



AGENDA ITEM 8

OVERVIEW AND SCRUTINY BOARD

13 DECEMBER 2011

**FINAL REPORT OF THE ECONOMIC REGENERATION AND
TRANSPORT SCRUTINY PANEL -
ENTERPRISE ZONES**

PURPOSE OF THE REPORT

1. To present the findings of the Economic Regeneration and Transport Scrutiny Panel's review on the topic of Enterprise Zones.

AIM OF THE SCRUTINY INVESTIGATION

2. The overall aim of the scrutiny review is to ensure that the Tees Valley Enterprise Zone is progressed as effectively as possible and that Middlesbrough maximises the opportunities on offer from the Government.

TERMS OF REFERENCE OF THE SCRUTINY INVESTIGATION

3. The terms of reference for the Scrutiny investigation were as follows: -
 - (a) To examine the reasons for choosing the South West Iron Masters and the St Hilda's Boho Zone extension sites in Middlesbrough in the bid for a multi-site Tees Valley Enterprise Zone.
 - (b) To assess the potential impact of Enterprise Zone designation for specific sites in Middlesbrough on adjacent areas of the town.
 - (c) To consider the limitations imposed by the Government for Enterprise Zones particularly for the Middlesbrough sites. This includes how existing companies are deterred from just transferring location for the financial advantages on offer within an Enterprise Zone.
 - (d) To assess the resources and expertise of the Council's Regeneration Department and Tees Valley Unlimited to progress the establishment and the sustainability of new business enterprises on the proposed sites in Middlesbrough.

- (e) To examine the financial and employment benefits to Middlesbrough of establishing new business enterprises on the proposed sites.
 - (f) To assess the implications for the Council of all additional business rates generated within the Middlesbrough sites being retained and reinvested by the Local Enterprise Partnership (LEP) for at least 25 years.
 - (g) To consider the implications of the simplified planning process and how superfast broadband infrastructure is to be provided in the proposed Middlesbrough zones.
4. Members of the panel met formally between 20 July and 24 October 2011 to discuss/receive evidence relating to this investigation and a detailed record of the topics discussed at those meetings are available from the Committee Management System (COMMIS), accessible via the Council's website.
 5. A brief summary of the methods of investigation are outlined below: -
 - (a) Detailed officer presentations supplemented by verbal evidence
 - (b) A discussion with the Director of Strategy and Policy at Tees Valley Unlimited
 - (c) A presentation from the Chief Executive of Wynyard Park Ltd and the Deputy Chancellor (Research and Business Engagement) at Teesside University
 6. The report has been compiled on the basis of this evidence and other background information listed at the end of the report.

MEMBERSHIP OF THE PANEL

7. The membership of the Panel was as detailed below: -

Councillor M. Williams (Chair), Councillor B. Taylor (Vice Chair), Councillors Arundale, Hubbard, Hussain, Rehman, Khan, Lowes, and Sharrocks.

TO EXAMINE THE REASONS FOR CHOOSING THE SOUTH WEST IRON MASTERS AND THE ST HILDA'S BOHO ZONE EXTENSION SITES IN MIDDLESBROUGH IN THE BID FOR A MULTI-SITE TEES VALLEY ENTERPRISE ZONE

8. To commence the review the panel requested that the Department of Regeneration provide the panel with an overview of the current position regarding the establishment of an Enterprise Zone within the Tees Valley, and the potential impact this may have on Middlesbrough. The Council's Economic Development Manager was invited to attend the panel's first meeting to provide this information.
9. The panel was informed that Enterprise Zones are a key part of the current Government's policy to stimulate economic growth and that 21 areas in England are due to benefit from having an Enterprise Zone, including the Tees Valley.

10. It was stated that the Government views the establishment of Enterprise Zones as a mechanism to allow areas with real potential to create the new businesses and jobs that they need. It was emphasised that the Enterprise Zone concept is not new and that previous Governments, in both the 1980's and 1990's, have used them as a stimulant, with mixed results. Increased activity in the Enterprise Zones, for example, has often been at the expense of reduced activity in neighbouring areas and with businesses simply relocating into Enterprise Zones leaving a legacy of empty properties in their wake.
11. It was stated that owing to previous experience the Government is keen to establish a new type of Enterprise Zone and that the new approach is underpinned by a focus on generating additional activity in areas of opportunity rather than trying to rebalance areas of disadvantage.
12. The panel heard that the main benefits of securing Enterprise Zone status for the Tees Valley is as follows: -
- New business activity in an Enterprise Zone (EZ) is eligible for business rate relief of up to 100% (limited to £55,000 per company, per year for five years)
 - The Local Enterprise Partnership (Tees Valley Unlimited) will capture all business rates within the Enterprise Zone area for a period of 25 years (regardless of whether they are in the target sector or not) to be used at its discretion
 - If a company moves into the Enterprise Zone the decision to award the rate discount will be a cost to the Government, and a benefit to the company – no one else is affected (i.e. the LEP still get the same amount)
 - Simplified planning approaches can be used to kick start economic activity
 - Installation of superfast broadband will be funded by the Government where necessary
13. Following the budget announcement on the establishment of Enterprise Zones Government guidance on the type of Enterprise Zones it wanted to see implemented was published. The key elements of this guidance included:
- Enterprise Zones should be cleared sites preferably in single ownership
 - New business activity eligible for rate relief
 - No relief for businesses already located there
 - No relief for new occupiers of existing space
 - Scope for flexibility around Enhanced Capital Allowances (ECA) and Tax Incremental Financing (TIF)
14. It was explained that although the Government guidance referred to Enterprise Zones as single sites, discussions within the Tees Valley reflected a desire for a multi-site model to be put forward. A prioritisation exercise was therefore undertaken by Tees Valley Unlimited and on 30 June 2011 eight sites were put forward to the Government for standard Enterprise Zone designation. Two sites in Middlesbrough were identified within the Tees Valley Enterprise Zone submission, namely South West Iron Masters (SWIM) and St Hilda's.

South West Iron Masters (SWIM)

- 13 hectare Council owned site
- Focus on advanced engineering
- 50,000 sq. m of floorspace
- Over 1,000 jobs (high value)

St Hilda's

- 10 hectare site
- Expansion of the digital sector
- Land covered by Joint Venture agreement
- Lower density jobs/floorspace

15. In addition the Tees Valley also made representations for a further 16 sites to be included in the submission, where additional flexibilities around Enhanced Capital Allowances (ECA) and Tax Incremental Financing (TIF) could unlock longer-term development opportunities within the larger industrial sectors in the Tees Valley area. Riverside Park in Middlesbrough was included in respect of this element. It was emphasised, however, that securing standard Enterprise Zone designation for the main eight sites remained the priority and that the additional flexibilities around ECA and TIF were added elements of the submission that the Tees Valley wished to discuss with the Government. A map detailing the location of sites included in the Tees Valley submission is included at Appendix 1.
16. In determining which sites to put forward for inclusion in the submission it was noted that careful consideration was given as to how Enterprise Zones could be used to stimulate activity in key sectors, as well as how to avoid displacing existing business activity from current locations.
17. With regard to the Government's reaction to the proposal put forward by Tees Valley Unlimited it was advised that Eric Pickles had stated that, "I like the Tees Valley. I like what they are offering. It's really brave and clever – quite an exciting idea." The officers at the department of Communities and Local Government (CLG) were also supportive of the proposals. However, the Department of Business, Innovation and Skills (BIS) and HM Treasury reacted more negatively and expressed concerns over the size of the 'ask'. At the time of the panel's initial meeting Members were advised that a process of negotiation was underway and that the outcome was likely to be known by the end of July 2011.
18. The Economic Development Manager explained to the panel that Government officials had suggested to Tees Valley Unlimited that the three digital sites be removed from the submission, as the Government was keen to have the designation announced soon. It was acknowledged by the Economic Development Manager that the proposals maybe too ambitious and that there may be too many sites included. It was stated that HM Treasury remains concerned about how much money the Tees Valley's proposal would cost. It was noted that during the course of the negotiations with Government officials issues had been raised about tax income and it had been suggested that potentially a cap could be used to limit the total amount paid. It was noted, however, that it could well be the case that the Government approves a multi-site Tees Valley Enterprise Zone model, although the initial proposal put forward by Tees Valley Unlimited may be reduced slightly.

19. Reference was made to the need to quantify the potential benefits of Enterprise Zones for the submission to Government and it was noted that any figures quoted in terms of potential job opportunities are highly speculative, as well as a very long term ambition. It was stated that if the SWIM site in Middlesbrough was developed in a similar vein to the Advanced Manufacturing Park in Sheffield it would result in a huge amount of economic development in the town.
20. The panel was informed that another notable benefit of securing an Enterprise Zone in the Tees Valley is that the Local Enterprise Partnership (LEP) (Tees Valley Unlimited) will capture all future business rates within the Enterprise Zone. The potential therefore exists to generate a significant pot to re-invest in stimulating economic activity. It was also noted, however, that if business rates move back to within local authority control (which is currently being proposed by the Government), then there is the potential for EZ's to reduce the rates pool available at a local level, as the LEP would be receiving rates that would have otherwise come to the local authority. It was stated that consideration will need to be given to how the captured business rates are used within each local area authority (and in what proportions) once the Government's intentions in this area are clearer.
21. In terms of areas of concern it was advised that the issue of displacement remains a key concern, as Middlesbrough suffered very badly as a result of the creation of previous EZ's when many businesses were lost to Teesdale. The Economic Development Manager stated that property owners just outside of the proposed St Hilda's zone have expressed concerns in respect of the issue of displacement and the potential for properties outside of the St Hilda's zone to be left vacant.
22. With regard to the proposed governance arrangements for the EZ's it was stated that it is vitally important to get the governance arrangements right in order to help minimise displacement. The following measures are therefore in place in an effort to address this issue: -
- Although any business can move into an EZ, the financial benefits of doing so are being restricted to specific sectors to prevent displacement from other areas (digital sector / advanced engineering in Middlesbrough)
 - It is not possible to offer business rate relief to businesses already located within the zone boundary, or to new occupiers of existing space within a zone
 - Business rate discount will only be offered to companies that are either new to the Tees Valley or expanding from within the Tees Valley (where a move is necessary to allow an expansion).
 - Judgements on eligibility for business rate relief will be made by a panel comprising all five local authorities and Tees Valley Unlimited representatives, with delegation to local areas for straightforward cases.
23. In conclusion it was stated that the Enterprise Zone submission put forward by Tees Valley Unlimited may offer Middlesbrough a significant opportunity to stimulate new economic growth. In addition the nature of the proposals put forward for Middlesbrough are aligned with Government and sub-regional economic policy and reflect the ambitious plans for the two key sectors (advanced engineering and the digital sector) that are seen as the key areas, which will drive Middlesbrough's future economic growth.

24. Members of the panel questioned the incentives on offer for businesses within Enterprise Zones sites to create jobs, as none of the financial incentives within the Government's EZ model are in any way linked to National Insurance contributions. The Economic Development Manager advised that the establishment of an Enterprise Zone in the Tees Valley will result in increased job opportunities. However, an EZ is not necessarily something that any area needs unless other areas have one. It was emphasised that although an EZ is good to have it is not a solution to everything. It was noted that equally there is no incentive for developers to build and Members expressed concerns that the establishment of an EZ may not make any great difference. The Economic Development Manager stated that in his view both of the Middlesbrough's sites are very well placed to benefit from what is on offer from the Government, more so than other sites identified in the Tees Valley's EZ submission.
25. Members made reference to various problems that have been associated in the past with Enterprise Zones and the fact that often company headquarters are based elsewhere and over time, although the headquarters remain, the businesses are lost. Members stated that they wanted to ensure that this will not be the case in Middlesbrough. The Economic Development Manager advised that the reason Middlesbrough has opted to focus on two key sectors is that with regard to advanced engineering Middlesbrough already has a number of advanced engineering companies that are established in the town. The real key is therefore to assist these companies in conducting their businesses in larger markets. It was advised that the digital companies developed on the Boho site would be headquarters employing 5-25 people, with a lot of opening / closing but with good value jobs whilst they were located on site.
26. It was queried as to why the Government has suggested that the proposed inclusion of the digital sites be taken out of the Tees Valley's submission. The panel was advised that it possibly comes down to the more traditional view that is held of Teesside but that no real rationale has been given as to the reason. It was stated that if the three digital sites in Stockton, Darlington and Middlesbrough were removed it would probably give Middlesbrough a bigger advantage in terms of this sector. However, there would be more competition if Yorkshire or Durham secured a digital Enterprise Zone, although the Tees Valley is unaware of what Durham / Yorkshire are bidding for.
27. Reference was made to the South West Iron Masters (SWIM) site and it was queried as to whether there has been a conscious effort to develop green manufacturing on this site. It was stated that advanced engineering companies in Middlesbrough are already highly regarded at a national level and that replicating the Advanced Manufacturing Park model adopted in Sheffield, where 1000's of people are employed in aerospace and nuclear engineering would bring significant high value jobs to Middlesbrough.
28. The panel queried which companies would potentially be located on the SWIM site in the future. It was advised that the TWI Welding Institute would be one the key companies and that they specialise in the welding of joints, which are used in wind turbines. It was advised that although the TWI Welding Institute will not be building wind turbines on the SWIM site the company would be testing and validating the joints so that other manufacturers based elsewhere can build bigger wind turbines. It was noted that significant income can be achieved in the validation and testing of
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new market products. It was also advised that if the research and development companies who work with the big manufacturers can be attracted to Middlesbrough more specialised units will be developed on the site.

29. In terms of high value engineering and manufacturing the panel was advised that the site in Redcar and Cleveland might be developed earlier. However, the Economic Development Manager advised that the reason Middlesbrough is relatively confident in developing the SWIM site is that the Council has already ensured that the companies responsible for developing the infrastructure of the site are actively involved. It was emphasised that the Council believes that both of the Middlesbrough sites included in the Tees Valley Enterprise Zone submission, will be developed in the very near future and that is why the Council has focused its efforts on these two sites.
30. It was questioned as to which advanced engineering companies the Council will be working with in respect of the SWIM site, when it was stated that AED International and Wynyard Park Ltd are the two key companies.

Tees Valley Enterprise Zone Announced

31. On 17 August 2011 and prior to the panel's second meeting on topic of Enterprise Zones the Government announced the details of the approved Tees Valley Enterprise Zone. The Director of Strategy and Policy at Tees Valley Unlimited and the Council's Economic Regeneration Manager were therefore invited to attend a meeting of the panel to discuss the opportunities that the Tees Valley Enterprise Zone would create for Middlesbrough.
32. A map detailing the location of the sites approved by Government as part of the Tees Valley Enterprise Zone is attached at Appendix 2.
33. The panel was informed that in the 2011 Budget, the Tees Valley was announced as being one of 11 areas in the country that had been awarded an Enterprise Zone. The Tees Valley was therefore guaranteed an Enterprise Zone subject to agreeing the details with Government. The panel was advised that Tees Valley Unlimited had worked very closely with the 5 Tees Valley local authorities, as well as local landowners to identify potential sites for the location of the Tees Valley Enterprise Zone and that 35 different sites were initially identified.
34. To assist in the selection process property experts Savills were appointed to develop a robust list of criteria to test sites against to see whether or not they met the Government's guiding key principles. The selection process was also driven by a need to ensure that the sites selected support the key economic ambitions set out in Tees Valley Unlimited's Statement of Ambition. It was noted that the overall Enterprise Zone programme is a 25 year programme, however, the Government's priority is to achieve delivery within a shorter timescale up to 2015.
35. The Director of Policy and Strategy at Tees Valley Unlimited explained to the panel that originally the Government had issued guidance, which specified that Enterprise Zones should consist of a single cleared site, preferably in single ownership and a maximum of 150 hectares in size. The guidance also stated that only new business activities in the Enterprise Zone would be eligible for rate relief, however, there was some scope for flexibility in relation to Enhanced Capital

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Allowance (ECA) and Tax Incremental Financing (TIF). It was advised that the within the Tees Valley it was not felt that a single Enterprise Zone would be appropriate due to the small scale of the sites available and the need for the selected site(s) to benefit the wider Tees Valley. Tees Valley Unlimited therefore asked the Government to recognise the nature of the Tees Valley economy, which is focussed around large scale manufacturing, petrochemicals and renewable energy and to allow large scale occupiers to qualify for Enhanced Capital Allowances.

36. It was noted that of the eight Enterprise Zones approved by Government to date the Tees Valley Enterprise Zone is very different to those approved in other areas of the UK. The Director of Policy and Strategy at Tees Valley Unlimited confirmed that the Government has accepted 12 sites within the Tees Valley as part of the Tees Valley Enterprise Zone. Businesses locating on Queen's Meadow, South West Iron Masters, Kirkleatham and Belasis Hall Technology Park before March 2015, would benefit from business rate discount worth up to £55,000 per business for five years.
37. Income secured from the Government for these four sites would enable the provision of identical financial incentives at Oakesway, Northshore, Darlington Central Park and St Hilda's. The sites will also have the advantage of simplified planning regimes to help attract and support the growth and development of small and medium enterprises. It was highlighted that Tees Valley Unlimited is still working on the timing and incentives that will be available to the locally funded sites.
38. The panel was also advised that Tees Valley Unlimited could now also offer large-scale occupiers enhanced capital allowances against the cost of their plant and machinery. Four sites at Wilton and PD Ports/South Bank Wharf both in Redcar and Cleveland, Port Estates in Hartlepool and the New Energy and Tech Park in Billingham can apply the benefit for capital investments made by March 2015. It was acknowledged, however, that there is a need to clarify when each site will come on stream, as the Government wants all of the sites marketed together.
39. The panel queried who will be responsible for undertaking the marketing exercise and it was advised that Tees Valley Unlimited is pulling this together at present but that there is a need to also involve all partners and landowners. It was explained that Tees Valley Unlimited would be responsible for determining the type of businesses located on each site but that the sites lend themselves to small to medium size businesses, as well as different uses for different sites (e.g. digital technologies at Boho).
40. In terms of the simplified planning process for the Enterprise Zone sites it was explained that each site would have a Local Development Order to stipulate acceptable uses and therefore qualifying businesses will not need to apply for planning permission. This is a further incentive for businesses to locate in an Enterprise Zone. The Government has also agreed to support the installation of superfast broadband of 20 megabites or above in Enterprise Zone sites.

TO CONSIDER THE LIMITATIONS IMPOSED BY THE GOVERNMENT FOR ENTERPRISE ZONES PARTICULARLY FOR THE MIDDLESBROUGH SITES. THIS INCLUDES HOW EXISTING COMPANIES ARE DETERRED FROM JUST TRANSFERRING LOCATION FOR THE FINANCIAL ADVANTAGES ON OFFER WITHIN AN ENTERPRISE ZONE

41. The panel was advised that the Government has not imposed any restrictions on the types of businesses that can be located on the approved Enterprise Zone sites. This decision is at the discretion of Tees Valley Unlimited and its partners and the criteria for eligibility is in the process of being drafted. It was advised that the awarding of business rates relief would also be at the discretion of Tees Valley Unlimited and the Tees Valley local authorities. A panel will be set up to assess applications from businesses wanting to locate on the Enterprise Zone sites.
42. It was stated that there would be no issue with new businesses qualifying for the rates relief available but that if applications were made by existing businesses then the panel would consider whether the application is being made by an expanding business. If so, the business would qualify for rates relief. It was stated that any applications made by businesses, which are looking to relocate simply to benefit from the financial advantages on offer, would not be supported. Delegation to local areas for straightforward cases will be designed into the governance arrangements that are currently being developed.
43. In terms of the approved Middlesbrough sites it was advised that the St Hilda's site is 10 hectares in size and will be focused on expanding business development in the digital sector. It is envisaged that there will be 10 new businesses and 100 new jobs created by 2015 on site. The South West Iron Masters site, which is a Council owned site, is 13 hectares in size and will focus on developing advanced engineering. The site includes over 50,000 square metres of floor space and it is envisaged that there will be 7 new businesses and 84 new jobs created by 2015.
44. It was advised that in respect of the South West Iron Masters site, although Wynyard Park Ltd are involved in developing the site the company will not receive the financial benefits, as in essence it is the businesses locating on the site that will benefit from cheaper business rates. The panel was informed that as the Council is leasing the site to Wynyard Park Ltd it is in their interests to fill the site and the company is already looking at potential occupiers. It was emphasised that it will take up to 25 years to realise long term job benefits and that it is important to note that only the initial occupiers, over the first 5 years, will receive the financial benefits on offer.
45. The panel was advised that Tees Valley Unlimited and its partners have carried out extensive research regarding the type of businesses that could be located within the Enterprise Zone sites. The panel heard that there are a significant number of potential companies that have expressed an interest in locating to the one of the Tees Valley approved sites.
46. A Member of the panel queried whether any links have been established with local education and training providers in order to ensure that the creation of the Tees Valley Enterprise Zone assists local people in securing jobs. It was advised that Middlesbrough Council and Teesside University will be working with the local authority on this issue and that links to apprenticeships have already been recognised.

TO ASSESS THE POTENTIAL IMPACT OF ENTERPRISE ZONE DESIGNATION FOR SPECIFIC SITES IN MIDDLESBROUGH ON ADJACENT AREAS OF THE TOWN

47. In response to a query about the potential impact of Enterprise Zone designation for specific sites on adjacent areas of the town the Director of Policy and Strategy at Tees Valley Unlimited acknowledged that there would be an effect on surrounding areas. It was advised that not a lot of work has been undertaken on this aspect as of yet but that Tees Valley Unlimited will monitor the situation and it is recognised as an issue.

TO ASSESS THE RESOURCES AND EXPERTISE OF THE COUNCIL'S REGENERATION DEPARTMENT AND TEES VALLEY UNLIMITED TO PROGRESS THE ESTABLISHMENT AND THE SUSTAINABILITY OF NEW BUSINESS ENTERPRISES ON THE PROPOSED SITES IN MIDDLESBROUGH

48. The panel was advised that Tees Valley Unlimited is intending to appoint an Enterprise Zone Project Manager, as the work involved in delivering the Tees Valley Enterprise Zone has grown to be a significant piece of work. The job description and person specification is currently being drafted and the post will be funded from the existing Tees Valley Unlimited budget. It was emphasised that all of the local authorities in the Tees Valley are involved in supporting the Tees Valley Enterprise Zone and that there are no concerns in respect of Tees Valley's Unlimited's capacity to deliver on this agenda.

49. The Economic Regeneration Manager advised that the one aspect associated with developing the Tees Valley Enterprise Zone, which has placed the most pressure on local authority staff is the drafting of the Local Development Orders (LDO). The pressure faced by officers is as a result of the extensive consultation process that must be undertaken in developing the LDOs and the tight timescales and deadlines that need to be met.

TO EXAMINE THE FINANCIAL AND EMPLOYMENT BENEFITS TO MIDDLESBROUGH OF ESTABLISHING NEW BUSINESS ENTERPRISES ON THE PROPOSED SITES

50. Members indicated at the panel's initial meeting on the topic of Enterprise Zones that they wanted to learn more about the Advanced Manufacturing Park (AMP) in Sheffield and what opportunities could be created through the development of an AMP on the South West Iron Masters site in Middlesbrough.

51. Wynyard Park Ltd is responsible for the delivery of the AMP in Sheffield and the company is proposing to use the same AMP model to develop the 32 acre (13 ha) site at South West Iron Masters. It is recognised by the panel, however, that the focus for the Middlesbrough site will be on advanced engineering, as opposed to advanced manufacturing. An invitation was therefore extended to the Chief Executive of Wynyard Park Ltd to attend a meeting of the panel in order to provide Members with a more detailed understanding of the proposals to develop the South West Iron Masters site into an AMP.

52. The Deputy Vice Chancellor of Research & Business Engagement at Teesside University was also invited to attend the meeting to outline for the panel the research links that will be developed between the businesses located on the South West Iron Masters site and Teesside University.

53. The panel was advised that the Sheffield/ Rotherham AMP is a 100 acre development specifically targeted towards the aerospace sector. The two main partners are the University of Sheffield and Boeing, with support from Rolls Royce. The AMP has over 40 companies located on site employing over 600 people with the potential to create a further 400 jobs. Many of the employees working at the AMP are graduates from the University of Sheffield and as a result the graduate retention rate within the city has improved.
54. It was explained to the panel that the University of Sheffield and Boeing initially identified all of the companies involved in supplying components for equipment or services to Boeing. Work was then undertaken to establish whether these companies could work together in order to achieve better value for money in providing these components / services. The University of Sheffield and Boeing also looked at obtaining supplies from local suppliers where possible.
55. The panel was advised that Rolls Royce have chose to locate on the AMP site in Sheffield / Rotherham despite there being no history of the nuclear industry having a base in Sheffield. It was highlighted that Rolls Royce undertakes civil nuclear research and development on site and produces turbines for nuclear power stations.
56. The AMP is made up of different tiers of members. The Tier 1 members include some of the larger suppliers to Boeing, for example, GE Aviation, Rolls Royce, Messier-Dowty and BAE Systems and each company is required to pay £250k a year to the Advanced Manufacturing Research Centre, as sponsorship to carry out research on their behalf. The Tier 2 members who supply some of the smaller components for Boeing are required to pay sponsorship of £30k a year, as their contribution to the research conducted by the Research Centre.
57. It was highlighted that it is also critical to the success of the project that the AMP offers a wide range of property options at affordable prices to attract a mixture of large and small enterprises. The AMP property offer includes the following:-
- Incubation – Aimed at start ups and small businesses with offices of 200+ sq ft which would accommodate up to 2 or 3 people;
 - Evolution – Accommodation for larger businesses with offices up to 2,300 – 27,000 sq ft;
 - Expansion – Custom built units for large industrial businesses.
58. The panel was advised that the focus of the AMP has been to create greater interaction between the major equipment manufacturers, the supply chain companies and the research institutions. The AMP had also benefited from strong public sector support and funding from the European Regional Development Fund.
59. The proposal by Wynyard Park Ltd to develop an AMP on the 32 acre South West Ironmasters site is to be targeted at offshore wind, oil and gas sectors with research links being established with Teesside University and The Welding Institute (TWI). The partners involved in the project include Teesside University, in partnership with Northumbria and Sunderland University and TWI.

60. The panel was informed that Wynyard Park Ltd has submitted bids to the Regional Growth Fund (RGF) and the European Regional Development Fund (ERDF) for a proportion of the funding to help develop an AMP on the SWIM site. If the bids prove successful the aim is to commence work on site by the summer of 2012. If Wynyard Park Ltd fails to secure funding from the above sources alternative funding options will be sought. It was noted, however, that the land transaction is not necessarily dependent on the outcome of the funding bids.
61. It was highlighted that the SWIM site in Middlesbrough has previously suffered from poor access and the land also requires significant remediation works. However, the road access established as a result of the North Middlesbrough Accessibility Scheme has made the site more marketable. The marketing and advertising of the site will commence in November 2011 and will involve Tees Valley Unlimited, as well as other partners involved in the project.
62. The Deputy Vice Chancellor of Research & Business Engagement from Teesside University advised the panel that the University has welcomed the opportunity to be involved in the project. The panel heard that the University would utilise its strengths in research, innovation and training to support the network of businesses located at the AMP.
63. The panel was also advised that there are already a large number of engineering companies located in the Tees Valley and that this will assist in building up the supply chain work. Teesside University will also act as a base to bring in the research capabilities of the other Universities involved in the project. It was highlighted that as more businesses became involved in the AMP, a research centre will be developed on site to facilitate the research activity.
64. In response to whether wind turbines would be built on the AMP site, Members were advised that the gearboxes, which attach the fan blades onto a wind turbine shaft, could be built at the AMP and that the gearbox itself could also be a subject of future research. It was noted that The Welding Institute (TWI) intend to remain as a tenant at Aurora Court, however, the company has indicated that they are keen to expand their research capabilities and would facilitate the testing of new equipment on the AMP site.
65. The Chair of the panel advised that it is important for the Council to examine whether it has sufficient resources to provide the assistance that Wynyard Park Ltd requires in order to proceed with the development of the AMP.
66. The Council's Economic Regeneration Manager advised the panel that the necessary support will be provided to the developers in order to maximise the opportunities that are available, in relation to stimulating economic growth through networking and encouraging new engineering companies to locate on the AMP. The Council will also be involved in the arrangements for the leasing of the land.
67. The Chief Executive from Wynyard Park Ltd acknowledged the excellent support and assistance given by officers' from Middlesbrough Council throughout the project. The panel was also advised that the use of Local Development Orders, which effectively give advance planning permission for developments that meet specific criteria, will alleviate the requirement for separate planning applications to
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be submitted and is an added advantage to attract businesses to the site. The fact that the Government had also agreed to support the necessary infrastructure for the installation of superfast broadband of 20 megabites or above in the Enterprise Zone is a further incentive for businesses to locate to the AMP site.

TO ASSESS THE IMPLICATIONS FOR THE COUNCIL OF ALL ADDITIONAL BUSINESS RATES GENERATED WITHIN THE MIDDLESBROUGH SITES BEING RETAINED AND REINVESTED BY THE LOCAL ENTERPRISE PARTNERSHIP (LEP) FOR AT LEAST 25 YEARS

68. At the panel's initial meeting on the topic of Enterprise Zones it was advised that a notable benefit of securing an Enterprise Zone is that the Local Enterprise Partnership (LEP) (Tees Valley Unlimited) will capture all future business rates within the Enterprise Zone and therefore the potential exists to generate a significant pot to re-invest in stimulating economic activity.
69. It was also noted, however, that if business rates move back to within local authority control (which is being proposed by the Government), then there is the potential for EZ's to reduce the rates pool available at a local level, as the LEP would be receiving rates that would have otherwise come to the local authority. The panel was advised that consideration will therefore need to be given to how the captured business rates are used within each local area authority (and in what proportions) once the Government's intentions in this area are clearer.
70. In light of this information the panel was particularly keen to gain the view of the Director of Strategic Resources on how the additional business rates generated in the Tees Valley Enterprise Zone will be reinvested by the LEP and whether there are any financial implications for the Council. The Director of Strategic Resources was invited to attend a meeting of the panel to provide evidence in respect of this aspect of the panel's review.
71. The Director of Strategic Resources stated that everyone accepts that having an Enterprise Zone provides encouragement for economic regeneration, as it offers financial subsidies / incentives to individual companies. It was noted that companies located within an Enterprise Zone will benefit from three main financial subsidies. These are as follows: -
- **Capital allowances** – companies that invest monies into specific areas can qualify for tax benefits and can count that investment against their profit. This means that they pay less tax to the Treasury. Capital allowances are a significant benefit as they reduce the net cost of a company's investment, which is good news for business.
 - **Business rates relief (pure Enterprise Zones)** - businesses located within a pure Enterprise Zone can qualify for business rate relief up to £55,000 per year for a period of 5 years i.e. £275,000 in total. Businesses located on Enterprise Zone sites do not have to pay the business rates and the Government has stated that it will match the rates due and pass this funding onto the Local Enterprise Partnership (LEP). The LEP can then use that funding in the best interests of the region. The South West Iron Masters (SWIM) site in Middlesbrough is a pure Enterprise Zone site.

- **Business rates relief (quasi / alternative Enterprise Zones)** - the intention within the Tees Valley is to provide the same level of support in respect of business rates relief for the alternative / quasi Enterprise Zone sites that have been identified within the Tees Valley. Businesses located within the quasi / alternative Enterprise Zone sites can also qualify for business rate relief for up to £55,000 per year for a period of 5 years. The St Hilda's site in Middlesbrough is a quasi / alternative Enterprise Zone site.

72. It was noted that financial modelling is currently taking place across the region but that this work is yet to be completed.

73. The Director of Strategic Resources stated that if Middlesbrough is to make a success of the Enterprise Zone then it has to be about joined up thinking. Members of the panel queried whether there would be a need for each local authority within the Tees Valley to initially contribute some degree of funding to help bring about economic development within the identified Enterprise Zones sites. The Director of Strategic Resources explained that in his view there would be a need to fund infrastructure for certain sites, which could require all local authorities within the Tees Valley to take on a certain degree of risk.

74. It was noted that the major capital allowances sites, which are located outside of Middlesbrough may require a significant amount of upfront infrastructure investment. However, the money invested will be of benefit to the whole region. The Economic Development Manager explained that the infrastructure requirements for both Middlesbrough sites would be a lot less. The cost of any required infrastructure investment would be shared by all of the local authorities, through the LEP. Members of the panel expressed their support for Middlesbrough making a financial contribution in order to create jobs and investment within the Tees Valley

75. With regard to the additional funds generated by the business rates relief it was advised that these funds will be reinvested in infrastructure to support the development of the alternative / quasi Enterprise Zone sites. The Director of Strategic Resources stated that all of the additional business rates generated within the Tees Valley Enterprise Zone will be used to attract businesses to Teesside. However, it is accepted that there may be a financial gap that needs to be bridged until businesses become established on the various sites.

76. It was emphasised that the importance of attracting businesses to Teesside can not be underestimated and through the creation of jobs and wealth there are associated improvements in infrastructure and housing. The Economic Development Manager explained that with regard to the South West Iron Masters (SWIM) site some infrastructure would be required but that this would be largely funded by the private sector.

77. Reassurances were sought on whether the Council would see a return on its investment in infrastructure. The Director of Strategic Resources stated that the Council would not be investing its resources in developing infrastructure if there was no overall benefit in employment to the region. The panel was reminded of the importance of securing an Enterprise Zone. The Director of Strategic Resources expressed the view that the Tees Valley simply could not afford not to have an

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Enterprise Zone, as it brings in subsidies that would not otherwise be available to the region. It was stated that if the Council invests in infrastructure on the sites where it is required it will bring real benefits. It was also stated that the Tees Valley has been very fortunate in securing an Enterprise Zone, as it makes the Tees Valley much more attractive than other areas where an Enterprise Zone has not been secured.

78. The Chair of the panel queried whether the Director of Strategic Resources could foresee any difficulties in the delivery and realisation of the Tees Valley Enterprise Zone. The panel was advised that there is a lot of hard work involved in delivering an Enterprise Zone and that a number of agreements need to be put in place with neighbouring authorities. It was noted that officers within the region are working together to compile the relevant agreements and that this work is going relatively smoothly at present.
79. It was explained that there are a number of issues on which collective agreement needs to be sought, for example, on governance arrangements for the Enterprise Zone, as well as eligibility criteria for rates relief. It was stated that on many issues all of the local authorities within the Tees Valley are seeking to achieve the same result, for example, on winding out companies that simply wish to relocate to an Enterprise Zone to benefit from the financial incentives on offer.
80. The Director of Strategic Resources advised that once the financial modelling work has been undertaken there would be a lot more discussion between local authorities within the Tees Valley and it maybe the case that agreement around the financial aspects could be more difficult to achieve. In terms of the envisaged timescale for having the Enterprise Zone sites in place it was advised that the Government is very clear that all Enterprise Zones need to be up and running by 1 April 2012. The Economic Development Manager explained that the Tees Valley is due to submit its proposals to the Treasury by 11 November 2011.
81. The Chair of the panel queried whether the Director of Strategic Resources was aware of any financial difficulties that maybe faced by companies who are looking to establish businesses on the Middlesbrough sites. It was stated that the eligibility criteria for business rates relief is being worked on at present and that sustained efforts are being made to prevent displacement by companies already operating in Middlesbrough to an Enterprise Zone site. It was stated that the business rates relief on offer will be targeted at companies that are projected to grow and those looking to relocate which are not projected to grow will not qualify for business rates relief.
82. In terms of the requirements on companies to provide evidence of future growth it was advised that all businesses would have to provide a business plan, which demonstrates how their growth plan will be funded. It was stated that the Council's Economic Development Team will be working with businesses in respect of this element and that this work is not something new for the Team.

TO CONSIDER THE IMPLICATIONS OF THE SIMPLIFIED PLANNING PROCESS AND HOW SUPERFAST BROADBAND INFRASTRUCTURE WILL BE PROVIDED IN THE PROPOSED MIDDLESBROUGH ZONES

83. Another element highlighted at the panel's first meeting on topic of Enterprise Zones was that one of the benefits of securing an Enterprise Zone is that simplified planning approaches can be used in Enterprise Zone sites to kick start economic activity. The panel was keen to gain an insight into how a simplified planning approach would work locally and what impact this could have in Middlesbrough. The Council's Planning Services Manager was invited to attend a meeting of the panel to provide evidence in respect of this element of the panel's review.
84. It was explained to the panel that in terms of delivering a simplified planning approach a number of options are available to Local Planning Authorities. These include the use of Local Development Orders (LDOs) and Planning Performance Agreements, as well as specifying uses where existing planning permission is in place on allocated sites. It was stated that Middlesbrough Council has opted to go down the route of developing LDOs for the South West Iron Masters and St Hilda's site, as it does not believe the other options are appropriate. It was noted that other local authorities within the Tees Valley have opted to develop, in some cases, Planning Performance Agreements. It was stated that these are more appropriate for the larger Enterprise Zone sites in Hartlepool and Redcar and Cleveland, as health and safety issues will need to be considered and an Environmental Impact Assessment will also need to be undertaken.
85. In terms of developing the LDO's for the two Middlesbrough sites it was explained that the Council's Planning Team are in the process of drafting the LDO for the South West Iron Masters (SWIM) site and that the timescale for completion is 1 April 2012. It was advised that the draft LDO will be completed by the end of November 2011 and that any changes to the draft document will need to be made by January 2012. It was stated that the SWIM LDO will be in place for adoption by 1 April 2012.
86. The panel was informed that the SWIM LDO effectively grants planning permission for the site and sets out specific criteria. One of the criterion, for example, will be that both B1 (Business – limited to 235 square metres of floor space) and B2 uses (General Industrial limited to 235 square metres of floor space) will be permitted on the site and this criterion will be built into the LDO. It was explained, however, that although the SWIM site is being specifically targeted at developing advanced engineering and renewable energy this cannot be specified within the LDO. A master plan will therefore also be developed and used as a marketing tool with potential developers. The master plan will set out how the Council envisages the SWIM site being developed and the acceptable design criteria for bringing that development forward.
87. It was noted that an LDO can have conditions attached to it but that the overriding principle of a LDO is that if the proposed development meets the criteria specified in the LDO then planning permission is automatically granted. If on the other hand a development proposal comes forward which does not meet the set criteria then the applicant would need to apply for planning permission through the normal

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route. For example, if one of the criteria specified in the LDO is that all developments need to be less than 5000 square meters and a proposal is submitted for a development above that size then the applicant would need to submit a normal planning application.

88. The panel queried who is responsible for determining the criteria contained within the LDO. It was explained that the Council is responsible for setting the criteria for any LDO effective in its area. It was noted, however, that efforts are being made to adopt a similar approach to LDOs across the Tees Valley, although it was emphasised that each LDO will be tailored to an individual site. The Planning Services Manager confirmed that Middlesbrough Council is responsible for developing the LDOs for both the SWIM and St Hilda's sites.
89. The Chair of the Panel queried whether the granting of planning permission for sites covered by an LDO means that there is no longer a requirement for a planning application, which meets the LDO criteria, to be determined by the Council's Planning Committee. The Planning Services Manager confirmed that the adoption by the Local Planning Authority of an LDO does remove the Planning Committee's power to determine planning applications where an application meets the LDO criteria for a given site, as in such cases planning permission is automatically granted.
90. The Planning Services Manager stated that at present advice is being sought on the approval route for the Middlesbrough LDOs, which are currently being developed. It is unclear at this stage whether the LDOs need to be submitted to full Council, the Planning Committee, Executive or an Individual Executive Member for approval. It was emphasised, however, that the production and adoption of the LDOs for the two Middlesbrough sites rests purely with Middlesbrough Council but that all LDOs across the Tees Valley will have a similar look and feel. It was also noted that it is important to keep the LDOs as simple as possible, as if a LDO is developed for too large an area, covering too many uses/development types, with too many objectives it can lead to failure. It can also be counter-productive to the objectives being sought through the LDO process.
91. In terms of the advantages and disadvantages of LDOs it was advised that an LDO removes the Council's ability to negotiate a good scheme for a site, which is one of the advantages of the normal planning process. With a LDO there is list of blunt criteria and if an application meets the criteria then planning permission is granted. It was noted that the planning department will need to decide whether the application has fulfilled all of the LDO criteria and that potentially there will be more work involved for the Team where a proposed development does not fulfil the criteria.
92. With regard to the two LDOs being developed in Middlesbrough it was explained that there are a lot of complexities involved with developing a LDO for the St Hilda's site in comparison to the SWIM site. With St Hilda's it could well be the case that a development consists of different uses on different floors and therefore the Council will need to look at how it can restrict certain uses. It was stated that the LDO for the SWIM site will be the easiest of the LDOs to prepare within the Tees Valley.

93. It was queried whether Tees Valley Unlimited will have a role to play in developing the LDOs. It was explained that the LDOs for Middlesbrough are a Middlesbrough Council tool and that Tees Valley Unlimited has no involvement in their development.
94. In relation to timescales for the development of the St Hilda's LDO it was explained that as the St Hilda's site is not a Government funded Enterprise Zone site there is no requirement to have the St Hilda's LDO in place for April 2012. If the St Hilda's site was to receive Government funding then the St Hilda's LDO would also need to have been in place by the deadline. It was noted that across the Tees Valley 8 or 9 LDOs are in the process of being prepared, with two of those being for the Middlesbrough sites.
95. The Planning Services Manager advised the panel that the process for developing an LDO is very similar to that of a Supplementary Planning Document (SPD). A consultation process is undertaken and that process presents the only opportunity for statutory agencies such as the Highways Agency to be involved in shaping the criteria which is set for the site. Unless a statutory agency decides to take independent action at a later date they have no further say in the development once the LDO has been approved.
96. In terms of the key issues to consider in preparing a LDO it was explained that a key part of the document will be those elements which set out the conditions that will apply to any developments on the site and the S106 requirements. The LDO is highly unlikely to present a developer with an unconditional planning permission. It was advised that the conditions attached to an LDO can refer to a number of matters and will also ensure that any development which does come forward is controlled in some way. The conditions specified will not be negotiable and as with any planning permission will be enforceable. It was confirmed that a LDO will be very similar to a planning decision for a site, with conditions attached.
97. The panel heard that another important element in developing a LDO is to ensure that the LDO is time limited and also subject to review. It was explained that there are a number of reasons for this, not least of which is that if the Council was to decide to withdraw a non time limited LDO compensation would be payable. Whereas, if a LDO is time limited the Council is able to review and renew the document, as well as respond quickly to changing circumstances or if it discovers that the objectives of the LDO are not being met. It was advised that with regard to the Middlesbrough LDOs it is envisaged that they will both be time limited until 2017 and monitored annually, prior to being subject to review.
98. In relation to the monitoring process for a LDO it was advised that in some respects the process will be more onerous than the current planning regime. As unlike planning applications the Local Planning Authority will need to monitor the implementation of the LDO and subsequent development. It will therefore be necessary to introduce new arrangements in terms of notification procedures by which the Council is informed of developments and can inform a developer that its proposals for a development meet the requirements of the LDO. Failure to comply with a LDO is enforceable, increasing the need for the LDO to be clear in its objectives and the conditions attached to development. It was noted that in respect of the SWIM site it is very clear what the uses for the site will be and the Council is already working very closely with the developer, which it makes it much easier when drafting the LDO.

Potential barriers to the introduction of a LDO

99. A number of potential barriers were identified and these were outlined as follows:

- LDOs are meant to be simple documents that speed up the planning process and increase certainty for developers. There is a danger, however, that if the process is not managed properly they could become cumbersome, unwieldy, complex and more confusing than the system that they are intended to replace.
- LDOs by their nature are fairly prescriptive, can stifle innovation particularly in design, and can be fairly inflexible as to what is permitted. Any changes from the requirements of the LDO will need to apply for planning permission. It removes the negotiation process which is at the core of the planning process at present.
- Developers who rely upon external investment e.g. banks may still require the certainty that a planning application would provide.
- As a LDO extends permitted development rights it will remove the community engagement process that the current systems entails. This needs to be made clear to local communities, statutory undertakers and consultees during the preparation of a LDO.

100. The panel questioned whether LDOs are in fact simple documents that speed up the planning process given that in the majority of circumstances it would seem that the traditional planning route is likely to remain the most appropriate mechanism for bringing forward future development proposals within the town.

101. The Planning Service Manager explained that for an industrial estate / business park a LDO is in fact a better tool than the current planning process, as it can help to speed up investment. It was also stated that LDOs are likely to be most effective when used alongside other tools such as Enterprise Zones. In contrast developing a LDO for a residential area would not be appropriate. It was noted that it is also important that there is a shared willingness to make a LDO work. The Planning Services Manager confirmed that the Council's Planning Team, Economic Development Team and Finance Team are working collectively to develop Middlesbrough's LDOs.

102. A question was raised in respect of how a section 106 agreement will apply in practice to developments on the two sites that will be covered by a LDO in Middlesbrough. It was explained that, for example, a section 106 agreement for the St Hilda's site could specify that in order for planning permission to be granted, each developer will be required to pay a £10,000 contribution towards public realm improvements. In respect of the SWIM site it is not envisaged that any section 106 agreements will be included in the LDO.

103. The panel expressed the view that it is clear that a lot of work is taking place in terms of drafting the criteria for the LDOs, as well as examining the decision making / governance arrangements. The Chair queried whether the Planning Team envisages any real hurdles in developing Middlesbrough's two LDO documents.

104. The Planning Services Manager advised that the biggest hurdle would be in relation to the statutory consultation process but that to date the statutory consultees have been very responsive and supportive of both the development of the LDOs, as well as Tees Valley's Enterprise Zone status. The Planning Services Manager confirmed that he is fairly confident that the LDO for the SWIM site will be approved by the Council and would be in place for the 1 April 2012 deadline. The panel confirmed that it is fully supportive of the LDO process.
105. The Economic Development Manager explained to the panel that when the SWIM site goes out to the market the developer is intending to use the Advanced Manufacturing Park (AMP) branding. The site will be therefore be referred to in the future as Teesside Advanced Manufacturing Park. The LDO will also be named Teesside Advanced Manufacturing Park LDO.

CONCLUSIONS

106. Based on the evidence given throughout the investigation the Panel concluded that:
1. It is evident that the establishment of the Tees Valley Enterprise Zone, as approved by the Government, offers Middlesbrough a significant opportunity to stimulate economic growth and attract new businesses and employment opportunities to the town.
 2. The inclusion of the South West Iron Masters (SWIM) site and the St Hilda's site reflect the ambitious plans for the two key sectors (advanced engineering and the digital sector) which are seen as instrumental in driving Middlesbrough's future economic growth. It is anticipated that both sites could be developed quickly and together. These factors have been the main reason as to why these sites were selected as part of the multi-site bid for the Tees Valley Enterprise Zone.
 3. The Tees Valley Enterprise Zone is very different to the Enterprise Zones approved in other areas of the UK. The Tees Valley Enterprise Zone is not a single cleared site (preferably in single ownership) - as was originally envisaged by the Government - but a multi-site model to benefit the wider Tees Valley economy, which is focussed around large-scale manufacturing, petro-chemicals and renewable energy.
 4. The Government has not imposed any restrictions on the types of businesses that can be located on the approved Enterprise Zone sites. This decision is at the discretion of Tees Valley Unlimited and its partners and the criteria for eligibility is currently being drafted. The awarding of business rates relief will also be at the discretion of Tees Valley Unlimited and a panel consisting of representatives from the five Tees Valley authorities will be set up to assess applications from businesses wanting to locate to an Enterprise Zone site. The scrutiny panel has been reassured that applications made by businesses, which are looking to relocate to an Enterprise Zone site, simply to benefit from the financial incentives on offer will not be supported.

5. The potential impact of Enterprise Zone designation for the SWIM and St Hilda's sites in Middlesbrough on adjacent areas of the town is not yet known. However, property owners just outside of the St Hilda's zone have expressed concerns in respect of the issue of displacement and the potential for properties outside of the zone to be left vacant. Tees Valley Unlimited has acknowledged that the designation of specific sites will have an effect on surrounding areas and that this situation will be monitored.
6. While Tees Valley Unlimited is to appoint to a new post dedicated to assist in delivering the Teesside Enterprise Zone, Middlesbrough Council is facing pressure to accommodate the drafting of Local Development Orders within existing resources.
7. The Tees Valley Enterprise Zone will bring both financial and employment benefits to Middlesbrough. It is envisaged that there will be 10 new businesses and 100 new jobs created on the St Hilda's site by 2015, with projections of over 700 new jobs created on site during the 25 year lifetime of the Enterprise Zone. It is also anticipated that there will be 7 new businesses and 84 new jobs created on the SWIM site in the next three years, with projections of over 1000 new jobs created on the site over the lifetime of the Enterprise Zone.
8. The additional business rates generated within the Middlesbrough sites will be invested by the LEP (Tees Valley Unlimited) in infrastructure, as well as used to support the development of the alternative / quasi Enterprise Zone sites, such as the St Hilda's site. Businesses located in the alternative / quasi Enterprise Zone sites are able to qualify for business rate relief for up to £55,000 per year for a period of five years as a result of this investment. Eligibility criteria and process for awarding business rates relief will be at the discretion of Tees Valley Unlimited and the Tees Valley local authorities and will need to be developed and approved.
9. Initially Middlesbrough Council, along with its neighbouring Tees Valley authorities, may need to make a financial contribution to help fund the infrastructure that will help to bring about economic development within the identified Enterprise Zone sites. The panel supports this investment and is fully committed to supporting the creation of new jobs and new businesses within the Tees Valley. Financial modelling will need to be undertaken to determine the financial implications for all of the Tees Valley authorities.
10. The responsibility for developing Local Development Orders (LDOs) rests with Middlesbrough Council. These will be developed for both the SWIM and St Hilda's site, although the approval route for the adoption of the LDOs is yet to be determined. However, once adopted there will no longer be a requirement for a planning application, which meets the LDO criteria, to be determined by the Council's Planning Committee. It is acknowledged that for an industrial / business park a LDO is a better tool than the current planning process as it can help to speed up investment. The panel is therefore fully supportive of the development of the LDOs for Middlesbrough's Enterprise Zone sites. A Master Plan will need to be devised to set out how acceptable design criteria are to be achieved on the SWIM and Boho sites.

RECOMMENDATIONS

107. That the Economic Regeneration and Transport Scrutiny Panel recommends to The Executive:
1. That the Council adopts a policy that any applications from businesses which are looking to relocate to an Enterprise Zone site solely to benefit from the available financial benefits and incentives will not be supported.
 2. That, given the current financial constraints facing the local authority, consideration is given to how the Council can best work with Tees Valley Unlimited to deliver the local Enterprise Zone to support the creation of new jobs and businesses.
 3. That Tees Valley Unlimited be requested to co-ordinate the work of the Tees Valley authorities and work with them to:
 - a) Develop consistent criteria for Local Development Orders for the local Enterprise Zones.
 - b) Develop eligibility criteria for the award of business rates relief.
 4. That the results of securing Enterprise Zone status for the Tees Valley - including jobs created, numbers of businesses assisted and business rates received by the Local Enterprise Partnership - are monitored and reported to the scrutiny panel annually.
 5. That the Tees Valley authorities work together to seek the funding required to provide the necessary infrastructure for the Enterprise Zones and that financial modelling is undertaken to determine the financial implications for the local authorities.

ACKNOWLEDGEMENTS

11. The Panel is grateful to all those who have presented evidence during the course of our investigation. We would like to place on record our appreciation, in particular of the willingness and co-operation we have received from the below named:-

Kevin Parkes - Executive Director of Regeneration

Paul Slocombe - Director of Strategic Resources

Richard Horniman - Economic Development Manager

Paul Clarke - Planning Services Manager

Linda Edworthy - Director of Strategy and Policy, Tees Valley Unlimited

Professor Cliff Hardcastle - Deputy Vice Chancellor (Research & Business Engagement), Teesside University.

Paul Barber - Chief Executive, Wynyard Park Ltd

COUNCILLOR M. WILLIAMS

CHAIR OF THE ECONOMIC REGENERATION AND TRANSPORT SCRUTINY PANEL

November 2011

BACKGROUND PAPERS

The following background papers were consulted or referred to in the preparation of this report:

- Reports to, and minutes of, Economic Regeneration and Transport Scrutiny Panel meetings held on 20 July, 15 August, 12 September and 3 and 24 October 2011.

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