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

**Date:** 8 March 2023

**Subject:** **Langthwaite Enterprise Zone**

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**Led By:** Mark Roberts, Interim Chair

**Lead Officer:** Liz Hunter, Director of Policing, Environment & Place

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## 1. Purpose of this Report

1.1 To update the LEP Board on:

1.1.1. Proposed enabling works to be undertaken at Langthwaite Enterprise Zone (EZ), South Kirkby, which is owned by the Combined Authority. Progression of these works will be subject to progression and approval through the Assurance Framework.

1.1.2. The indicative funding package for the Langthwaite EZ enabling works.

1.1.3. A recent bid submission to UK Research and Innovation (UKRI) to create a national innovation centre in the creative industries located on the Langthwaite EZ site.

## 2. Information

### Langthwaite Enterprise Zone

1.1. The Combined Authority has a two-phase Enterprise Zone programme covering ten designated employment sites across West Yorkshire. Phase 1 is in Leeds, together with nine sites in Phase 2 across Bradford, Calderdale, Kirklees and Wakefield, which includes the Langthwaite Enterprise Zone at South Kirkby. The Enterprise Zone programme seeks to maximise development of new commercial space within the region to support attraction of new business, expansion of existing businesses and the creation of new jobs.

1.2. The Combined Authority acquired the majority freehold (approximately 23 acres) of the Langthwaite Enterprise Zone site in August 2020 utilising Local Growth Fund monies. To date only minimal infrastructure works have been undertaken on the site, including diversion of overhead powerlines funded through the Getting Building Fund. A hybrid planning permission has been

progressed and awaits consent<sup>1</sup> and designs for highways access and remediation works based on a 2020 masterplan have been completed.

- 1.3. Since April 2021, the Inclusive Economy directorate has been leading on discussions with local, regional and sub-regional stakeholders regarding the future development potential of the site. Based on those discussions, it is currently anticipated that Langthwaite EZ may have potential to facilitate a creative industries cluster (see paras 2.4 – 2.7 below) as well as broader employment development opportunities.

### **CoSTAR**

- 1.4. The interim Director Inclusive Economy, Skills and Culture is leading a partnership bid on behalf of the Combined Authority to UK Research and Innovation to fund:

- (a) a national centre for the Convergent Screen Technologies and performance in Realtime (CoSTAR); and
- (b) production technologies.

This opportunity has a funding package of £51m for a national centre and £12.5m for up to three regional centres.

- 1.5. In February 2023 the Combined Authority approved participation as a party in the CoSTAR bid and submission of a non-binding letter of support outlining the potential financial support the Combined Authority is providing to the bid (subject to full Combined Authority agreement and Assurance). The Combined Authority also approved the signing of Memorandum of Understanding with the bid partners.
- 1.6. The outcome of the bidding round is expected to be finalised in August 2023 following a period of due diligence by Government. If successful, the bid will bring a national centre of innovation excellence in the creative sector to our region. This would lead to increased opportunity for people across West Yorkshire to pursue careers and skills development in the culture sector and creative businesses. It is expected that the innovation hub would further the attraction of other creative industry participants to occupy its site and ultimately lead to increased inclusive economic growth in West Yorkshire.
- 1.7. The scheme will support our regional growth ambitions for the creative industries in line with our recently agreed Culture, Heritage and Sport Framework. The creative industries are a growing sector in the region with almost 9,000 businesses, employing over 48,000 people and adding almost £2 billion to our regional economy. West Yorkshire's creative sector is one of the fastest growing in the UK.

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<sup>1</sup> 20/02244/HYB - Outline planning application for development of up to 27,000sqm of business and industrial units (Use Classes E(g) (excluding offices), B2 and B8) with associated parking and serving space with all matters reserved except for access. Full planning application for one 'primary access point' into the site from Onward Way, provided through a new road into the site and culvert over Langthwaite Beck.

## **Proposed Next Steps**

- 1.8. Enabling works (access road and remediation) are required to bring forward the Langthwaite EZ site for commercial development regardless of whether or not the CoSTAR bid is successful. It is therefore deemed prudent to move forward with these works at pace – subject to all land, statutory consents and internal approvals being in place - including progression of the project through the Assurance Framework. These works will be classed as Phase 1 activity in respect of future development of the Langthwaite site and are anticipated to cost in the region of £7 million. Subject to a successful bid outcome, CoSTAR will form Phase 2.
- 1.9. At the February 2023 meeting, the Combined Authority noted an indicative funding package for the Langthwaite project which includes (but is not limited to) potential use of residual capital funding from the Growing Places Fund and income related to other Enterprise Zone sites. An approval was also granted for £250k in initial resourcing capacity to enter into the CoSTAR bidding process and to enable development of the Langthwaite site, funded through residual Growing Places Fund monies. Please refer to additional information contained in section 6 – Financial Implications.
- 1.10. The Combined Authority receives 100% of the Business Rates generated within the Enterprise Zone sites for a period of 25 years from the date of designation (i.e. until March 2042). Fully developed and let, the Langthwaite Enterprise Zone site has potential to bring forward over £10 million of business rates to the Combined Authority. The Combined Authority has already invested in the site, and it is important to ensure that the desired outcomes from this initial investment are achieved.

## **3. Tackling the Climate Emergency Implications**

- 3.1 Whilst there are no immediate climate emergency implications arising from this report, Climate Emergency benefits will be embedded within the design of the Langthwaite EZ project to ensure local benefits can be delivered. This will be drawn out in project development activity, for example opportunities for ecological enhancement and bio-diversity net gain.

## **4. Inclusive Growth Implications**

- 4.1 Whilst there are no immediate inclusive growth implications arising from this report, inclusive growth will be embedded within the design of the project to ensure local benefits can be delivered. This will be drawn out in project development activity, for example the potential to deliver social value through procurement activity.

## **5. Equality and Diversity Implications**

- 5.1 An early Equality Impact Assessment for the Langthwaite Enterprise Zone pre-development work has been previously developed and will be updated as

the project progresses through business case development and assurance and into construction.

- 5.2 The bid to UKRI for CoSTAR will be judged by its equality and diversity credentials. There is a focus in both our innovation and creative sector work in broadening the workforce in the sector and to provide opportunities for a diverse workforce. Any skills and employment approach aligned to a successful CoSTAR bid would need to ensure that there was support for a diverse range of talent to access the opportunities provided.

## **6. Financial Implications**

- 6.1 The Growing Places Fund (GPF) began in 2012 offering loans to support projects that required additional capital funding to deliver jobs and economic growth and to unlock stalled developments post-recession, within a timescale of five years or less. The fund was open to all businesses and organisations of any size based in or looking to invest in the Leeds City Region. New activity with the Fund has been paused since 2020, whilst internal discussions took place on the potential development of a new loan fund.
- 6.2 There is £1.988 million remaining capital funding within GPF and available for investment. The £250k in initial resourcing capacity approved by the Combined Authority in February 2023 will be funded through this budget. In addition, there is potential to utilise future capital receipts from GPF loans once these are repaid as these are unencumbered.<sup>2</sup>
- 6.3 The LEP oversees the strategy for the Leeds City Region Enterprise Zones and was also the original recipient of the GPF funding. Informal discussions took place with the LEP Chair in respect of the reallocation of GPF funding for the Langthwaite Enterprise Zone site, in advance of the Combined Authority meeting in February 2023.
- 6.4 BEIS have previously advised that the decision to re-allocate the remaining GPF can be determined at local level by the Accountable Body (i.e. the Combined Authority), providing the aims are broadly similar to those of the original GPF. In addition, as GPF came through a Section 31 grant determination, the Accountable Body will need to ensure that the funding is utilised in the manner stipulated in the grant determination and any specific conditions are adhered to e.g. Under the S31 capital grant determination, the funding allocations must be used for infrastructure to unlock further development. The use of the GPF for the Langthwaite site would therefore be in keeping with the S31 funding.
- 6.5 In terms of previous activity across the whole EZ programme, there is also an opportunity to utilise income which is anticipated from commercial agreements, including overage agreements, on sites which have been

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<sup>2</sup> GPF loan repayments are held separately and previous approvals have allocated £21.65 million of returned capital to be reinvested into the West Yorkshire SME Investment Fund, leaving approx, £4.3 million left to be repaid.

recipients of previous LEP / Combined Authority funding and to direct them towards further EZ development at Langthwaite for Phase 1 activity.

- 6.6 The full funding package will be finalised once the Phase 1 project has progressed further through the Assurance Framework. A delegation to the Chief Executive for approval at the Full Business Case stage of Assurance is currently in place, as the Phase 1 project has previously secured Outline Business Case approval aligned to the Getting Building Fund, funding for which has since expired.
- 6.7 Further financial implications in relation to a successful CoSTAR bid will be subject to a future report to the Combined Authority.

## **7. Legal Implications**

- 7.1 Legal implications in relation to a successful CoSTAR bid will be subject to a future report to the Combined Authority.

## **8. Staffing Implications**

- 8.1 A combination of Combined Authority and potential partner project, programme and portfolio management resources are, or are in the process of, being identified and costed to support the Langthwaite phase 1 project and CoSTAR.
- 8.2 To support the Langthwaite phase 1 project and CoSTAR there will be a significant utilisation of existing internal resources within the Combined Authority and a requirement for either repurposing existing work or additional capacity to undertake the required work. It is also expected that external resources will need to be acquired including, but not limited to, additional legal support.

## **9. External Consultees**

- 9.1 No external consultations have been undertaken.

## **10. Recommendations**

- 10.1 That the LEP Board notes the contents of the report including next steps for the Langthwaite Enterprise Zone, Phase 1 project and provides any comments.
- 10.2 That the LEP Board notes the indicative funding package for the Langthwaite Enterprise Zone, Phase 1 project as detailed in Section 6 of this report.
- 10.3 That the LEP Board notes the recent bid submission to UK Research and Innovation to create a national innovation centre in the creative industries located on the Langthwaite EZ site (Phase 2) and provides any comments.

## **10. Background Documents**

10.1 There are no background documents referenced in this report.

## **11. Appendices**

11.1 None.