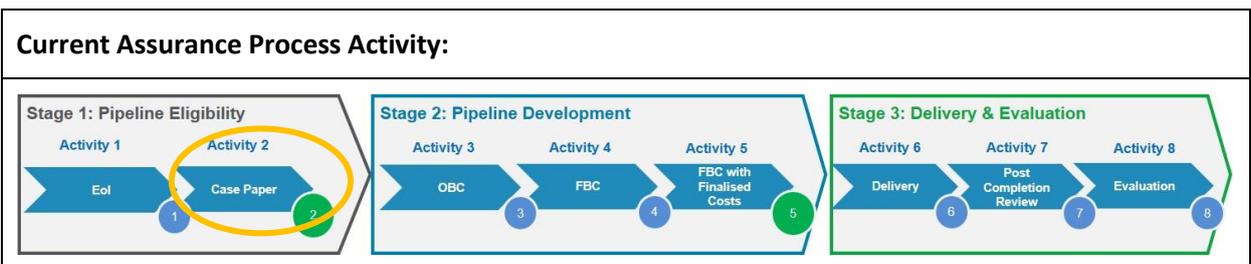


Scheme Summary

Name of Scheme:	LCR Enterprise Zones Programme
PMO Scheme Code:	GD-PA4-021
Lead Organisation:	WYCA
Senior Responsible Officer:	David Walmsley
Lead Promoter Contact:	Justin Wilson
Applicable Funding Stream:	Growth Deal 3
Growth Fund Priority Area (if applicable):	4d
Forecasted Full Approval Date (Decision Point 5):	<p>Programme will be updated as each EZ project is brought forward within Phases A1 & A2. Future phases (A3 & A4) will be presented when further funding is secured.</p> <p>Projects will come forward individually at DP3 from within phases A1 & A2.</p>
Forecasted Completion Date:	March 2021 (spend)
Total Scheme Cost (£):	<p>£45,540,887 or up to £52,865,887 if further support is required to support/underwrite speculative economic development by the private sector (referred to as 'put and call' options).</p> <p>The programme has been developed to progress on a phased basis as: Phase 1 EZ: Leeds EZ Power Solution Phase 2 EZ: 4 sub-phases A1, A2, A3 & A4.</p> <p>This EoI outlines and requests recommendations for Phase 1 EZ and Phase 2 EZ's sub-phases A1 & A2 which can be delivered within the existing Growth Deal 3 funding allocation of £20m.</p>
WYCA Funding (£):	£20,000,000 (Growth Deal Round 3)
Total other public sector investment (£):	<p>Not secured. The programme is seeking to secure National Productivity Investment Fund grant funding. Other potential funds currently identified for potential match contributions include ESIF, WY TF, Environment capital budgets and Local Authorities.</p> <p>An EoI has been submitted in response to WYCA's Call for Projects for the balance of the EZ programme's financial requirements.</p>

Total other private sector investment (£):	Assumptions in the pre-feasibility work (undertaken by Cushman & Wakefield and WSP) have been made on landowner/developer contributions (these total £122m of build costs for the Phase 2 EZs) but cost details will be developed as individual projects are brought forward.
Is this a standalone Project?	No
Is this a Programme?	Yes
Is this Project part of an agreed Programme?	N/A
Current Funding Allocation:	<p>The programme has already received approval for some site-specific project funding released ahead of the programme’s progression to Activity 2 to allow progression of pre-feasibility work, including –</p> <ul style="list-style-type: none"> • Development of Feasibility and Investment Framework • Marketing / communications activities • Clifton Business Park EZ Outline Masterplan, Feasibility Study and Implementation Plan • Package of x4 further EZ pre-feasibility work (technical studies, outline masterplans) • Total funds approved to date £390k, made up of £275k GD3, £50k DCLG and £65k district partners



Scheme Description:

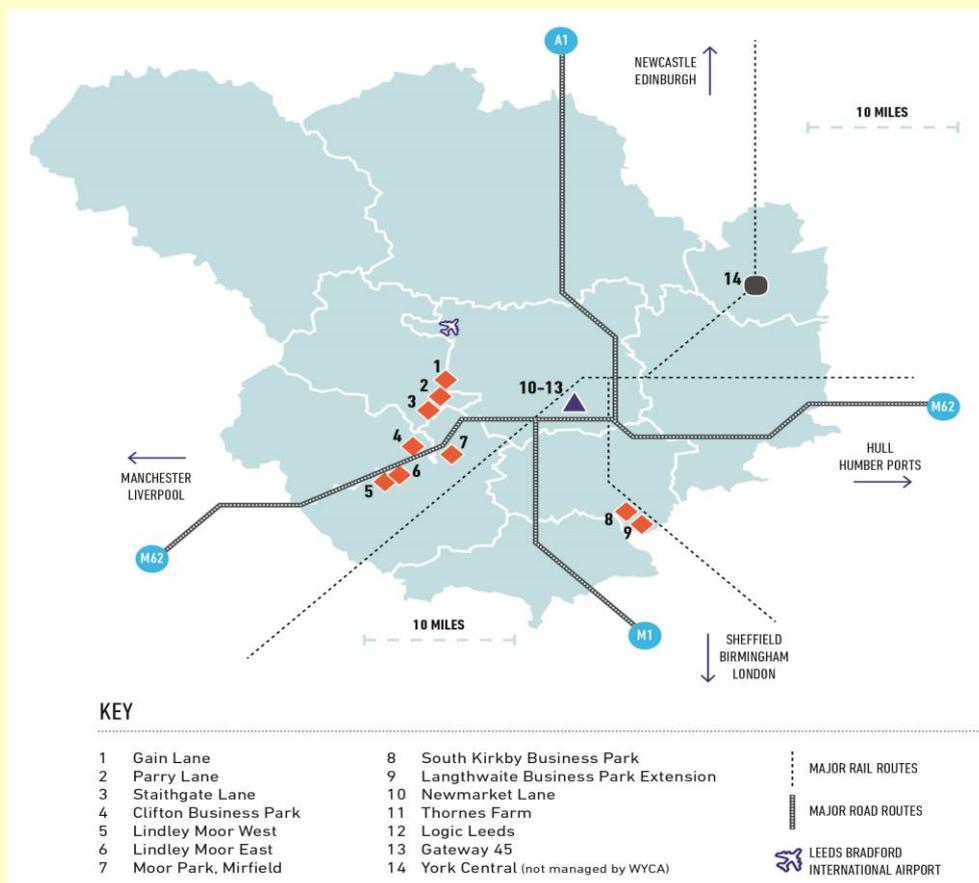
Enterprise Zones (EZs) are seen as a key part of the Government’s national agenda to devolve responsibility for growth and incentivise additional economic development.

The Leeds City Region EZ Programme supports the LCR Strategic Economic Plan (SEP) vision and the principle of ‘good growth’ by supporting delivery of innovation, good jobs/incomes and improving the quality of places. The EZs are also identified as Spatial Priority Areas (SPAs) in the SEP. The key focus and Vision for the Enterprise Zones as set out in the SEP is **“the acceleration of development and delivery of high quality employment floor space in the advanced and innovative manufacturing and complementary sectors’**.

Areas of activity where the programme may support EZ site delivery (some of which are already underway), include:

- Development of a targeted branding, marketing and communications package;
- Support for site feasibility/investigations and master planning;
- Delivery of onsite capital works / site infrastructure
- Direct support for property delivery; and
- Off-site and/or ancillary infrastructure.

LCR Schematic Plan shows Leeds Aire Valley (phase 1) shown as sites 10-13 and all other sites (Phase 2 EZ) at 1–9. The programme will now be delivered through a phased approach. This paper seeks recommendation to progress Phase 1 EZ Power and Phase 2 A1 & A2 stages (See attached Phase 2 EZ Sequencing & Funding Appendix)



The programme now comprises the following phases –

LCR EZ – Leeds Phase 1

LCR EZ (Phase 1) power solution OBC was approved in November 2016. This requested up to £10M of grant funding to support delivery of a power solution. Leeds City Council are likely to be in a position to submit Full Business Case in Qr 4 2017/18 when costs can be confirmed.

A linked project relating to a LEP Loan for remedial works at Gateway 45 has received approval. Release of loan fund is on hold, whilst implications of HS2 Ltd's Rolling Stock Depot proposal within the Leeds EZ are confirmed by Government.

LCR EZ – Multi-site Phase 2

The Phase 2 EZ part of the programme is now broken down into four sub phases (A1, 2, 3 & 4).
 This paper sets of the case for recommending the delivery of a power solution for the Phase 1 (Leeds) EZ and sub phases A1 & A2 of Phase 2 multi-site EZ.

Business Case Summary:

<p>Strategic Case</p>	<p>The LCR EZs Programme supports the SEP vision and the principle of ‘good growth’ by supporting delivery of innovations, good jobs/incomes and improving the quality of places.</p> <p>In addition, the SEP identifies 10 game changing ‘headline initiatives’ to be delivered over the next 10 years. The EZ programme will play a critical role in delivery of one of these initiatives: “Develop and regenerate Integrated Spatial Priority Areas, supporting employment, quality environments and the building of 10,000 new homes per year”.</p> <p>The Enterprise Zones also align with headline initiatives across SEP Priorities 1-4 via guiding the development of the EZs whilst considering climate change, green infrastructure and integrated flood risk and delivering manufacturing business growth and high quality, skilled employment opportunities.</p> <p>WYCA’s LCR EZs Strategy and Implementation Plan (SIP) (May 2017) provides the overarching strategy for the EZ programme and will support delivery of the SEP’s priorities and headline initiatives.</p>
<p>Commercial Case</p>	<p>Initial pre-feasibility, market demand analysis and business case development has now been completed for all EZ sites. This includes the LCR EZ’s Feasibility and Investment Framework (November 2016), which provides a review of all 10 sites within the 2 phases and the Clifton Business Park EZ Outline Masterplan and Feasibility Study; this provides detailed, site-specific analysis on this particular site. Further pre-feasibility site-specific studies are also underway on four other sites. Collectively these outline the business case for WYCA and the public sector unlocking growth within EZ locations to enhance and accelerate future EZ business rate receipts and secure delivery of wider economic outputs that support SEP aspirations.</p> <p>The procurement solution for each site will differ and will be determined, with appropriate routes explored on a site by site basis as required.</p>
<p>Economic Case</p>	<p>Currently many of the Phase 2 EZ sites are ‘stalled’ due to challenging physical constraints or a lack of market confidence to deliver the right type and quality of employment floor space on a speculative basis. WYCA’s bid to DCLG for Enterprise Zone status in these locations was on the premise that EZ occupier incentives and other public investment would be utilised to unlock and/or accelerate delivery of the sites and wider economic growth.</p> <p>The two EZs have the potential to offer significant benefits and meet a range of city region and national objectives. This includes delivery of approximately 230</p>

	<p>hectares of employment land, over 15,000 jobs and approaching £5bn of GVA by 2025 (these outputs relate to full programme delivery, including all sites within both phases fully developed).</p> <p>Outputs will be realised on an incremental basis in line with the phased approach. This approach may also require incremental phases within some sites if further funding is not secured (e.g. Clifton Business Park and Gain Lane). Outputs for each sub phase can be found on the Sequencing and Funding Options Appendix.</p>
<p>Financial Case</p>	<p>The total programme costs are currently outlined as up to £46.7m and £52.8m if further support is required to support/underwrite speculative economic development by the private sector (referred to as ‘put and call’ options) but the programme is phased to commence delivery within the available £20m Growth Fund allocation.</p> <p>Developments costs of 2% of the identified phase costs is requested to undertake scheme development for the four sites identified in phases A1 and A2. This will provide funding for further external commercial support, technical/design work and due diligence.</p> <p>WYCA officers and district partners will continue to work to secure further funding. Feedback on bids already submitted is expected by Autumn 2017 to support the funding gap.</p> <p>Programme and project management costs have been identified and a budget allocation included in the £20m.</p> <p>The longer-term financial return on the programme is positive based on the assessment on business rate receipts and other economic outputs (GVA and Jobs) based on C&W’s EZ business rate model.</p>
<p>Management Case</p>	<p>There is a governance and advisory structure for the programme. The operational arrangements have been updated for the officer EZ governance group to include Policy & Strategy and Delivery representatives and BEIS and HCA as required.</p> <p>There are district delivery groups in the structure which manage site-specific operational issues and monitoring and feed into the EZ governance group.</p> <p>A delivery programme board will need to be established along with the development of delivery documentation in line with WYCA programme management and the assurance framework requirements.</p>

LCR Enterprise Zones Programme – Appendix

Phase 2 EZ Sequencing and Funding Options

	Enterprise Zone Site	Prioritisation Rationale	Infrastructure Funding Requirement	Proposed Funding Approach	Potential Outputs for Sites in Phase (A0-4) Based on delivery of sites in full
Phase Option A (GD3 Funding)					
A0	Lindley Moor (W), Kirklees	Site currently being delivered.	£0 - all infrastructure requirements have been delivered	N/A	<ul style="list-style-type: none"> • Business Rate Receipts: £11.9m • Floorspace: 21,367 sq m • Jobs: 370 • GVA: £192m • Gross Development Value: £14.8m
A1	Clifton Business Park, Calderdale	<ul style="list-style-type: none"> • Urgent local need for business relocation following 2015 floods • Calderdale’s last strategic employment site • Long/complex lead-in requires early commencement of infrastructure delivery • Strong market demand 	£5.9m - Initial phase Phase Total: £5.9m	GD3: £5.9m (initial phase) <i>National Productivity Investment Fund: £5.24m (bid) (inc. £750k match)</i>	<ul style="list-style-type: none"> • Business Rate Receipts: £21.2m • Floorspace: 50,000 sq m • Jobs: 1,046 • GVA: £149m • Gross Development Value: £48.1m
A2	Parry Lane, Bradford Gain Lane, Bradford South Kirkby Business Park, Wakefield	<ul style="list-style-type: none"> • Willing landowners and/or developer in place for all sites • All sites seeking investment now • No further pre-feasibility work required at this stage • Strong market demand for all sites 	£1.2m £2.9m - Initial phase £5.1m Phase Total: £9.2m	GD3: £9.2m (infrastructure funding)	<ul style="list-style-type: none"> • Business Rate Receipts: £33m • Floorspace: 98,085 sq m • Jobs: 1,351 • GVA: £387m • Gross Development Value: £67.6m

	Enterprise Zone Site	Prioritisation Rationale	Infrastructure Funding Requirement	Proposed Funding Approach	Potential Outputs for Sites in Phase (A0-4) Based on delivery of sites in full
A3	Staithgate Lane, Bradford Lindley Moor (E), Kirklees Moor Park, Kirklees	<ul style="list-style-type: none"> • Staithgate Lane: Ongoing Phase 2 Site Investigations Study stage; followed by masterplan to be completed (early 2018) • Lindley Moor: Masterplanning to be commenced • Moor Park: Ongoing discussions with landowner regarding infrastructure delivery • Strong market demand for all sites 	<p>£4.2m</p> <p>£1.2m</p> <p>N/A (lease support only)</p> <p>Phase Total: £5.4m</p>	<p>Funding support to be identified via:</p> <ul style="list-style-type: none"> • borrowing/ EZ business rate approach (April 2018) • WYCA Growth Deal 'Open Call for Projects' • Other funding opportunities as they arise 	<ul style="list-style-type: none"> • Business Rate Receipts: £38.1m • Floorspace: 67,000 sq m • Jobs: 1210 • GVA: £243m • Gross Development Value: £60.5m
A4	Langthwaite BP, Wakefield	<ul style="list-style-type: none"> • Outline masterplanning needs to be completed (late 2017) 	<p>£1.6m</p> <p>Phase Total: £1.6m</p>	<p>As above (A3) & subject to masterplanning / identification of end user. Discussions ongoing with potential end users.</p>	<ul style="list-style-type: none"> • Business Rate Receipts: £1.9m • Floorspace: 41,000 sq m • Jobs: 704 • GVA: £89m • Gross Development Value: £21.4m