

# Enterprise Zones: Draft Implementation Plan

## North Eastern LEP Proposition

By 2037, the NELEP Enterprise Zone will have produced:

1. Over 481,433 sq.m. of floorspace (industrial and office).
2. Nearly 8,480 jobs in respect of direct employment.
3. Over £121,000,000 in additional business rates, of which more than £46m will be net of investment costs and can be applied to meet NELEP priorities.

By 2015, the Enterprise Zone will produce:

- A. Over 40,000 sq.m. of floorspace (industrial and office).
- B. Almost 1,000 jobs in respect of direct employment.
- C. Nearly £750,000 per annum in additional business rates.

## 1. Introduction and Background

1.1 On 17 August 2011, the Government announced that agreement had been reached on the site locations of a designated Enterprise Zone within the North Eastern LEP area.

1.2 The Government's approach to the 'new generation' of Enterprise Zones is based on:

- Generating and maximising a positive impact for the wider economic area.
- The long term economic success of both a Zone and the wider area going beyond the initial period of Government business rate subsidy.
- Connection between the Zone and the strategic economic priorities of the wider area.
- Minimising displacement and avoiding localised competition.

1.3 This draft Implementation Plan sets out the steps that are being taken to establish the Enterprise Zone within the North Eastern LEP area.

1.4 The vision for the North Eastern LEP is to deliver smart, enterprising leadership between the private sector, local government, higher education and further education, to rebalance the economy and ***create Europe's premier location for low carbon, sustainable, knowledge-based private sector-led growth and jobs.*** To achieve the vision, the LEP has agreed to focus on supporting actions delivered within a 'Growth Plan' targeting four strategic economic priorities:

- **Supporting Enterprise and Private Sector Business Growth.**
- **Building on Key Economic Strengths.**
- **Improving Skills and Performance.**
- **Strengthening Transport, Connectivity and Infrastructure.**

1.5 By taking forward the work on the 'Growth Plan', and with the Enterprise Zone as a key delivery tool, the NELEP is also positioning itself to take full advantage of initiatives, such as Growing Places Fund, North East of England ERDF Competitiveness Programme, Port Infrastructure Fund and Green Investment Bank. The LEP is also ready to take advantage of any opportunities arising out of the Government's 2011 autumn Budget Statement.

### **Rationale and Strategic Economic Fit**

1.6 The North Eastern LEP area has made substantial progress in moving towards achieving the overall vision agreed by the LEP. The intention of the LEP is to capture the benefits from the development of a low carbon economy by capitalising on the distinct locational advantages of the NELEP area and the critical assets and strengths of the locality.

1.7 There are two major opportunities in low carbon industries that the NELEP area is well placed to secure:

- The development of mass production **ultra low carbon vehicles**, particularly in the form of electric cars.
- The manufacture assembly and servicing of **offshore wind energy** farms in the North Sea.

1.8 Both opportunities are real, and work is well-advanced in preparation to secure new investment and create value-added employment in these new industries. Whilst the low carbon economy operates in a fiercely competitive global market place, the Enterprise Zone initiative offers a practical means of positioning the NELEP area ahead of other similar places. The Zone will also act as a catalyst and anchor for economic growth beyond the boundaries of the EZ sites.

1.9 In relation to electric and ultra low carbon vehicles, Nissan has already announced its intention to produce the LEAF electric vehicle at its Sunderland site from 2012, and has invested in a new battery plant to serve those requirements. The opening up of the Nissan test track to third parties has already attracted other electric vehicle suppliers and the intention is to attract further companies involved in both electric vehicle production and battery technologies to build a low carbon 'technopole' (or a set of strongly-linked technology locations). As production at Nissan and elsewhere expands, there is a major opportunity to develop a new supply chain relating to electric vehicle production that could serve the growing European market for ultra low carbon vehicles. This sector also provides a high level of distinctiveness for the Enterprise Zone when situated within a UK plc context.

1.10 For offshore wind energy, the NELEP area possesses several strengths that position it ahead of alternative locations on the North Sea, including:

- Research expertise and test facilities at Narec in Blyth and in the marine sector on the River Tyne.
- The availability of very large sites on the River Tyne for final assembly.
- Excellent port facilities on the Rivers Blyth, Tyne and Wear for survey work, sub-assembly and the servicing of offshore fields.
- Riverside and coastal sites suitable for component assembly of the very large structures that go to make the new generation of offshore turbines (which can comprise up to a 70m radius blade on top of a 100m high column and carrying a generator located in the nacelle that itself weighs up to 200 tonnes).

1.11 For offshore wind energy and electric vehicles, the North East's strong industrial base and wide-ranging engineering skills are key factors in supporting these developments.

1.12 The potential exists for the North Eastern LEP area to secure competitive commercial advantage from the transition to a low carbon economy through new investments in offshore wind, electric vehicles, micro-generation, and drawing upon renowned scientific research and innovation strengths in a range of low carbon technologies. There is also a real opportunity, through the Enterprise Zone, to establish stronger linkages between key sites located in the Zone on the basis of a consistent marketing approach.

### Strategic Milestones

1.13 The Government has set the strategic milestones it is working towards to enable Enterprise Zones across the country to be up and running from April 2012. The matrix below sets out the corresponding actions that will be taken by the NELEP and partners to meet the requisite Government deadlines and ensure that the EZ is operational by April next year.

Government Deadline	NELEP Action(s)
Localism Bill to receive Royal Assent, regulations defining area of EZs for refund of business rate discounts drafted (end of November 2011).	<ul style="list-style-type: none"> <li>• Define EZ Sites Boundaries (11 November 2011).</li> <li>• Provide details of Incentive Requirements (11 November 2011).</li> <li>• Provide Business Rate Discount projections to DCLG (11 November 2011).</li> </ul>
Localism Bill regulations enacted, bringing in powers to discount business rates from 2012. Draft LDOs begin to be submitted.	<ul style="list-style-type: none"> <li>• Agreement to Financial Model to be employed for Retention of Business Rates (End of November 2011).</li> </ul>

Government Deadline	NELEP Action(s)
<p>1<sup>st</sup> April 2012 – 5 yrs Business Rate Discounts begin for those on site. Approved LDOs become operational.</p>	<ul style="list-style-type: none"> <li>• Lead Local Authorities draft framework and timescale for EZ LDOs (ongoing).</li> <li>• Local Authorities to establish contact with nominated DCLG LDO Link Officer.</li> <li>• LDOs prepared in consultation with DCLG.</li> <li>• Draft LDOs to go through statutory consultation process (Early 2012).</li> <li>• LDOs to be approved by Local Authorities and Secretary of State (April to July 2012).</li> </ul>
<p>April 2012 - Legislation introduced to enable companies moving into Zones to seek first year Capital Allowances on plant and machinery.</p>	<ul style="list-style-type: none"> <li>• Negotiations over ECA Incentive for NELEP sites completed (End of November 2011).</li> <li>• Projections for ECA for the Zone provided to Government (November 2011).</li> <li>• Sites appropriately marketed to Inward Investors through EZ Marketing Strategy (ongoing).</li> </ul>
<p>End of 2012 – Partnerships will have developed plans for the use of business rates retained from businesses located in EZs and nominated a responsible local authority to ensure that retained business rates are subject to usual audit, accountability and transparency.</p>	<ul style="list-style-type: none"> <li>• Core Principles of Financial Model to be agreed (end of November 2011).</li> <li>• Detailed Financial Model set in place by Local Authority partners (April 2012).</li> <li>• NELEP ‘Growth Plan’ completed to inform investment strategy for retained business rates (end of January 2012).</li> </ul>
<p>April 2013 – Billing authorities begin to retain business rates collected from businesses located in EZs. Legislation enabling enhanced capital allowances and TIF comes into force.</p>	<ul style="list-style-type: none"> <li>• Expenditure in support of NELEP Growth Plan commences.</li> </ul>

# NELEP Enterprise Zone



## Contact Information

1.14 The senior level owner of the project will be Paul Woolston, Chair of the North Eastern LEP Board: paul.woolston@uk.pwc.com

1.15 The NELEP Board is establishing a new executive team for the LEP. In addition, an Interim Enterprise Zone Project Manager for the LEP is being recruited to provide immediate project management support for the day-to-day co-ordination and implementation of the Enterprise Zone. This post will be filled by December. In the meantime, the initial officer contact for the Zone is Peter O'Brien. Tel: 0191 537 0951, peter@tyneandwearcityregion.co.uk

1.16 The following contacts will be responsible initially for developing and agreeing a model for managing business rates discounts and retention in the Zone:

- Malcolm Page, Executive Director of Commercial and Corporate Services, Commercial and Corporate Services, Sunderland City Council, Civic Centre, Burdon Road, Sunderland SR2 7DN. Tel: 0191 561 1003, malcolm.page@sunderland.gov.uk
- Paul Woods, Director of Finance and Resources, Chief Executive's Office, Newcastle City Council, Civic Centre, Barras Bridge, Newcastle upon Tyne NE99 2BN. Tel: 0191 277 7527, paul.woods@newcastle.gov.uk
- Fiona Rooney, Strategic Director of Finance and Resources, North Tyneside Council, Quadrant East, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY. Tel: 0191 643 5724, fiona.rooney@northtyneside.gov.uk

1.17 The following contacts will be responsible for designing and implementing simplified planning arrangements in the Zone:

- Jon Rippon, Team Manager, Development Management, Strategic Housing, Planning and Transportation, Environment and Regeneration Directorate, Newcastle City Council, Civic Centre, Barras Bridge, Newcastle upon Tyne NE99 2BN. Tel: 0191 211 5639, jon.rippon@newcastle.gov.uk
- Sarah Davitt, Principal Planning Officer, Regeneration, Development and Regulatory Services, Chief Executive's Office, North Tyneside Council, Quadrant East, The Silverlink North, Cobalt Business Park, North Tyneside NE27 0BY. Tel: 0191 643 6332, sarah.davitt@northtyneside.gov.uk
- Dan Hattle, Interim Deputy Manager, Planning Implementation, Office of the Chief Executive, Sunderland City Council, Civic Centre, Burdon Road, Sunderland SR2 7DN. Tel: 0191 561 1714, dan.hattle@sunderland.gov.uk

## 2. Sites and Incentives

2.1 On 17 August 2011, the Government agreed to the site locations of the designated NELEP Enterprise Zone. The Enterprise Zone is 117 ha in size, comprising of two main development areas focussing on two specific low carbon economy sectors:

- Offshore Wind and Renewables (River Tyne North Bank).
- A19 Ultra Low Carbon Vehicles Corridor (Nissan Site).

2.2 Each of the development areas that make up the NELEP Enterprise Zone should be viewed locally, and by the market, as being composed of a small number of distinct sites. The details of these sites are set out below and in the maps attached annexes.

2.3 The NELEP EZ sites are seeking to take full advantage of the following incentives that Government is making available:

- A business rate discount worth up to £275,000 per eligible business over a five year period.
- All business rates growth within the zone for a period of at least 25 years will be shared and retained by the local area, to support the Partnership's economic priorities and ensure that Enterprise Zone growth is reinvested locally.
- Government help to develop radically simplified planning approaches for the zone using, for example, existing local powers to grant automatic planning permission.
- Government support to ensure that superfast broadband is rolled out throughout the zone, achieved through guaranteeing the most supportive regulatory environment and, if necessary, public funding.
- Enhanced capital allowances (instead of business rate discounts) for plant and machinery, in a limited number of cases, where there is a strong focus on manufacturing.
- UKTI support for inward investment or trade opportunities in the Zone.

### **Flexibilities in the application of Enhanced Capital Allowances**

2.4 The NELEP is aware that restrictions are being applied to ECAs on the basis of the first three investments in plant and machinery on the relevant sites within the Zone. Having reviewed the sites within the NELEP proposal, and the market conditions for such sites, the NELEP has been keen to explore a mechanism with Government in relation to ECAs, which would not increase the potential liability to Treasury provided by three investments, each offering up to £100m of ECAs on Plant and Machinery, while providing the LEP and the Zone with greater flexibility to attract a higher number of significant investors as powerful generators of economic growth.

2.5 Based on the nature of the sites themselves, the requirements of the target sectors, and current investment requirements for the sites, partners

responsible for preparing the EZ sites have concluded that ECAs are an essential part of the attractiveness of the area in securing new investment in the Low Carbon Economy and Advanced Manufacturing industries. The potential also exists for the Zone to attract smaller, supply chain companies, as the wider supply chain is vital to attracting the major manufacturers. There is a strong possibility that smaller investments may occur first, with the result that the ECAs are used up on the smaller (£20-£30million) projects, and not available to support the larger (c. £100-£200 million) subsequent investment. If NELEP were to refuse ECA applications from these earlier, smaller investors, based upon an arbitrary minimum scale, and found subsequently that larger investments did not materialise, then NELEP would find itself open to legal challenge were it then to revise the minimum requirement downward. NELEP believes that ECAs in the Enterprise Zone should be restricted by value and not number. This would also have the advantage that the potential public liability would be capped at a predetermined level – and would not expose Government to more than the value of £300 million of capital investment benefiting from the allowances, which has been offered to the NELEP. This would reduce uncertainty. The NELEP would like to discuss this matter further with Government as a matter of urgency.

### **A Coherent Set of Sites**

#### *North Bank of the Tyne*

##### Neptune Yard - NE6 3NL

18.4 ha in size. The successful development of the Marine and Sub-sector along this part of the River Tyne makes the site ripe for development through large scale investors. This is why the site is well placed to take full advantage of the Enhanced Capital Allowances incentive. The site is split into three main parts, with two sections ready for and attracting private sector interest, with the third requiring further infrastructure works.

##### Port of Tyne North Estate - NE29 6DW, NE29 6EE, NE29 6EG

38.8 ha in size. This significant site, situated towards the mouth of the River Tyne, is being marketed as a prime site for an inward investor seeking to take advantage of the opportunities arising in the Offshore Wind and Renewables sector. Specifically, those opportunities arising from the Round 3 offshore wind farm fields with riverside or coastal locations required for component manufacture or final assembly plants. The aim is to utilise the Enhanced Capital Allowances incentive to best effect to attract the requisite investment to this site.

##### Swan Hunter - NE28 6EQ, NE28 6HF, NE28 6HQ

17.2 ha in size. North Tyneside Council have highlighted that both the planning and marketing strategy for this site position it to strengthen the supply chain for sub-sea and offshore wind sectors. It has therefore been proposed that this site no longer seeks ECA incentives, due to the limited impact it could have, but instead Business Rate Discount Incentive be sought. To this end, North Tyneside Council has produced Business Rate Incentive projections for DCLG to consider.



*A19 Ultra Low Carbon Vehicle Corridor*  
SR5 3NS

42.9 ha in size. Since the original submission to Government on 15 August 2011, while the total size of this part of the Enterprise Zone remains the same, the sites that make up Zone, have changed following discussion locally between the local authority and landowners, and to take advantage of Gateshead College's successful RGF proposal for expansion of the research and development facilities on site. These changes in the main reflect the move towards a more deliverable suite of sites. All sites were originally designated to receive Business Rates Discount incentive. However, Sunderland City Council has noted interest in two of their sites from significant inward investors and are proposing that, should flexibility be granted on the approach to the ECA Incentive (as set out earlier), they would like to these sites granted this incentive. The other sites, more suited strategically to Business Rates Incentive, would remain as they were. Sunderland City Council has produced projections for Business Rate Incentive for consideration by DCLG.

### **3. Simplified Planning**

3.1 The NELEP recognises that one of the key aspects of the new generation of Enterprise Zones is the establishment of a simplified planning regime, and that planning arrangements should work in support of the delivery of the NELEP vision and Growth Plan.

3.2 The three local authorities with sites in the designated Enterprise Zone – North Tyneside, Newcastle and Sunderland – are each considering the detail of what is required in terms of introducing simplified planning arrangements in the EZ. The authorities see the Local Development Order (LDO) as the preferred tool to take forward simplified planning as it provides certainty for developers, it enables quick access to sites, and it also sets out an agreed basis for what sort of development will be permitted in the future.

3.3 As planning authorities, the three local authorities will need to prepare and submit LDOs on an individual basis. However, the local authorities, which meet as a 'NELEP Planning Group', will discuss collectively, and will work with the nominated Government LDO Link Officer, to finalise the level of detail required in the LDOs.

3.4 All three authorities, at this stage, are looking to introduce this type of simplified planning within the designated EZ sites only. A significant amount of detail is being worked through – in terms of preparing to undertake statutory processes – in order to get LDOs in place for the operation of the EZ in 2012. Because of the distinct local issues found in each of the different EZ sites, the timescales for completing the LDOs may vary slightly. For example, there are particular environmental or heritage issues to consider in some of the sites. However, in broad terms, and drawing upon individual local timescales and programmes provided by the authorities, the following timeline is envisaged for putting LDOs in place across the Enterprise Zone:

- October 2011 - December 2011 - Preparation of Draft LDO (including Impact Assessments) and Identification of Consultees for Adoption Processes.
- November 2011 - February 2012 - Informal and Statutory Consultation.
- December 2011 - March 2012 - Local Authority Consideration and Approval Processes.
- April 2012 - July 2012 - Submission to Secretary of State for Approval and LDO in Effect.

3.5 The LDO is seen as a 'lean tool' that will enable the Enterprise Zone to be attractive to investors. The potential exists, using the LDO, to specify that certain types of investment or development should be attracted to the EZ – as part of a wider strategy for countering displacement. The local authorities are looking to identify an innovative (and consistent) approach to specifying particular development that will be permitted rather than using existing Standard Industry Classification (SIC). For example, North Tyneside Council has drafted the following form of words, which it is intended will provide a framework for ensuring that certain types of development on their sites fits with the overall aim and ambition of the NELEP EZ:

***“The carrying out of development, appropriate under the Conditions of this LDO, to enable the manufacture and maintenance of plant and machinery and parts thereof pursuant to off-shore wind energy generation, and oil and gas exploration and extraction, and other forms of advanced subsea manufacturing and technology.”***

3.6 It is suggested that the first LDOs will run until 2025 to provide the requisite timescale that both allows full development of all sites and also acts as an incentive to those investing.

## **4. Governance and Management**

4.1 The NELEP Board will have overall responsibility for ensuring the successful implementation of the Enterprise Zone. Local authorities, business and other partners will be 'commissioned' by the Board to ensure that local delivery of sites in the Enterprise Zone occurs, and that this is aligned to achieving the overall vision and strategy of the NELEP.

4.2 The Board has established a senior officer level EZ Steering Group, and it has commissioned a number of task and finish groups to support the implementation of the Enterprise Zone.

4.3 In relation to finance, information has been requested by Government on the following:

- How will the LEP manage business rates retained from businesses locating into the zone, including which local authority will hold them for accounting and audit purposes?
- How does the LEP intend to treat any upfront costs to be repaid from retained business rates?

4.4 Local authorities and partners in the NELEP have set out a series of key principles and a proposed process for managing the retained business rate income:

### **Proposed Key Principles**

- Investment and associated financing costs incurred by the three local authorities, where the NELEP Enterprise Zone has been designated (Sunderland, Newcastle and North Tyneside), would have first call on the retained business rates income for the purposes of covering the cost of upfront infrastructure costs of getting the EZ sites ready. Each EZ local authority would be responsible for funding any investment required in respect of the sites in their local administrative area.
- Financing costs could be minimised through repaying investment costs as quickly as possible (i.e. using all of the business rates in early years) and through maximising the availability of external funding. This will assist with maximising any surplus income across the life of the Enterprise Zone.
- Once all investment and associated financing costs are repaid on all EZ sites, the retained business rates income generated by the EZ, for the lifetime of the Zone, will be available to the NELEP in order to invest in supporting agreed strategic priorities across the LEP area.

### **Proposed Process**

- One local authority in the designated Enterprise Zone will carry out the role of overseeing the process for all three local authorities, and provide information periodically to the NELEP and DCLG as required. The aim, at all times, will be to ensure that a transparent process is in place to collect business rate income, and reimburse investment costs, etc for all NELEP partners.
- All three local authorities in the EZ will incur financing costs in line with the agreed EZ investment amounts required to support the delivery of the Zone.
- All three local authorities in the EZ will collect and document business rates from the companies locating into their EZ sites or claim Government grant income for those companies benefitting from the five year business rates incentive period.

- Both investment financing costs and retained business rates from all three EZ local authorities will be notionally pooled on an annual basis (this activity will be carried out by the local authority nominated to carry out the 'overseeing' role outlined above).
- Retained Pooled Business rates income will be allocated to each LA in respect of their financing requirements for the given year in proportion to the overall financing costs across the three EZ local authorities. This may necessitate cash transfers between the EZ local authorities in accordance with this calculation.
- Any surplus Pooled Business Rates remaining after the in-year financing costs of EZ local authorities are repaid will be held for the next year or used to accelerate repayment of debt where this reduces costs.
- Where pooled retained business rate income is insufficient to cover the financing costs for the year, EZ local authorities will be allowed to carry out additional short-term borrowing to meet these costs or alternatively fund themselves from internal resources where this can be achieved at a lower cost of finance. This additional cost will be claimed from the pooled retained business rates income in future years.
- Once all investment costs and associated borrowing costs are repaid to EZ local authorities, retained business rates will continue to be collected by the EZ local authority, but held for the benefit of the NELEP to invest in LEP strategic priorities. Details of how the NELEP holds or expends retained business rates income will be considered in the coming months and agreed by the LEP Board.

## **Monitoring and Evaluation**

4.5 Further to the setting up of the EZ Governance and Management structure, and the associated Financial Model, which will operate in the first instance to undertake the infrastructure costs of the EZ, but then also manage the throughput of retained business rates for the Zone, the LEP recognises the necessity and value of having a tailored monitoring and evaluation system in place. By utilising the outcome and output monitoring that will be necessary for the various funding initiatives associated with the EZ and demanded by Government, the LEP will seek to put in place a monitoring system for the whole EZ, which allows progress of the sites to be gauged on a continuous basis. Given the timescales involved to bring the sites and businesses associated with the EZ to fruition, and generating income for investment, it is proposed that a baseline exercise is undertaken in 2012, and that the first interim evaluation of the NELEP Enterprise Zone takes place in 2014. NELEP will also align its internal evaluation to any national EZ evaluation exercise.

## **5. Sharing Information**

5.1 The NELEP will build upon existing relationships with Government Departments, agencies and LEPs across the country to ensure that where the opportunity exist to learn from and share ideas with others, the NELEP does so to the benefit of the development of its Enterprise Zone. This includes continued engagement with the LEP Network being driven forward by the British Chambers of Commerce, and working locally with neighbouring LEPs in Tees Valley, Cumbria, York and North Yorkshire, and across the North of England. In developing the Enterprise Zone, the opportunities and support provided by Government Departments, particularly, DCLG, BIS, HMT and DfT is critical. The NELEP will continue to foster these relationships to ensure every avenue is explored to maximise the impact and success of the Enterprise Zone. For example, the fortnightly meetings that currently take place between the NELEP officers and the BIS Local Team provide a very useful means to share progress on the Enterprise Zone and learn more about forthcoming initiatives from which the EZ can benefit.

## **6. Marketing and Communications**

6.1 The approach taken to Communications and Marketing will be an important factor in the success of the NELEP Enterprise Zone. Ahead of April 2012, a marketing strategy for the Zone will be implemented, which will proactively promote the EZ sites, and will complement a broader approach to capturing inward investment into the NELEP area. It will build on the wealth of knowledge and excellent work done to date in the NELEP area in marketing sectors and industries within the context of the Low Carbon Economy and Advanced Manufacturing, specifically that available around Ultra Low Carbon Vehicles, and Offshore Wind and Renewables. As a result, much of the material will have the necessary sector/industry focus setting out the type of industry and business the NELEP is seeking to attract to the EZ and the wider economic area.

6.2 Essential to this strategy, will be the adoption of a consistent approach in the promotion of the Enterprise Zone, whether this is to investors, businesses and/or developers. This 'seamless offer' will be reflected in the marketing tools to be employed, including websites and other LEP literature. The LEP is exploring at present how best to support inward investment activity in the new arrangements being taken forward by UKTI. As a result, there will be a need to adapt the way that partners within the LEP area have operated in the past so that a first class service can be delivered in future. This may require the addition of new services and the adaptation and improvement of existing service provision.

6.3 There is a general acceptance that a single, initial point of entry for inward investment enquiries to the North Eastern LEP area is needed and that the NELEP should provide this service. The NELEP would provide an initial, introductory service for all enquiries that emerge from UKTI, other

national/Government sources, regional marketing campaigns delivered by NELEP or enquiries that emerge from the efforts of NELEP Board Members and their contacts. To facilitate NELEP providing the initial service, local authorities will develop a database of locality and site specific information covering:

- Key facts about the locality including information on the workforce and other relevant market related intelligence.
- Site and property details.
- Details on local transport networks and other infrastructure matters.
- Financial assistance packages available locally.
- Emerging local developments.

6.4 The expectation is that the NELEP contact point will have a key role in managing investor enquiries and relationships to ensure a seamless service. Local authorities will identify a single point of contact that will take responsibility for providing detailed technical input to meet the specific needs of the investor. Where necessary, the local authority contact point will manage the input of third parties in the form of site / property owners, infrastructure developers, sector experts, etc.

6.5 The process set out above is designed to deal with an enquiry that comes through a formal or established route to a contact point in the North East. A different approach is expected to be required for those enquiries that are received locally, enquiries that might emerge from the specific efforts of a local authority or a local site owner / developer.

6.6 It is proposed that an enquiry made at a local level is dealt with by the recipient local authority until it is evident that the local authority is unable to satisfy the needs of the specific enquiry. At this point, the enquiry will be transferred to the NELEP single point of contact, and the potential investor will be provided with details of other sites in the locality that meet the specifications of the enquiry.

6.7 The resources and capacity of local authorities to promote the development of sites and sectors in supporting investment to the EZ will be used, as will exemplars from the private sector in order to demonstrate to potential investors what can be achieved in the NELEP area. The NELEP will also work with communications resources in DCLG and other Government Departments to maximise the opportunities from the EZ to generate and capture positive exposure in relation to how it is being delivered locally.

## **7. Displacement Strategy**

7.1 Displacement is the extent to which development and economic growth on the Enterprise Zone will displace existing activity within the NELEP area as a result of the EZ incentives and interventions. Displacement could occur if significant numbers of companies based in NELEP relocated to the EZ sites

based simply on the new incentives available, rather than the other locational advantages (e.g. proximity to new customers such as offshore wind turbine assemblers) or to take advantage of an opportunity for expansion or modernisation that could not be achieved on their current site. It is not simply a question of the number of relocations but the motivations behind those moves and the net result for the NELEP economy.

7.2 The scale of incentives available to new style EZs are more focused than the 1980s EZs and therefore are less likely to lead to localised displacement. However, DCLG Guidance makes it clear that displacement is a concern that must be addressed. It is important to note that many of the sectors that will be targeted, as part of the Enterprise Zone, are emerging industries.

7.3 Four factors each play a key role in minimising displacement:

- The nature of the sites themselves.
- Relationships with site owners and developers.
- Local Development Orders and the planning regime.
- Marketing of the EZ and the Sites.

7.4 The NELEP will utilise each of these to achieve its goals.

### **Nature of the EZ sites**

7.5 As far as ultra low carbon vehicle production is concerned, four of the five component sites are within the Nissan compound. This physical proximity means that it is highly likely that these sites will be developed for uses, which specifically relate to automotive/electric vehicles or to the development of battery technologies for other uses. There will be a strong connection with the Nissan supply chain and the development of an ultra low carbon vehicle cluster. It is in Nissan's interests to encourage this and so the promotion of the sites will reflect those specific locational advantages. Indeed, they are likely to command a property premium over more general uses.

7.6 Turbine Business Park, to the south of the test track, is owned by Barmston Developments and will offer a wider range of potential uses. A Masterplan has been approved and planning permissions exist for a mixed use development. Its market readiness would permit early development for low carbon and advanced manufacturing industries during a period when demand from these sectors is likely to grow faster, and be stronger than would general demand for other uses across the region.

7.7 The sites on the River Tyne North Bank offer unique locational advantages too. The Port of Tyne site's proximity to the waterfront and excellent port facilities will be a key driver of its attraction. The fact that it is in the ownership of the Port of Tyne brings the additional business driver that will ensure that marine engineering (including offshore wind) or maritime-related activity will be secured.

7.8 The Neptune site in Newcastle possesses similar qualities in terms of quayside access and also has the scale to be attractive to very large occupiers, particularly but not exclusively wind energy generation. Scale, riverside location and the availability of on-site heavy craneage facilities will play a role in determining the eventual uses, as will agreements between the small number of owners regarding desired uses.

7.9 The Swan Hunter site in North Tyneside is now considered to have potential for a different role – that of strengthening the supply chain for sub-sea and offshore wind sectors. The Swan Hunter site will provide a catalyst for enterprise and economic development that would benefit from its adjacency to the Neptune site, but not be dependent on a narrow range of industries. Together, Neptune and Swan Hunter will provide a variety of business opportunities that will require a diverse range of skills and company sizes, helping move the local economy away from its historical dependency upon a few large employers, while taking full advantage of the new opportunities presented by marine engineering and offshore wind.

7.10 This high degree of ‘tie-in’ across all sites in the EZ will minimise displacement as only certain users will be attracted to many of the sites involved.

### **Relationships with site owners and developers**

7.11 Experience within NELEP from previous EZs confirms that one of the most effective determinants of minimising displacement is the relationship between the host authority and the site owner and developer. By working with the owner/developer to agree a shared vision for the site and its development then embodying that in a Masterplan, marketing plans and reflecting it in LDOs or planning applications, many of the problems of displacement can be avoided. It is the intention of all three EZ local authorities to stay close to their site owners and developers throughout the process of development and occupation in order that the shared vision can be achieved.

### **LDOs and the planning regimes**

7.12 As set out earlier in the Plan, Local Development Orders (LDO) will play an important role in minimising displacement. Each of the three host local authorities will develop an LDO that is tailored to its particular site(s). These will effectively grant advance planning permission for either certain use classes (types of building) or target industries (such as offshore wind energy generation or automotive manufacture).

### **Parallel LDOs**

7.13 The local authorities within NELEP have considered the option of developing LDOs that cover a wider area than the EZ itself in order to offer a consistent planning regime on complementary sites that are also to be targeted towards key industries. The initial conclusions are that, given the procedure required to establish an LDO, to do so could risk the EZ LDOs



being delayed, especially if the LDO were to cross local authority boundaries. Therefore, it will be for each of the seven local authorities in NELEP to determine whether to establish parallel LDOs for complementary sites within their areas and to implement those as determined.

7.14 Consideration has also been given as to whether LDOs are required for other parts of the NELEP area, in order to assist in minimising displacement. For instance, there has been some concern that general office use on EZ sites could displace development in more suitable locations in the NELEP area, such as town and city centres. Therefore, as part of the development of the EZ LDOs, each of the three EZ local authorities will examine whether that LDO should seek to permit certain types of development, but would also set a limit on the size of units developed under different use classes. For example, a smaller scale of office unit would probably suit occupiers in the low carbon industries. LDOs could be produced for the urban cores and other major office locations, which had no restriction on the size of office development, thereby encouraging high density development there. The requirement for these would be for each local authority to determine.

### **Marketing of the EZ and of the Sites**

7.15 As indicated earlier in this Plan, the marketing of the Enterprise Zone will play a central role in attracting the right industries and uses. The EZ will be marketed in a consistent fashion, respecting the key attributes of each component site and the range of occupiers sought. It will also be market-driven and adaptable enough to take advantage of investment decisions and opportunities as they arise. By working with the owners and developers of each site, and at EZ level, the optimum mix of EZ 'positioning' and specific site marketing will be achieved. A protocol for enquiry handling is being developed (an outline of which is described elsewhere in this Plan), which will ensure that wherever possible, the requirements of each potential investor are met fully and swiftly.

## **8. Next Steps**

8.1 This Implementation Plan is an iterative document, and consultation on specific elements of the Plan, including milestones and key actions, will continue with local authorities, business, landowners and Government. The Plan will be firmed up by the end of November 2011. Crucially, the Plan should be seen as aligning with the broader activity taking place to establish the requisite infrastructure and resources needed to enable NELEP to deliver its Economic Growth Plan.