

## **Q&As for ENTERPRISE ZONE BRIEFING, THURSDAY JUNE 9<sup>TH</sup>**

### **What is an Enterprise Zone and why is it important to Tees Valley?**

In the Budget 2011, Tees Valley was announced as being one of 11 areas awarded an Enterprise Zone.

The purpose of the Enterprise Zone is to stimulate business and job growth in the private sector by concentrating on the opportunities offered by the priority sectors of the local economy.

Enterprise Zones as originally envisaged by the Government will be broadly between 50 and 150 hectares in size and offer business rate discount worth up to £275,000 per business over a five year period. Business rate discount is aimed at fostering indigenous SMEs which form the supply chain of the area's heavy industries such as petro-chemicals, renewable energy and advanced engineering, or which form part of the growing digital sector

In addition business rate growth in the Zone will be retained in the area for at least 25 years to support economic priorities by reinvesting the income locally.

There are also two additional benefits which can be linked to Enterprise Zone status. These are:

- Capital Allowance Enhancement, which is targeted at larger sites and comes with the offer of financial assistance for companies to buy plant and machinery. Aimed particularly at Foreign Direct Investment (FDI)
- Tax Increment Finance (TIF) allows future gains in taxes to be used to fund current improvements and is a method regularly used in the United States. Basically for up front site preparation and infrastructure

We want to ensure that the Tees Valley Enterprise Zone creates substantial numbers of new businesses and jobs and not localised competition which would result in existing businesses and jobs moving simply to take advantage of the tax incentives on offer.

### **How have the sites been chosen and how will they work?**

The selection process was driven by a need to ensure that the sites support the key economic ambitions set out in Tees Valley Unlimited's Statement of Ambition.



The Zone is to be used to strengthen our industrial/manufacturing base particularly around the North/South Tees area on Teesside and our emerging but already successful digital sector. To achieve a real impact that will transform the area's attractiveness for investment we have produced an innovative and interesting proposition that involves a combination of sites that can play different roles in delivering a modern successful economy.

In respect of the digital sector, we have identified those sites that best offer the opportunity for business rate relief for small businesses to join this growing and important sector. Located in Middlesbrough, Stockton and Darlington, these sites offer a further extension to the 'hub and spoke' model developed by Digital City in Middlesbrough with its linked activities in Redcar and Stockton.

#### **Who has been involved so far?**

Tees Valley Unlimited has been leading the process with input from our partners and private sector landowners.

#### **And who will be consulted with before the proposals are submitted?**

Business groups including the North East Chamber of Commerce, the EEF, FSB, NBF and CBI, as well as other interested stakeholders. Of course we would expect the public themselves to express views via media coverage.

#### **Has there been any independent input into the process?**

Yes, property experts Savills were appointed to develop a robust list of criteria to test sites against to see whether or not they met the guiding key principles. This work has been reported to a meeting of Tees Valley Unlimited's Leadership Board on 8<sup>th</sup> June when the board agreed in principle the locations of the Enterprise Zone subject the consultation process.

#### **What are the timescales for consultation and a Government decision?**

8<sup>th</sup> June – Leadership Board agreed the locations of the Enterprise Zone in principle subject to consultation.

9<sup>th</sup> June – Business organisations and the media to be briefed and a press release issued. This will announce the locations of the zone together with reasons for the selection, and will be published on Tees Valley Unlimited's and each local authority's website.



9<sup>th</sup> June – Consultation on the preferred location to start.

23<sup>rd</sup> June – Consultation closes.

28<sup>th</sup> June – The Leadership Board meets to consider responses received during consultation.

29<sup>th</sup> June – Submission made to Government.

Mid – July – Government approval anticipated.

### **What sites are being put forward against the different criteria?**

#### **SITES AND STATS FOR THE BUSINESS RATE RELIEF PROPOSALS**

##### **South West Iron Masters, Middlesbrough**

- Advanced manufacturing/engineering
- 13 hectares of land
- 7 new businesses by 2015 and 59 over the lifetime of the EZ
- 70 new jobs by 2015 and 700 new jobs over the lifetime of the EZ

##### **St Hilda's, Middlesbrough**

- Digital sector
- 10 hectares of land
- 10 new businesses by 2015 and 182 new businesses over the lifetime of the EZ
- 100 new jobs by 2015 and 1,000 new jobs over the lifetime of the EZ

##### **Kirkleatham, Redcar and Cleveland**

- Renewable energy production and ETC
- 47 hectares
- 100 new businesses by 2015 and 214 new businesses over the lifetime of the EZ
- 1,250 new jobs by 2015 and 8,573 over the lifetime of the EZ

##### **Northshore, Stockton**

- Digital sector
- 5 hectares of land
- 10 new businesses by 2015 and 82 new businesses over the lifetime of the EZ
- 100 new jobs by 2015 and 1,000 new jobs over the lifetime of the EZ



### **Belasis Hall Technology Park, Billingham**

- Biotech industry
- 18 hectares of land
- 100 new businesses by 2015 and 164 new businesses over the lifetime of the EZ
- 4,000 new jobs by 2015 and 6,566 new jobs over the lifetime of the EZ

### **Central Park, Darlington**

- Digital sector
- 10 hectares in size
- 10 new businesses by 2015 and 182 over the lifetime of the EZ
- 200 new jobs by 2015 and 1,000 new jobs over the lifetime of the EZ

### **Queens Meadow, Hartlepool**

- Biotechnology and high value engineering
- 52 hectares of land
- 10 new businesses by 2015 and 180 new businesses over the lifetime of the EZ
- 280 new jobs by 2015 and 1,400 new jobs over the lifetime of the EZ

### **Oakesway Industrial Estate, Hartlepool**

- Renewable Energy Production
- 15 hectares
- 7 new businesses by April 2015 and 34 new businesses over the lifetime of the EZ
- 280 new jobs by April 2015 and 1,400 new jobs over the lifetime of the EZ

### **Summary**

- 8 sites in total
- Covering 170 hectares
- Circa £30m will be required from Government in Business Rates Discount
- The uplift in business rates from the Business Rate Discount sites is estimated at circa £11m per annum or a total of circa £291m over the next 25 years
- Aimed at fostering indigenous SMEs which form the supply chain of the area's heavy industries such as petro chemicals, renewable energy and advanced engineering or are part of the area's emerging and fast growing digital sector
- 28,700 jobs approximately

## **SITES AND STATS FOR CAPITAL ALLOWANCE ENHANCEMENT**

### **Port Estates, Hartlepool**

- Renewable energy production
- 120 hectares
- 3 new businesses over the lifetime of the EZ
- 900 new jobs by April 2015 and 1,800 jobs over the lifetime of the EZ

### **Huntsman Pigments, Hartlepool**

- Petrochemicals
- Modernisation and expansion of existing plan
- 40 new jobs

### **Able Seaton, Hartlepool**

- Renewable energy production
- 50 hectares
- 3 new businesses over the lifetime of the EZ
- 120 new jobs by 2015 and 1,200 new jobs over the lifetime of the EZ

### **Riverside Park, Middlesbrough**

- Renewable energy production
- 13 hectares
- 15 new businesses by 2015 and 44 new businesses over the lifetime of the EZ
- 210 new jobs created by 2015 and 1,245 over the lifetime of the EZ

### **PD Ports, Redcar and Cleveland**

- Renewables and advanced engineering
- 17 hectares
- 6 new business over the lifetime of the EZ
- 767 new jobs created over the lifetime of the EZ



### **Wilton, Redcar and Cleveland**

- Renewable energy production
- 167 hectares
- 10 new businesses created over the lifetime of the EZ
- 313 new jobs created by 2015 and 3,125 new jobs over the lifetime of the EZ

### **Haverton Hill, Stockton**

- Renewable energy production
- 25 hectares
- 500 new jobs created by 2015

### **New Energy and Technology Park, Stockton**

- Petrochemicals
- 65 hectares
- 5 new businesses created over the lifetime of the EZ
- 2,669 new jobs over the lifetime of the EZ

### **Seal Sands, Stockton**

- Petrochemicals
- 165 hectares
- 10 new businesses created over the lifetime of the EZ
- 3,135 new jobs over the lifetime of the EZ

### **Lucite, Stockton**

- Petrochemicals
- 27 hectares
- 2 new businesses created over the lifetime of the EZ
- 513 new jobs over the lifetime of the EZ



## Summary

- 10 sites in total
- 679 hectares
- 83 new businesses created
- 14,994 new jobs

## SITES AND STATS FOR TAX INCREMENTAL FINANCE (TIF)

### Billingham Chemicals North, Stockton

- Petrochemicals
- 30 hectares
- 2 new businesses created over the lifetime of the EZ
- 570 new jobs created over the lifetime of the EZ

### Billingham Chemicals South, Stockton

- Petrochemicals
- 35 hectares
- 2 new businesses over the lifetime of the EZ
- 625 new jobs created over the lifetime of the EZ

### Billingham Reach, Stockton

- Renewable energy production
- 9 hectares
- 1 new business over the lifetime of the EZ
- 184 new jobs created over the lifetime of the EZ

### Port Clarence, Stockton

- Renewable energy production
- 18 hectares
- 5 new business between years 6-20
- 2,107 new jobs created over the lifetime of the EZ



### **Prairies, Redcar and Cleveland**

- Renewable energy production
- 28 hectares
- 36 new businesses created over the lifetime of the EZ
- 1,300 new jobs – 821 in years 6-10 and 479 in years 11-15

### **South Bank Wharf, Redcar and Cleveland**

- Renewable energy production
- 113 hectares
- 4 new businesses created over the lifetime of the EZ
- 1,400 new jobs created over the lifetime of the EZ

### **Summary**

- 6 sites
- 233 hectares
- £49m of estimated infrastructure costs requiring TIF
- 50 new businesses
- 6,186 new jobs

For more information contact **Leanne English, PR Manager at Tees Valley Unlimited, on 01642 632013, 07725 602824 or email [leanne.english@teesvalleyunlimited.gov.uk](mailto:leanne.english@teesvalleyunlimited.gov.uk).**

**NOTE FOR EDITORS:**

**Tees Valley Unlimited (TVU)** is a partnership between the five Tees Valley Councils, regional regeneration bodies and business leaders to drive forward the future development of the Tees Valley economy.

Further information on TVU activities can be accessed via the following

**URL: <http://www.teesvalleyunlimited.gov.uk>**

