supply chains, helping them establish long term business and underpinning the creation of wealth and long term

employment. Its unique capability is that of materials technology and engineering components that are critical to many other areas of the UK through supply to their OEMs (Original Equipment Manufacturers) in aerospace, power generation, oil & gas, medical, automotive, etc.

Attached at **Appendix 1** is an overview map which shows all the sites that form the Enterprise Zone (EZ) and indicates which are approved for Business Rate Relief (BRR) and which are Enhanced Capital Allowance sites/ areas.

## **Enterprise Zone Incentives**

### **Enterprise Zones Offer the following incentives**

**A “business rates holiday” to qualifying businesses in the zone** - 100 per cent business rate discount over a five year period up to state aid de minimis levels for businesses that move into an Enterprise Zone before April 2015.

**Enhanced capital allowances against tax liability** – 3 x £100 million capital allowances against tax at 100% of eligible expenditure on plant and machinery. The government has agreed some flexibility to negotiate breaking the allowances down to support a larger number of smaller investments e.g. 2 x £100 million + 2 x £50 million.

**Local retention of business rate growth** – the LEP will retain all business rates growth within the zone for a period of at least 25 years – starting from 2013/14 – to support the delivery of economic priorities for the LEP area as a whole.

**Government support for investment in “superfast broadband” throughout the Enterprise Zone** – details on how this will be delivered are awaited.

### **Simplified planning -**

Rotherham has two geographical areas where BRR sites are located within the Enterprise Zone (totalling 19.92ha) the first at the Advanced Manufacturing Park / Waverley and the second at Templeborough. The individual sites are marked on the plan attached at **Appendix 1**.

One of the conditions of Government designating the Enterprise Zone is to ensure simplified planning arrangements are put in place. Through the LEP the 6 Local Authorities involved have agreed to provide a simplified and unified approach to planning across the Sheffield City Region by way of a Memorandum of Understanding. The MoU supports the vision of the Sheffield City Region Enterprise Zone across all the sites and sets out the simplified planning arrangements to be put in place in each of the Authorities.

For the Rotherham Business Rates Relief (BRR) sites it is proposed that the simplified planning mechanism most appropriate is the Local Development Order process (LDO) which sets out parameters for development which can take place without the need for formal planning consent.

An LDO offers a quick and cost effective route for developers through the Planning system. It, in effect, grants conditional planning permission for certain specific uses which meet the criteria set out within it. The LDO is aimed at delivering the advanced manufacturing and technology uses that the Sheffield- Rotherham element of the EZ promotes.

The 3 sites are the Advanced Manufacturing Park (AMP) at Waverley, Grange Lane at Templebrough and Magna 34 at Templebrough. Assessment of these sites has been carried out: their suitability for the proposed (advanced manufacturing) uses; compliance with national and local policy; any mitigation required by way of legal agreement and a scheme of conditions drawn up to ensure that the proposed use to be carried out on site will be done so in an acceptable way. So far informal consultation has been carried out with internal and then external statutory consultees and the landowners to draw up consultation drafts of the LDO's for each site.

The next stage in the legal process is formal public consultation process and, in the same way as publicity for a planning application, the LDO's must be published and statutory consultees notified for a period of 28 days.

The EZ generally and the LDO's in particular will encourage the location and expansion of business and therefore assist to regenerate the Borough and create employment in advanced manufacturing and technology sectors.

## **8. Finance**

The EZ will have a positive economic impact on the Borough but the immediate financial effect to be considered is that, as development taking place under the LDO's does not have to pay a planning fee. It has been estimated that if the BRR sites are developed via the LDO there will be a loss of approximately £170,000 of planning fees.

The Localism Act gives local authorities the power to offer business rates discounts which must be funded locally. Billing authorities will be able to grant business rate discounts as they see fit, and will fund these themselves. However, in the case of Enterprise Zones, central Government will reimburse the costs of the discount given to businesses in the zone, provided the discount was granted in the specified circumstances.

The specified circumstances are that central government will reimburse the costs of providing up to a 100% discount for 5 years up to the state aid de minimis threshold for businesses that enter an Enterprise Zone by 31 March 2015, e.g. if a business enters a zone on 31 March 2015, it will receive the discount (subject to de minimis) until 30 March 2020. Government will reimburse the costs of business rates discounts to all businesses within the defined area of the zone, including any businesses already located in the zone on April 1<sup>st</sup> 2012

Reimbursing the costs

2012/13

Generally, under current legislation, billing authorities pay the business rates that they collect into the central rating pool. As mentioned above, authorities will fund local discounts themselves and therefore will still have to contribute the costs of the discount to the pool in 2012/13. For 2012/13, the government will reimburse the costs of the Enterprise Zones discount by an amendment to the annual Contribution Regulations which govern authority contributions to the pool. The amendment will ensure that authorities can offset the cost of providing the discount against their contribution to the pool where they have granted the discount in the specified circumstances.

*2013/14 and onwards*

The method of reimbursement will need to be different for 2013-14 and onwards to fit in with the new system of business rates retention. The government is proposing that the cost of the discount is captured on the relevant billing authorities' end of year outturn forms (similar to the current NNDR3). On receipt of the outturn the government will provide a payment to cover the cost of the discount. Therefore, for example, the cost of the discount in 2013-14, would be reimbursed in mid 2014.

## **9. Risks and Uncertainties**

The alternative approach is not to put in place the LDOs and let the developments be considered through the usual planning application route. However Rotherham MBC has been fully engaged in the Enterprise Zone process to date and the Government has recommended that simplified planning be put in place to ensure EZ status and to speed up development of Advanced Manufacturing and Technology businesses in these specific areas.

The wider areas of the EZ (the ECA areas) will not be covered by LDO's and therefore proposed development will have to go through the usual planning process. It has been agreed that the simplified planning arrangements in these areas will include: making pre-application advice available; having a single point of contact and the opportunity for developers to enter into Planning Performance agreements etc thereby making the process as efficient as possible.

## **10. Policy and Performance Agenda Implications**

The EZ will contribute to delivering the following Corporate Plan outcomes:- "more successful new businesses"; "higher paid jobs"; "more people are in work"; and "the gap in average earnings is reduced".

## **11. Background Papers and Consultation**

**The 3 draft LDO documents and the reasons (attached for information).**

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