
Report to: Leeds City Region Enterprise Partnership Board (LEP Board)

Date: 21 November 2019

Subject: **Leeds City Region Enterprise Zone Programme**

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1. Purpose of this report

1.1 To consider further options to facilitate the delivery of the Leeds City Region Enterprise Zone (EZ) programme.

2. Information

2.1 The Leeds City Region EZ programme supports the Leeds City Region's Strategic Economic Plan (SEP) and the principle of 'good growth' by supporting delivery of innovation, good jobs/incomes and improving the quality of places. The EZs are identified as Spatial Priority Areas within the SEP, and include ten designated employment sites across West Yorkshire (Phase 1 in Leeds and nine sites in Phase 2 across Bradford, Calderdale, Kirklees and Wakefield). This report focuses on the phase 2 sites.

2.2 The accelerated development of the EZs formed a crucial part of the ambition contained within the SEP to deliver over 35,000 jobs and £3.7bn of additional GVA by 2036. It is anticipated that the programme could have a significant catalytic impact in terms of future development further driving jobs growth and additional GVA impacts. In addition the EZ programme has the ability to raise business rates through new commercial space which can be reinvested into other core economic activity within the City Region.

2.3 Currently the EZ programme has an indicative capital funding approval of £45.044m. The funding comprises £20m Local Growth Fund (LGF) and £24.939m from over-programming against LGF. Due to the time window set by central Government for delivery and spend of Growth Deal objectives, this funding is only available for draw down until 31 March 2021 and outputs to be realised by March 2025. In addition the occupier incentives that come with EZ designation are only applicable for new businesses entering the phase 2 EZ sites by 31 March 2020. For the Phase 2 sites the incentives include up to 100% Business Rate Discount of up to £275,000 over a five year period.

2.4 The programme is currently on track to spend all of its original £20million Growth Deal 3 funding allocation and a proportion of the £24m over-programming budget. Programme delivery has increased significantly over the last 13 months with Leeds EZ continuing to be successfully developed out by the private sector and four of the nine phase 2 EZ sites now entering delivery, including:

- Lindley Moor West (Kirklees);
- Moor Park (Kirklees);
- Gain Lane (Bradford); and
- South Kirkby Plot 3 (Wakefield).

Outline business cases have also been submitted for Parry Lane (Bradford) – which is currently being reviewed through the Assurance Framework - and Clifton (Calderdale) - which was approved by the Combined Authority in October 2019.

2.5 To date, sites within the programme have come forward via the traditional delivery route where a private sector owner/developer takes the lead with respect to development costs and responsibility of early phases of the project, and – where Growth Deal funding is required - prepares the Outline Business Case (OBC) and subsequent Full Business Case (FBC) where market failure deems public sector intervention justifiable.

2.6 The traditional development process for delivery captures the key steps:

- **Identify and acquire the site** – to gain control
- **De-risk** (and generate value) – refine development proposals and secure necessary approvals (i.e. planning permission)
- **Site preparation** - following planning, undertake works to prepare the site. Works could include remediation, site re-profiling, utilities and other infrastructure
- **Construct buildings** – either speculatively or where pre-lets have been secured
- **Hold or sell completed developments** – receive income from rents or sale proceeds

2.7 The extent of the LEP/Combined Authority's intervention (or our public sector partners) can include all or some of the steps in the development process as described above. A number of further delivery approaches that could be considered are listed below in Table 1.

Table 1

Approach	Description
Enabling Role	The LEP / Combined Authority (together with its public sector partners) work with the private sector to enable schemes. Informal – collaborative approach, focussed around support Formal – Legal agreements are entered into to ensure performance against a given set of conditions
Direct Development	The public sector could acquire a site and take forward all of the development process steps, e.g. site preparation and enabling works.
Direct Development (Incorporated)	Following acquisition of site(s), the LEP / Combined Authority could set up an incorporated development company and then act in a number of ways, i.e. buy and build or enter into a delivery partnership with a developer.
Joint Venture Contractual (with private sector)	For a single site, or a package, a contractual Joint Venture could be entered into with a private sector partner to bring forward development.
Joint Venture Corporate	Similar to the above with the critical difference being that a legal entity is created by the parties. A limited Liability Partnership is set up whereby all parties co-invest and share risks and rewards on a pari passu* basis. Governance and representation at Board level needs to be carefully considered.

*Pari passu – side by side – based on the amount/value of each party’s investment.

2.8 By considering a more direct role in the delivery of key sites - which will need to be justified on a case by case basis - this has the potential to have a significant impact in terms of the benefits realised from the EZ programme. The LEP Board are therefore requested to consider the potential to both acquire and directly develop land in order to advance the programme.

3. Financial Implications

3.1 Whilst the overall aim is to ensure that the EZs will be developed, this will be done on the basis that the given approach maximises value for money and benefits realised, identifying the minimum funding needed to take the proposition forward.

4. Legal Implications

4.1 The Combined Authority has the power to acquire land for the purposes of economic development and regeneration.

5. Staffing Implications

5.1. A small dedicated EZ team is currently in place within the Delivery directorate to oversee the programme. A review of staffing impacts in respect of acquisition, asset management and direct delivery options will need to be considered on a case-by-case basis.

6. External Consultees

- 6.1 The themes within the report have been discussed with the regional Directors of Development and their comments incorporated into the report.

7. Recommendations

- 7.1 The LEP Board are asked to consider and comment on the following potential delivery options for the EZ programme, noting that each EZ scheme will be appraised on its own merits through the Assurance Framework:

- a) Acquire land for development
- b) Directly develop land for development

8. Background Documents

- 8.1 None

9. Appendices

- 9.1 None