

Hull and East Yorkshire LEP Board
Investment Zones

Report by Andrew Hewitt, Senior Policy and Business Growth Manager
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Paper B

1. Summary

1.1. This paper provides a high-level summary of the UK Government's Investment Zone opportunity unveiled as part of the mini-budget on the 23rd of September 2022.

2. Recommendations

2.1. That the Board notes this report.

3. Report

3.1 Background

As part of the mini budget of the 23rd of September the government announced their Investment Zone policy aimed at attracting new investment and new jobs to successful zones. Investment Zones are intended accelerate housing and investment site infrastructure building on the experience of Enterprise Zones. Streamlined planning and tax incentives are provided to investors who locate on these sites when allocated.

Conversations have been undertaken with 38 Local Authorities in England and these areas have been invited to submit EOIs for allocation as Investment Zones which closed on the 14th of October. Both East Riding and Hull CC have been invited to submit EOIs for Investment Zone status.

3.2 Investment Zone Benefits

Investment Zones can provide Planning, tax incentives and infrastructure benefits for areas where allocated

Planning Benefits

For developments in the early stages of planning, and to encourage new development to come forward, there will be a new faster and more streamlined consent to grant planning permission. This consent is aimed at enabling developers to bring forward good quality development which responds to the market. In particular, the government hope to:

- focus developer contributions on essential infrastructure requirements.
- reduce lengthy consultation with statutory bodies; and

- relax key national and local policy requirements.

Tax Incentives

Specified sites in England could benefit from a range of time-limited tax incentives over 10 years. The tax incentives under consideration are:

1. Business Rates – 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in English Investment Zone tax sites. Councils hosting Investment Zones will receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years.
2. Enhanced Capital Allowance – 100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites.
3. Enhanced Structures and Buildings Allowance – accelerated relief to allow businesses to reduce their taxable profits by 20% of the cost of qualifying non-residential investment per year, relieving 100% of their cost of investment over 5 years.
4. Employer National Insurance contributions relief – zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £50,270 per year, with Employer NICs being charged at the usual rate above this level.
5. Stamp Duty Land Tax– a full SDLT relief for land and buildings bought for use or development for commercial purposes, and for purchases of land or buildings for residential developers.

Infrastructure

The government wants to back local leaders to ensure that their Zones can innovate and have the infrastructure and skilled workforce they need. The government want local leaders to be ambitious and use all available tools to unleash the full potential and would consider.

- Wider support for local growth: for example, through greater control over local growth funding for areas with appropriate governance. Subject to demonstrating readiness, Mayoral Combined Authorities hosting Investment Zones will receive a single local growth settlement in the next Spending Review period.
- Strategic direction over affordable housing fund: including how it is used, with flexibility to acquire and regenerate derelict and empty housing consistent with the strategic aims of the fund.

- Prioritised access to infrastructure funding: for example, this could potentially include the remaining circa £1.3 billion Brownfield Infrastructure Fund where additional development can be delivered at pace.

3.3 Next Steps

Following submissions of EOI from Local Authorities the government have undertaken to work with successful applicant areas on provisions and mechanisms for delivery.