Enterprise Zones

Application form



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Background

**Introduction**

Enterprise Zones are an important part of the Government’s programme to devolve responsibility for leadership of local growth and provide a powerful tool for Local Enterprise Partnerships to develop their local economy. They are also central to creating a Northern Powerhouse, driving the Midlands Engine and making Britain a world leader in new growth sectors. In the past three years the 24 existing Enterprise Zones report that they have attracted more than 15,500 jobs, over 480 businesses and £2.1 billion of private sector investment.

The government is now inviting applications for a further round of Enterprise Zones. This will enable more areas across the country to deliver growth across all parts of England, including smaller towns, places and rural areas, building on their commercial strengths. Local Enterprise Partnerships are specifically encouraged to develop applications with their towns, districts and rural areas to create multi-site Enterprise Zones. This will enable our smaller towns, places and rural areas to take advantage of the benefits offered by an Enterprise Zone whilst, at the same time, retaining their identity and working together to develop unique commercial propositions.

This will be a competitive process. We will be testing the rationale for proposals. These must clearly show not only a clear commercial viability and a strong value for money case, but crucially robust governance and delivery structures. We will expect these structures to demonstrate the necessary clarity of purpose, leadership and expertise to successfully deliver the proposed Enterprise Zone. Enterprise Zone proposals should align with the Local Enterprise Partnership’s Strategic Economic Plan and economic priorities, for example by linking with planned improvements to roads, railways or energy supplies. We expect to set a high bar, supporting only those cases with real potential. Applications for extensions top existing Enterprise Zones will be considered.[[1]](#footnote-1)

**In this application round preference will be given to proposals which:**

* **have been clearly identified as the Local Enterprise Partnership’s top local growth priority, and/or**
* **involve smaller towns, districts and rural areas.**

**Applications for new Enterprise Zones should also demonstrate a strategic fit with areas’ plans for devolved powers and improved governance arrangements.**

**Incentives package**

**Incentives Package**

New Enterprise Zones will be offered the following incentives for occupiers and for Local Enterprise Partnerships, in common with the existing incentives for the current 24 Enterprise Zones.

These are:

* Local Enterprise Partnerships retaining 100% of business rate growth for 25 years. Our expectation is that this will be used to fund development required on the Enterprise Zone sites.
* A business rate discount for occupiers. Central government will reimburse a 100% discount for five years up to the maximum state aid *de minimis* threshold, for businesses that enter the zone before 31 March 2022, e.g. if a business enters the zone on 31 March 2022, it can receive the discount (subject to *de minimis*) until 30 March 2027.
* Where a site is in an assisted area, companies investing in plant and machinery can qualify for Enhanced Capital Allowances (ECAs). Capital allowances allow businesses to write down the costs of qualifying plant and machinery assets against their taxable income. Under the current designation, ECAs will give a 100% first year allowance on capital expenditure on qualifying assets until 31st March 2020. A cap of €125 million[[2]](#footnote-2) per investment has been placed on the ECAs. Any qualifying expenditure, not covered by a claim to the annual investment allowance (AIA) or an ECA, qualifies for writing-down allowances at either 18 per cent or eight per cent a year depending on the nature of the asset. For assisted areas considering an ECA, the changes to AIAs announced in the July 2015 Budget should be considered, as they may impact on your choice of incentive.

If you would like to seek an extension of the timescales for business rate discount (to a maximum of six years) and business rate retention (to a maximum of 25 years), please include this in your figures at Section G in order for this to be considered.

ECAs are only available for sites in assisted areas. Please note that it is not possible to have an ECA and a business rate discount on the same site. Local Enterprise Partnerships and their partners must choose which of the two they wish to have as the incentive for occupiers.

Once Enterprise Zone status has been awarded, Local Enterprise Partnerships are expected to lead the delivery of the Enterprise Zone working closely with local partners. For example, Local Enterprise Partnerships and local planning authorities should demonstrate a strong commitment to taking full advantage of the opportunities already available to them to deliver a simplified approach to planning, for example, through Local Development Orders or Planning Performance Agreements.

**Assessment criteria**

Our learning from existing Enterprise Zones suggests that the strength of the application and of the partnership making that application is often directly related to successful and speedy establishment and delivery. For this reason all proposals will be judged on the evidence submitted in the attached application form and the application’s support from local partners.

Your application must be agreed and formally signed off by the Chair and Chief Executive of the Local Enterprise Partnership and by the Leader and Chief Executive of each local authority for each of your proposed sites prior to submission.

The assessment of applications will focus on three criteria:

1. **The extent to which the proposal will deliver sustainable economic growth**: the extent to which a proposal:

* Has a clear strategy, with a clear fit with the Local Enterprise Partnership’s economic strategy and with the economic plans of key partners
* Has a sound commercial proposition and viability
* Has a strong location drawing on local economic assets or infrastructure, bringing in multiple sites, involving smaller towns, places and rural areas
* Whether and how the Local Enterprise Partnership plan to use the retained rates, for example set out in a finance, investment or other plan, to develop the proposed Enterprise Zone sites.

1. **Value for money**: whether:

* Economic benefits (including jobs and employment) exceed costs, such that benefits as measured by the projected increase in land values and any wider impacts exceed the cost to the public sector. As such all public and private costs associated with the proposal should be clearly captured.
* Economic activity generated by the Enterprise Zone is genuinely additional - taking into account issues such as displacement of activity from other areas
* There are other wider economic, social, distributional or environmental benefits to the area not captured in the land value uplift, including whether there are any public sector costs that could be saved through the proposal. This includes whether there are clear benefits of clustering, such as innovation, knowledge sharing or marketing.

1. **Implementation**: whether:

* There is a clear plan about when and how the sites will be marketed to occupiers and others and who will lead on this.
* Sites are clear where possible and deliverable, for example in terms of whether there are remediation, infrastructure, planning or environmental issues that need to be addressed or whether complicated site ownership, legal or other issues will make development slow or challenging
* There is clear leadership from local partners (for example the LEP itself, local authorities) and support from others (for example, businesses or statutory consultees)
* There are clear arrangements for governance and then for developing the proposed Zone.

For assessment purposes all applications may be shared with other government departments and, in all cases, with Department for Business Innovation and Skills.

Following initial assessment of the costs and benefits of your application, we may want to consider whether your proposal is scalable, for example whether it could be delivered with fewer sites. In all cases, the cost to the public purse in terms of business rates foregone must be affordable within the overall context of Enterprise Zone policy.

Successful proposals are likely to be announced in the autumn and the regulations needed for new Zones to be “live” will be in place by April 2016, unless you flag in your application that you would like the incentives to come into force in April 2017.

**Notes**

All applications will be considered, although you are not advised to submit speculative applications. Application forms which do not provide the evidence requested will not be accepted. You may wish to discuss how your proposals contribute to your Strategic Economic Plan with your BIS Local Relationship Manager and your existing Enterprise Zone lead.  Both teams are part of the joint DCLG and BIS Cities and Local Growth Unit.

Our expectation is that there will generally be no more than one application for a new Enterprise Zone per Local Enterprise Partnership. Where more than one application is submitted, the Local Enterprise Partnership must clearly prioritise the applications.

Enterprise Zones are focused on providing support for new businesses: start-ups, inward investors or companies moving to an area to get a competitive advantage. As far as possible, proposed sites will be ‘clear’, with no existing businesses in place. Enterprise Zone boundaries can be shaped to capture clear sites and to exclude incumbent businesses. Where this is not the case, proposals should show a clear plan about how sites will be brought to the market quickly.

Where proposed sites have infrastructure, remediation, environmental or other development needs, government expects that these costs will be funded locally, for example by Local Enterprise Partnerships using the business rates retention incentive. As such Local Enterprise Partnerships should indicate how they will use the retained business rates on their application. Local partners should not submit cases in the expectation that other public funding, as yet unidentified, will be available from government to meet funding gaps.

Local Enterprise Partnerships and local authorities are responsible for compliance with State Aid law, particularly where proposals show that investment is required to address infrastructure, remediation or other development needs.

**Contact**

The joint BIS and DCLG Cities and Local Growth Unit can help clarify any issues or questions you have. Where the Local Enterprise Partnership already has an Enterprise Zone, you can contact your existing Enterprise Zone team contact. Where your LEP does not have an existing Enterprise Zone please speak to your BIS Local Relationship Manager or the Enterprise Zone Team as follows:

|  |  |  |
| --- | --- | --- |
| Area | Name | Contact |
| North East, Yorkshire and Humberside | Rachel Dickenson | rachel.dickenson@communities.gsi.gov.uk |
| North West | Peter Sebastian | peter.sebastian@communities.gsi.gov.uk |
| West Midlands | Julie Wyeth | julie.wyeth@communities.gsi.gov.uk |
| East Midlands | Peter Sebastian | peter.sebastian@communities.gsi.gov.uk |
| South East | Richard Turl | richard.turl@communities.gsi.gov.uk |
| South West | Julie Wyeth | julie.wyeth@communities.gsi.gov.uk |
| London | Mary Richardson | mary.richardson@communities.gsi.gov.uk |

Enterprise Zones – Application form

The application form for selecting new Enterprise Zones consists of the following sub-sections plus section G, a separate Excel spreadsheet:

Section A: Authorisation

Section B: Executive summary

Section C: Strategy for delivering sustainable economic growth

Section D: Economic case

Section E: Governance and management

Section F: Equality information

Section G: Site details spreadsheet

🞈 The application form should be completed as fully as possible.

🞈 The Local Enterprise Partnership must lead on and submit the proposal, working closely with local authorities, local planning authorities and other relevant partners to develop the application. The Local Enterprise Partnership Board must endorse the application. The application must be signed by the Chair and Chief Executive of the Local Enterprise Partnership and the Leader of Chief Executive of each local authority that will have an Enterprise Zone site.

🞈 Please submit a map(s) of your proposed Enterprise Zone but please avoid providing other additional documents or annexes unless absolutely necessary.

**If you think you are likely to apply, please express your interest in an email to** [**enterprisezones@communities.gsi.gov.uk**](mailto:enterprisezones@communities.gsi.gov.uk) **by close on 14 August 2015. Please tell us briefly what your commercial proposition will be and which places might be part of the Zone. This is to help us with our internal planning. We will share the information with BIS Local Relationship Managers.**

**The completed applications should be sent in electronic form to:** [**enterprisezones@communities.gsi.gov.uk**](mailto:enterprisezones@communities.gsi.gov.uk) **no later than 12 noon on Friday 18 September 2015.**

Section A  
Authorisation

**A1. This application form must be signed by the Chair and Chief Executive of the Local Enterprise Partnership and by the Leader and Chief Executive of each local authority which has a proposed Enterprise Zone site. Without this your application will not be considered. By signing, the Local Enterprise Partnership and local authorities are agreeing to deliver the proposed Enterprise Zone together.**

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| --- | --- |
| Name:  Job title:  LEP:  Signature: | Name:  Job title:  LEP:  Signature: |
| Name:  Job title:  Organisation:  Signature: | Name:  Job title:  Organisation:  Signature: |
| Name:  Job title:  Organisation:  Signature: | Name:  Job title:  Organisation:  Signature: |
| Name:  Job title:  Organisation:  Signature: | Name:  Job title:  Organisation:  Signature: |
| Name:  Job title:  Organisation:  Signature: | Name:  Job title:  Organisation:  Signature: |

**A2. Please give one point of contact for queries:**

|  |  |  |  |
| --- | --- | --- | --- |
| Name |  | Telephone |  |
| Organisation |  | Email |  |

**A3. Where more than one Enterprise Zone application is being submitted per Local Enterprise Partnership, please prioritise and state clearly here whether this application is your first or second preference.**

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**A4. Have the land owners for the sites been consulted? Have they agreed the proposals? Will they support delivery?**

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Section B  
Executive Summary

**B1. Please give a short executive summary of your proposal here.**

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Section C

Strategy for delivering sustainable economic growth

**C1. How does the proposed Enterprise Zone support the Local Enterprise Partnership’s top economic priorities and key economic assets? Does it align with the Strategic Economic Plan?**

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**C2. Briefly explain the clear commercial proposition for your proposed Enterprise Zone.**

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**C3. Briefly explain the evidence base you have to suggest that the proposed site(s) are commercially viable (for example, a commercial demand appraisal, soft market testing, enquiry schedules, evidence of demand and supply for similar space or assessment of current and future land values).**

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**C4. Briefly explain any further evidence that supports your commercial proposition   
(for example does it build on a current business sector that operates within the LEP area, are the relevant skills available in the local workforce, are national and international trends in your chosen field positive, will it generate increased exports).**

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**C5. Is the application for Enterprise Zone status scalable – could it be delivered with fewer sites?**

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**C6. Would any other forms of public sector support be required to deliver the application? Why?** (NB – if support from UKTI is requested the proposal must have a commercial proposition that will allow it to be marketed to investors)

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**C7. Explain briefly how the proposed Zone will be prioritised by the Local Economic Partnership in the future, for example any future economic strategies or growth deal negotiations.**

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**C8. What is the Local Enterprise Partnership’s agreed approach, with the relevant local authorities, about how the retained rates will be used to support development on the Enterprise Zone? Briefly explain your financial or investment plan for how (for example, through borrowing or development of a recycling fund) and when the retained rates will be used.**

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Section D

Economic case

**You must also fill in the accompanying Excel spreadsheet at Section G (failure to do so will mean your proposal is not considered).**

**D1. Please explain how the proposed Enterprise Zone will deliver new growth and what strategies will be used to minimise deadweight or displacement from adjoining areas and other parts of the country. Please state how you adjusted your proposals for optimism bias?**

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**D2. What total land value uplift is estimated as the result of the Enterprise Zone status once development has taken place (draw on answer at G11 and G12)? What is the basis for these estimates and how will you monitor the impact that Enterprise Zone status actually has on land values?**

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**D3. What other wider economic, social, distributional or environmental benefits (such as innovation, retention of skilled workers, clustering, promoting exports) will the Enterprise Zone bring to the Local Enterprise Partnership area that may not be captured in the land value uplift?**

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**D4. What growth would be delivered without Enterprise Zone status (for example, will development happen at a slower rate or will development be of a lower quality attracting lower value land uses or jobs)?**

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**D5. If at G7 you record that sites are not clear, please give concise details of existing buildings, structures and land uses or other issues, including an outline of how these will be resolved and when the sites will be ready for commercial occupiers.**

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**D6. Are there any holding or other costs the public sector incurs on the land that would be avoided with the awarding of Enterprise Zone status? If yes, please state how much.**

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**D7. What is your strategy for addressing any unexpected costs or other risks that may arise in future? How likely is this and how do you plan to manage and mitigate it (for example how would you manage a time delay or fund unexpected additional costs)?**

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**D8. What risks have been identified in achieving the outcomes of the proposal and what are the mitigation plans?**

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**D9. Will anything to do with the site ownerships change (for example freehold or leasehold or any other options or interests) if Enterprise Zone status was granted? If yes, briefly explain any risks or benefits for the Enterprise Zone.**

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Section E  
Governance and management

**E1. Our experience suggests that stronger Enterprise Zones often have their Local Enterprise Partnership playing a key role leading and owning the Enterprise Zone (for example with a named Local Enterprise Partnership Board member having lead responsibility for the Enterprise Zone). Please describe the governance arrangements for the proposed Enterprise Zone, clearly setting out the name and job title of the Senior Responsible Officer for delivery of the Zone, the governance structure and explain how progress will be owned by the Local Economic Partnership Board.**

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| **Name of Senior Responsible Owner:**  **Job title:**  **Governance structure:**    **How will the LEP Board own and drive progress:** |

**E2. Please explain the capacity and skills you will make available to deliver the Enterprise Zone on a day to day basis, including the job titles and names of each of the staff members in the Local Enterprise Partnership and the relevant local authorities and the total costs of this staff team.**

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**E3. How will you gather data that will allow the Local Enterprise Partnership and local authorities to monitor progress of the Enterprise Zone, for example this could include on delivering new jobs, business, investment?**

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**E4. Are any of the proposed site(s) in an overlapping Local Enterprise Partnership area? If so, specify the names and roles of the two respective Local Enterprise Partnerships clearly and, if the overlap were ever addressed, how would you manage the Enterprise Zone?**

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**E5. Briefly set out your plan for marketing the sites to occupiers and/or investors, in the case of multiple site zones being clear if they will be marketed in clusters or in stages.**

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Section F  
Equality information

**F1. Is it expected that the proposal or its outcomes will have a detrimental impact on any of the groups with protected characteristics as listed in the Equality Duty?**

*If yes, please describe the impact or impacts the proposal is expected to have, the group or groups which may be affected, and any steps, if applicable, which have been taken to mitigate the impact(s).*

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1. If a proposal is connected with a Food Enterprise Zone or University Enterprise Zone pilot, this is eligible to apply and we would expect this to be clearly flagged in your application. [↑](#footnote-ref-1)
2. This is per project but it is unlikely that this cap would be breached [↑](#footnote-ref-2)