

North Yorkshire County Council
Business and Environmental Services

Leader of the Council

14 October 2022

North Yorkshire Investment Zones

1.0 Purpose Of Report

- 1.1 To seek approval from the Leader of the Council after consultation with the Executive Member for Open to Business, the Executive Member for Finance, Assets and Resources and the Corporate Director Strategic Resources, to submit an Expression of Interest (EOI) to Government to establish Investment Zone sites in North Yorkshire.
- 1.2 To inform the Leader of the Council, the Executive Member for Open to Business and the Executive Member for Finance, Assets and Resources of the EOI process and the content of North Yorkshire County Council's submission, including the proposed Investment Zone sites.
- 1.3 To inform the Leader of the Council, the Executive Member for Open to Business and the Executive Member for Finance, Assets and Resources that the deadline for submission of the EOI is by noon, Friday 14 October 2022.
- 1.4 To seek delegated powers for the Director of Business and Environmental Services to agree the final detail and submission of the EOI.

2.0 Background

- 2.1 As part of the UK Government's 'Growth Plan 2022', a series of Investment Zones will be established in England for the purpose of driving growth and accelerating the delivery of housing.
- 2.2 Investment Zone agreements will designate numerous development sites, releasing land for commercial and/or residential development, and tax sites to incentivise investment. Within the specified areas, new and existing developments will adhere to liberalised planning regulations and businesses will benefit from time-limited tax incentives over 10 years.
- 2.3 Where there is no Mayoral Combined Authority present, Upper Tier Local Authorities (UTLAs) are invited to submit an EOI that provides the details of all proposed sites within their locality. EOIs are to be submitted via an online portal **open from 2 October until noon on 14 October 2022.**

3.0 Assessment Criteria

- 3.1 Within the EOI, information must be provided to demonstrate that the proposed development at each site offers a significant **Economic Opportunity**, can be **Delivered at Pace** and aligns with **Wider Local Strategy**. These three criteria form the framework that will determine which sites will be part of the Investment Zone.

Assessment Criteria	EOI Requirements
Economic Opportunity	<p>Evidence of growth potential and estimates of the site's impact over the next 10 years must be provided using a specified set of core metrics.</p> <p>For commercial development sites, the metrics are:</p> <ul style="list-style-type: none"> • Increase in GVA • New commercial space created • Planning use class • The level of relative underdevelopment of proposed sites • New employment creation • Unfulfilled potential growth <p>For residential development sites, the metrics are:</p> <ul style="list-style-type: none"> • Increase in land value uplift • New residential units • Planning use class • The level of unmet housing need currently in the UTLA area <p>For mixed sites, a combined set of the above metrics must be used.</p> <p>These projections should be used to justify the market intervention. An accompanying explanation of how the developments will avoid deriving economic benefits at the expense of other locations in close proximity is also required.</p>
Pace of Delivery	<p>Specific information about the properties of the site, the existing status of the site (e.g. current planning permission) and any ongoing issues must be provided.</p> <p>For each site, the EOI must articulate how at least one of either 'specific planning powers', 'deregulation', or 'proposed tax incentives' will directly accelerate the development.</p> <p>Information regarding the UTLA's capacity to deliver the schemes is also requested.</p>
Wider Strategic Considerations	<p>EOIs must demonstrate that alignment exists between the proposed developments and local strategy, including any existing or potential public, private or foreign direct investment activity</p>

- 3.2 Once Government has received the EOI submissions, further **prioritisation criteria** will influence Investment Zone site selection. This will entail consideration of the overall geographic distribution of Investment Zones, the balance between residential and commercial, and urban and rural sites, the readiness to deliver and the risk of displacement. The total number of Investment Zones the government intends to create remains unconfirmed.

4.0 Consent Requirements

- 4.1 For each site, the EOI requests the name of the relevant Local Planning Authority and evidence confirming that their Leader would support the site becoming an Investment Zone in principle.
- 4.2 The name of the landowner must be stated for each site. Evidence of their agreement is not required at the EOI stage, but the submitting authority (NYCC) have requested that local authority directors of development inform landowners of the EOI submission and ensure that they consent to it.
- 4.3 Evidence of the relevant MP's support is not necessary at this stage. However, if the proposal does have the MP's support, evidence of this is requested.
- 4.4 The EOI form states that the document must be **signed off by the Chief Executive and Section 151 officer from the submitting authority** (NYCC) "confirming that the EOI is accurate and an accurate appraisal of the ... UTLA's financial position".

5.0 North Yorkshire Site Proposals

- 5.1 The following sites have been put forward to form part of the Investment Zone proposal. They will be subject to prioritisation prior to the EOI submission, taking into account key factors such as deliverability.
- 5.2 In order to minimise both detrimental environmental impacts and reputational risk, sites will not be selected in designated protected areas. All sites will be selected in accordance with local planning and conservation policy regulation.
- 5.3 Hambleton: Dalton 49 (commercial site)
- 5.4 Harrogate: Harrogate 47 – at Junction 47 of the A1 (commercial site); Potter Space Ripon – at Junction 50 of the A1 (commercial site); Harrogate Convention Centre
- 5.5 Richmondshire: A1 Junction 52 & 53 Triangle (commercial site)
- 5.6 Ryedale: Eden Camp East, Malton (commercial site)
- 5.7 Scarborough: Scarborough Business Park (commercial site)
- 5.8 Selby: Eggborough Core 62, Gascoigne Wood Rail Interchange, Olympia Park, Kellingley Konect 62, Sherburn 2/42 (all commercial sites)
- 5.9 Craven: No site proposed – potential sites fall within conservation zones or require significant infrastructural development to be unlocked

6.0 Equalities

- 6.1 Sites put forward within the EOI will be based on proposals formulated in Local Plans or with the benefit of planning permission where consideration has been given to protected characteristics and preventing any direct or indirect discrimination associated with the developments.
- 6.2 When Investment Zone sites become operational, consideration will be given to monitoring and mitigating the risks of displacement to ensure that individuals living in

rural areas are not disproportionately disadvantaged. The provision of commercial and residential sites may enable people in rural areas to access greater opportunities to secure employment and meet their housing needs.

- 6.3 The current decision is to submit an expression of interest for the sites and does not commit the Council in progressing with any of these sites without a formal decision by the Executive. At that point further consideration will be had with regard to the Council's duties with regard to the equalities legislation (and detailed in a subsequent Equalities Impact Assessment/screening form).

7.0 Finance

- 7.1 Amongst the time-limited tax incentives that businesses within Investment Zone tax sites will receive is 100% business rate relief. There are also enhanced capital allowances for plant and machinery and Stamp Duty Land Tax relief amongst other tax incentives. To compensate for the subsequent revenue losses from business rates, Councils will receive business rate income from the government based on an agreed baseline level, and 100% of any business rate growth over and above this level, for 25 years.
- 7.2 If the subsequent level of economic growth and business rate achieved is minimal, or if the baseline is established at a relatively low level, this could lead to relative revenue reductions for the Council over the Investment Zone period.
- 7.3 Site impact funding (e.g. to provide necessary infrastructure) may need to be made available if it is needed to unlock the site and has not already been set out through Local plans. Consideration may have to be given to the additional funding available from other sources for infrastructure developments to support wider Investment Zone developments.
- 7.4 There are financial questions to be addressed in the submission in respect of local funding as well as the potential impact on the financial position of NYCC of an Investment Zone. These questions will need to be worked through. Funding on a site by site basis will need to be identified as part of the delivery phase, if successful at EOI. As this is the EOI stage, no funding has been identified at this stage.
- 7.5 If the Council were to be successful at EOI stage, the full financial implications of establishing Investment Zones will need to be worked through along with developing a delivery plan. It is likely that some development / implementation costs will need to be funded locally for which there is no current budget provision. Any additional budget provision which may be required will need to be balanced against other priorities for Council funding along with the challenging financial climate in which the Council is operating in. Currently, there are circa £250 million of identified economic development projects in the pipeline that are proposed across all 8 North Yorkshire Councils which are facing significant inflationary pressures.
- 7.6 It is noted that the development of some of the sites is reliant on developer contributions and there is a heightened risk at this time of developer and business failure due to current economic pressures in those sectors. There may be an expectation raised that the public sector will step in to cover developer failure for which there is no current funding available and there are already significant calls on available resources as noted above.

8.0 Legal

- 8.1 Since it is an EOI being submitted at this stage, no contractual agreements are being entered into. The submission of the EOI will, if it is submitted, need the approval of the Leader of the Council and this report requests that consent to be given. Due to the tight timescales for submitting the EOI, this decision has been exempted from call-in to allow the submission to be submitted by noon today. However if an expression of interest is accepted there will be a further decision point whereby there can be greater consideration of the proposal prior to a formal decision being made. The Government have also included a requirement for the approval of the S151 Officer and Chief Executive are required as part of the initial process.
- 8.2 As the process continues it is anticipated that we will need to demonstrate that proposals are compliant with subsidy control and the public sector equality duty.

9.0 Climate Change

- 9.1 It is a condition of the EOI that Local Authorities agree to require developers to mitigate any adverse environmental impacts produced by the Investment Zone developments, either on or off site.
- 9.2 Additionally, NYCC will work with developers to adopt climate positive approaches to reflect the region's carbon-negative ambitions and the declaration of a climate emergency. For instance, bio-based construction methods and the provision of active travel infrastructure will be encouraged where feasible.
- 9.3 No Investment Zone sites will be located in designated protected or conservation areas. Potential impacts on biodiversity and the resilience of the natural environment will have been considered in the process of planning permission being granted for each individual site.
- 9.4 For each site, the Local Planning Authority's Leader must consent to the relevant land being converted and developed into an Investment Zone, and evidence of this must be supplied.

10.0 Recommendations

- 10.1 That the Leader of the Council after consultation with the Executive Member for Open to Business, the Executive Member for Finance, Assets and Resources and Corporate Director Strategic Resources approves the submission of an EOI to establish Investment Zone sites in North Yorkshire.
- 10.2 That authority is delegated to the Corporate Director for Business and Environmental Services to agree the final detail and submission of the EOI.

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Background Documents:

[Investment Zones Expression of Interest.odt \(live.com\)](#)
[Investment Zones: expression of interest guidance - GOV.UK \(www.gov.uk\)](#)
[The Growth Plan 2022 \(publishing.service.gov.uk\)](#)