

**Meeting of the Cabinet– 14<sup>th</sup> March 2012**

**Joint Report of the Director of the Urban Environment and Director of Corporate Resources**

**Proposed Dudley Local Enterprise Zone**

**Purpose of Report**

1. To seek Cabinet approval to the principle of a Local Enterprise Zone at the Waterfront and Harts Hill area of Brierley Hill.

**Background**

2. In mid 2011, as part of the Government's invitation to the Black Country Local Enterprise Partnership (LEP) to submit an Enterprise Zone proposal, the Council submitted proposals for the Brierley Hill Waterfront and Harts Hill area within a wider Black Country 'String of Pearls' package. The proposed area is shown on Appendix A to this report.
3. However, following advice from the Department for Business Innovation and Skills and the Department for Communities and Local Government, the South Black Country elements of the package (Waterfront/Harts Hill and West Bromwich) were excluded, and the subsequently approved Black Country Enterprise Zone was focused around sites in Darlaston and Wolverhampton.
4. Notwithstanding its exclusion from the final Black Country Enterprise Zone submission, Waterfront and Harts Hill provide a major opportunity for the Borough, the Black Country and indeed the Region. At the Waterfront, there is some 750,000 sq ft of high quality office accommodation, approximately 40% of which is currently vacant. If fully occupied this space would host up to 4,600 new jobs. Furthermore, in addition to confirming Brierley Hill as a new Strategic Centre for the Black Country, the Black Country Joint Core Strategy provides the planning framework for an additional 1 million sq ft of office space within the area, with the scope to create over 6,000 new jobs
5. The Harts Hill area to the immediate north of the Waterfront is a traditional manufacturing area, which has to a degree suffered as part of the process of industrial restructuring over the last 25 years or so, but which still contains a large number of successful companies involved in engineering and engineering related activity. However, the area is also characterised by poor building stock, a low quality environment and relatively high levels of vacancy and redundant former industrial sites. The inclusion of Harts Hill within the Local Enterprise Zone boundary will stimulate confidence in the market in terms of the willingness of property owners and developers to work with the Council to assemble sites

and provide new high quality manufacturing space. By its nature, this area will be more complicated to develop and will, to an extent, rely on the enhancement of local property values which will result from phases I and II of the Waterfront and whilst preparatory dialogue with owners and occupiers may commence immediately, this area is likely to require a different approach which will be developed as a separate phase

6. The precise management model of the LEZ is still under development and will be reported to a future meeting of Cabinet. However, in broad terms, the Zone would operate on the basis of a business rate reduction for new occupiers over a period to be determined. The 'loss' to the business rate account would be shared equally by the Council and the property owner, however, from the Council's perspective, void business rate income would only be lost from the point of occupation, therefore this would be a graduated process over a 3-4 year period and dependant upon how the final proposal is developed, it is likely that recollection of business rates for the early phases of occupation would be recommenced before the loss from later phases is incurred. The precise figures pertaining to this will be developed further subject to the Cabinet approval to progress with this initiative.
7. It is also important to note that until the existing space at Waterfront is occupied, phase II will not be developed. When phase II is developed, the Council will be collecting business rate income on approximately 1.4m sq ft rather than the current 750,000 sq ft.
8. At Harts Hill it will be more difficult to estimate development and occupational trends due to the differences between the commercial/office and industrial markets. However, given that Harts Hill will involve primarily the development of new space with improved accessibility, parking and environment, there will be a consequential uplift in rateable values and significant medium term gain (a forecast of which will be prepared as part of a future report) in terms of business rate income.
9. For both areas of the LEZ, but more importantly in the Harts Hill area, the Council may prepare a Local Development Order. This document will introduce new permitted development rights thereby making it easier for businesses to make improvements to their properties by removing the need to apply for planning permission for defined developments.
10. In operational terms, the LEZ would be overseen by a 'Management Board' which will be chaired by a Senior Elected Member and will comprise representatives of property owners in the area, the Black Country LEP, the local Chamber of Commerce, Department for Business Innovation and Skills and appropriate officer support.

## **Finance**

11. The Council's share of any business rate reductions for new occupiers would be a short-term cost to the General Fund. In the longer-term, the Council would be able to retain any growth in business rate income arising from new development

## Law

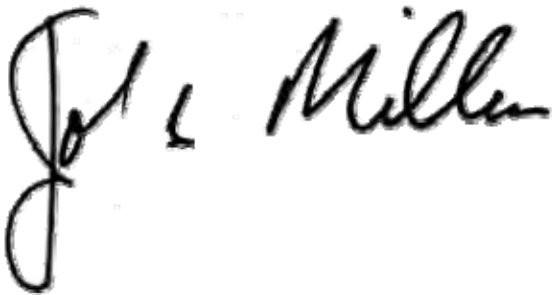
12. Plans for 21 nationwide zones including the Black Country were originally set out by the Government in the March 2011 Budget. Under the Localism Act 2011 a local authority has power to do anything that individuals generally may do.
13. Section 69 of the Localism Act 2011 amends section 47 of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer

## Equality Impact

14. This work has been conducted in full accordance with the Council's equality and diversity policies and should in no way have any prejudicial impact on different racial groups, disabled people, both genders and/or other relevant groups

## Recommendation

15. It is recommended that Cabinet -
  - approve the principle of a Dudley Local Enterprise Zone at the Waterfront/Harts Hill area of Brierley Hill as detailed in this report.
  - authorise The Director of the Urban Environment and Corporate Resources, in consultation with the appropriate property owners, undertake further work in relation to this initiative and to report back to Cabinet with a detailed management and operational plan.
  - The proposed Waterfront/Harts Hill Local Enterprise Zone becomes the Council's single target area for the use of Business Rate incentives as a mechanism to promote investment and economic growth.



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## **List of Background Papers**

Black Country Local Enterprise Partnership – Submission to DCLG for a Black Country Enterprise Zone – August 2011