

Report to: Place, Regeneration and Housing Committee

Date: 03 November 2022

Subject: **Investment Zones**

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this Report

- 1.1. The purpose of this report is to provide Committee members with an update on expression of interest submission for Investment Zones.

2. Information

- 2.1. On Friday 23 September, the Government announced an in-principle policy offer to introduce Investment Zones in England. All Mayoral Combined Authorities (MCA) and Upper Tier Local Authorities (UTLA) were offered the opportunity to work in partnership with their relevant constituent or district councils to introduce an Investment Zone in their area. West Yorkshire was named in this announcement.
- 2.2. Government is proposing to offer a range of time-limited tax incentives over 10 years in Investment Zones. The tax incentives currently under consideration include business rates, Stamp Duty Land Tax (SDLT) and Employer National Insurance Contributions (NICs) relief, as well as enhanced capital allowances and structures and buildings allowance.

Business Rates Relief

- 2.3. The Government is considering offering 100 percent relief from business rates on newly occupied business premises. Councils hosting Investment Zones

would receive 100 percent of the business rates growth in designated sites above an agreed baseline for 25 years.

Enhanced Capital Allowances

- 2.4. A 100 percent first year allowance is proposed for companies' qualifying expenditure on plant and machinery assets for use in tax sites.

Enhanced Structures And Buildings Allowance

- 2.5. This accelerated relief would allow businesses to reduce their taxable profits by 20 percent of their expenditure on qualifying non-residential buildings or structures per year, relieving 100 percent of their cost of investment over five years.

Employer National Insurance Contributions (Nics) Relief

- 2.6. The Government is considering offering businesses zero-rate Employer NICs on the salaries of new employees working in the tax site for at least 60 percent of their time, on earnings up to £50,270 per year, with Employer NICs being charged at the usual rate above this level.

Stamp Duty Land Tax (SDLT) Relief

- 2.7. Full SDLT relief is to be given for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for residential development. This is a wider relief than that currently available for property acquired within a Freeport.

Other benefits

- 2.8. Investment Zones will benefit from a 'liberalised planning process' and the process to obtain planning permission will be streamlined. It remains unclear what this means in practice.
- 2.9. In addition to tax and planning benefits, the Government says that it will offer additional support to local leaders to 'ensure that their Zones can innovate and have the infrastructure and skilled workforce they need.' This is to be decided based on the requirements of each Investment Zone, but could include:
- Wider support for local growth, such as through greater control over local growth funding and, in the case of MCAs hosting Investment Zones, a single local growth settlement in the next Spending Review period;
 - Strategic direction over affordable housing funds; and
 - Prioritised access to infrastructure funding.

Expression of Interest (Eol) Submission

- 2.10. MCAs were given the opportunity to submit an Investment Zone Eol. The short timescale to complete the Eol. Guidance on the Eol was released on 2 October 2022 with submission required by noon on 14 October 2022.
- 2.11. The West Yorkshire Combined Authority has submitted the following locations to government to be considered as potential Investment Zones:
- Aire River Growth Corridor (Wheldale Farm / Stansfield Road, Wheldale North, and Former C6 Solutions Centre) (submitted as individual sites)
 - Bradford Southern Gateway
 - Calderdale Garden Communities Corridor (Clifton Business Park and Thornhills and Woodhouse Garden Communities)
 - Dewsbury Riverside
 - Bradford South Corridor
 - Trans Pennine Growth Corridor (Capitol Park and Chidswell)
- 2.12. Proposed next steps
- We will continue to work with government to clarify the detail of the Investment Zone incentives, particularly the 'liberalised planning process' and have requested West Yorkshire Heads of Planning support and advise as required on this matter.
 - Sites successful at the Eol stage will be required to develop delivery plans and conduct relevant legal assessments, including site assessments and equalities. Delivery plans will need to confirm that sites will represent value for money for taxpayers and deliver the housing and growth objectives of the Investment Zones programme.
 - Government have said that they will work quickly, fairly and accurately to process all applications received and will issue further information to areas at the earliest possible opportunity.

3. Tackling the Climate Emergency Implications

- 2.13. Development activity to support the Investment Zones will seek to maximise opportunities to deliver net zero development wherever possible.

4. Inclusive Growth Implications

- 2.14. A focus on affordable housing will support inclusive growth across the region. Investment Zones will enable faster delivery of much needed new homes. We will work with Local Authorities to encourage the delivery of a proportion of affordable and higher quality, better insulated homes with subsequently lower running costs for residents.

- 2.15. The faster delivery of employment sites will enable employment opportunities through the creation of better jobs and better access to those jobs.

5. Equality and Diversity Implications

- 5.1. Some of the Investment Zone locations in the region are within the most deprived locations. A focus on delivering growth in these locations will support these communities to access quality housing and employment opportunities. Decisions on Investment Zone sites will be subject to the Public Sector Equality Duty, necessary legislation and delivery planning.

6. Financial Implications

- 6.1. There are no direct financial implications arising from this report.

7. Legal Implications

- 7.1. There are no direct legal implications arising from this report.

8. Staffing Implications

- 8.1. There are no direct staffing implications arising from this report.

9. External Consultees

- 9.1. No external consultations have been undertaken.

10. Recommendations

- 10.1. That the Committee note the content of the report and provide any feedback regarding the Investment Zones.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

None.