

INFRASTRUCTURE BOARD

2nd July 2020

SCR ENTERPRISE ZONE AUDIT

Purpose of Report

The purpose of the report is to provide the Board with an update on developments and occupiers in the SCR Enterprise Zone.

Thematic Priority

Secure investment in infrastructure where it will do most to support growth.

Freedom of Information

This paper will be available under the Combined Authority Publication Scheme.

Recommendations

The Board is asked to:

- I. Note the progress in developing the SCR Enterprise Zone;

1. Introduction

- 1.1 The consultancy BNP Paribas Real Estate Ltd were recently commissioned to undertake an audit of the SCR Enterprise Zone sites providing an update to the previous 2019 audit. This provides an accurate and complete understanding of the development that has taken place to date on the Enterprise Zone and also outlines changes in the number of employees from the previous audit where figures are available.

In addition to the EZ sites, information relating to development at Doncaster Sheffield Airport (DSA), as a key strategic site, has also been collated. Members may recall that there was previously a request to include DSA within the EZ, which was rejected by Government.

The audit has now been completed and a copy of the full report is attached at Annex 1.

2. Proposal and justification

- 2.1 Enterprise Zone (EZ) status has allowed businesses that locate on an EZ to access a number of benefits including:

- Up to 100% business rate discount (BRR) worth up to £275,000 per business over a 5-year period OR 100% enhanced capital allowances (ECAs) (tax relief) to businesses making large investments in plant and machinery – the type benefit is dependent upon the site.
- Simplified local authority planning, for example, through Local Development Orders.

- Government support to ensure that superfast broadband is rolled out throughout the Zone.

However, the business rate discount ended in March 2018 and ECA incentive ended on 31st March 2020, so there are no specific EZ incentives now available to new businesses locating to the EZ; although interest still continues.

2.2 The EZ Audit involved both desktop research and site visits to each of the EZ sites to confirm an accurate boundary of each site and to specify the amount of:

- Land that has been developed and active businesses located on the site, or has been purchased with the intention of development; and
- Vacant land which is currently available for development.

Data has also been collected from business located on the EZ sites to ascertain employee numbers though not all businesses have responded.

2.3 The full report is provided at Annex 1. The headlines from the report are also summarised in table 1 below:

Table 1

Site	Total Size (ha.)	Developed		Vacant		Change in developed land since 2019
		Size (ha.)	%	Size (ha.)	%	
Ashroyd Business Park	10.02	8.11	81%	1.91	19%	↑ 1.12ha
Shortwood Business Park	3.39	3.39	100%	0	0%	-
Europa Link	21.02	5.1	24%	15.92	76%	-
Tinsley Park	46.66	32.26	69%	14.40	31%	↑ 5.20 ha
Templeborough BRR	5.16	2.52	49%	2.64	51%	-
Advanced Manufacturing Park / Waverley	42.24	14.10	33%	28.14	67%	
Markham Vale North	6.53	6.53	100%	0	0%	↑ 0.57 ha
Markham Vale South	12.97	12.97	100%	0	0%	-
Enterprise Zone Total	147.99	84.98	57%	63.01	43%	↑ 6.89 ha
Doncaster Sheffield Airport	9.46	3.07	32%	6.39	68%	↑ 2.27 ha
Final Total	157.45	88.05	56%	69.40	44%	↑ 9.16 ha

2.4 Table 1 shows the following:

- There is a fairly even split between vacant and developed land.
- Developed land within the Enterprise Zone is up 3% from 2019 (9.16ha.) largely due to the development of Phase One of Bessemer Park at the Outokumpu site in Tinsley Park.

- The majority of the vacant land is within the Advanced Manufacturing Park and Europa Link.
- Shortwood Business Park, Markham Vale North and Markham Vale South are all fully developed and occupied.
- The largest vacant plot of land is the OutoKumpu site in Tinsley Park at 19.60 ha, followed by Sheffield Business Park Phase 2 at Europa Link at 15.30 ha.

2.5 The change in number of employees is shown on page 19 of the report in Annex 1. Please note that not all employers responded to the request for information on job numbers and so the table does not show the full extent of employment created as a result of development on the EZ sites. The true picture will be greater employment numbers than are shown in the table.

Next Steps

2.6 The annual EZ Audit has provided an opportunity to demonstrate the success of the EZ programme in the SCR, and the slower take-up on sites since the EZ incentives ceased would suggest that the incentives may have played an important role in attracting businesses to the EZ. This is important as the next few years will be very challenging due to the economic impacts of Covid-19, and therefore, further public intervention and incentives are likely to be required to help kick-start and maintain the economic recovery. The experiences of the implementation of the EZ programme will help inform the recovery. The Audit also helps confirm the level of business rates that support LEP and MCA strategic activity.

2.7 It is for these reasons that a continuation of the annual audit may be beneficial, although it is proposed to review towards the end of the year, whether this remains relevant and necessary as part of helping inform approaches to a Covid-19 recovery.

3. Consideration of alternative approaches

3.1 Previously the SCR MCA has relied on voluntary declarations on the build out of the EZ, which did not always provide accurate information when reporting of progress to Government. The audits undertaken in 2017 and 2018 provided useful data to cross-check and assist with monitoring of the EZ.

3.2 Higher frequency audits have been considered, for example, bi-annual. However, experience of the previous two audits has demonstrated that an annual audit is cost effective and sufficient for the purpose of monitoring progress.

4. Implications

4.1 Financial

There are no direct financial implications arising from this report. Business rate discounts to eligible companies were administered by local authorities in their respective areas up until the 31st March 2018. The uplift in business rate income from the SCR EZ sites passports to the SCR MCA / LEP.

4.2 Legal

There are no legal implications arising from this report.

4.3 Risk Management

The end of incentives on the EZ sites may lead to further development on the sites being stalled, however, the sites will continue to be promoted as part of the SCR portfolio of investment and by the local authorities and land owners/developers themselves.

4.4 Equality, Diversity and Social Inclusion

There are no equalities implications arising from this report.

5. Communications

5.1 There are positive communication opportunities for promoting the current success in creating a significant number of new jobs.

6. Appendices/Annexes

6.1 Annex 1 – SCR Enterprise Zone Audit Report 2020

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Background papers used in the preparation of this report are available for inspection at: 11 Broad Street West, Sheffield S1 2BQ