



## Supporting Local Growth



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## Foreword

The Coalition Government came to office determined to promote strong, sustainable and balanced growth - growth not just in one corner of the country, not just in one sector, but in every part of the country.

The number one priority remains getting the deficit under control. But we also want to promote strong local economies, with thriving businesses and new jobs, in the North and South, village and city.

A year ago we set out our approach in *Local Growth: Realising Every Place's Potential* the local growth white paper. Instead of seeking to engineer growth from Whitehall or through regional agencies, we are now putting power in the hands of local councils and businesses. Instead of seeing public investment as a solution in itself, we have a renewed focus and are using that to stimulate private growth and employment - catalysing investment and encouraging enterprise.

The past year has seen real progress. Local enterprise partnerships, bringing together business and civic leaders, are now up and running across ninety-nine per cent of the country. They provide a strong locally led structure to make strategic use of the growth initiatives in this paper.

Twenty-four Enterprise Zones have been announced, and the prospect of business rate discounts and simplified planning is set to attract new investment and kick-start business growth.

With new opportunities for local leadership, we are providing significant financial support to local economies. The Regional Growth Fund, the Growing Places Fund and the Get Britain Building Fund will provide a boost of £3.3bn to local economies in the coming years, creating and sustaining tens of thousands of jobs.

Fundamentally we are creating the right conditions for long term and sustainable growth. To reduce the burden of regulation we are overhauling the current stock of regulations through the Red Tape Challenge, resulting in the scrapping or simplifying of 160 regulations and we are set to go further still.

The New Homes Bonus, the Community Infrastructure Levy and business rate reform will ensure councils and communities feel real benefits from development and economic expansion, giving them real reasons to say “yes” to growth. Tax increment financing will give councils a new way of funding improvements to infrastructure. We also aim to strike deals with English cities that will see those cities acquire new powers in exchange for a commitment to boosting their local economy.

We have put in place a new national framework for attracting foreign direct investment that connects local enterprise partnerships to UK Trade & Investment's global operation. It gives UK Trade & Investment up-to-date information on local strengths and international comparative advantage, providing local enterprise partnerships with sight of potential investment opportunities by foreign companies considering investing in the United Kingdom.

We all know that global economic conditions remain challenging. Nonetheless we have already come a long way in a short time by putting a new approach into practice. And there can be no doubt about the ambition and the determination of local leaders to make the most of the opportunities and support available.

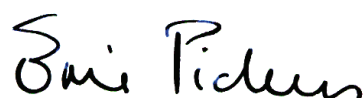
Helping businesses expand and grow is the Government's top priority. The current economic environment presents a very real challenge for many businesses and we are committed to doing everything we can to enable business to export, succeed and grow.

That is why as part of the Autumn Statement we are taking a further significant step forward in the Growth Review by setting out a range of new measures to support business and encourage growth.

More needs to be done, but by working together, we can lay the foundation for strong, sustainable and balanced growth, the length and breadth of the country.



**Vince Cable**  
Secretary of State  
Business, Innovation and Skills



**Eric Pickles**  
Secretary of State  
Communities and Local Government

# Radical reforms

1. The Coalition Government is committed to a radical shift of power to local communities which puts people, local businesses and councils in the driving seat. We want to give people and businesses the tools they need to deliver economic growth in a climate free of red tape.

## Local enterprise partnerships

2. We have supported the creation of local enterprise partnerships - partnerships of local business leaders and civic leaders. Responding to local ambition, there are now 38 partnerships in place covering over 99 per cent of the country.
3. These partnerships are setting the economic priorities of their local area, working within genuine economic areas that make sense to local business. They have been designed locally to meet local needs, but they share the common goal of tackling local barriers in order to grow the local economy. They are the focus for Government's local growth drive and as part of their role they can provide the strategic local vision connecting the incentives and opportunities set out in this paper.
4. Many are already developing new approaches and kick-starting local growth in their areas. For instance:

- **Tees Valley** aims to consolidate and expand its world-class chemical / processing industry in the area. The partnership has assisted nine projects within the chemical and engineering supply chain, resulting in 458 new jobs created and safeguarded in the last year, and £91m of private sector capital investment.
- **York and North Yorkshire** has established a Certificate for Business Growth programme which is helping start ups and young businesses attract finance. The partnership is developing a series of online modules based around the preparation of a business plan. A certificate will be awarded once the plan and an on line assessment have been successfully completed.
- **New Anglia** is developing opportunities in the green economy. The local enterprise partnership is bringing all partners together, from both the private and public sectors, to create the conditions for a new dynamic low carbon goods supply chain across Norfolk and Suffolk and aligning this work with the delivery of the Great Yarmouth / Lowestoft Enterprise Zone, which focuses on the energy sector.
- **Solent** has launched Solent Apprentices for Business – a one stop shop, end-to-end Apprenticeship Training Agency service for employers and job seekers. In the first four months since its launch Solent Apprentices for Business has helped 25 apprentices into positions in 13 organisations, most of which are small or medium enterprises. A further 13 vacancies are currently in the process of being filled. Solent’s aim is to have 60 apprentices placed by 31 March 2012 as more firms in the Solent area sign up.

## Rural Growth Network

5. As part of the rural economy strand of the Growth Review Government is launching a Rural Growth Network initiative supported by around £15m of new government funding. Under this initiative, Government will work with local enterprise partnerships to identify, test and share learning about mechanisms to stimulate faster and more widespread sustainable growth, employment and economic activity in rural areas. Rural Growth Networks will address barriers to

growth in rural areas such as a lack of suitable premises and insufficient critical mass to justify the provision of physical infrastructure (especially superfast broadband and mobile) and other business services. Up to six pilot Rural Growth Networks will be selected through competition to exemplify sustainable development in a rural context.

## UK Trade & Investment

6. Attracting new foreign direct investment and getting more UK-based companies to export will be essential to the creation of local economic growth. Local enterprise partnerships will have a key role to play in this.
7. The Government's new national foreign direct investment team, part of UK Trade & Investment, has been talking to local enterprise partnerships across England to underline their vital role working with foreign investors. Over 20 local enterprise partnerships have already signed memoranda of understanding with UK Trade & Investment, enabling UK Trade & Investment to involve them fully in developing local propositions to potential investors.
8. Local enterprise partnerships are also working with UK Trade & Investment on international trade, where they have an important role supporting the development of international business strategies for their areas, ensuring that local businesses are aware of the range of support available to help them succeed overseas, and focusing UK Trade & Investment's activity around the needs of local businesses and clusters.
9. Leeds City Region Local Enterprise Partnership has recently launched a joint initiative with Government to encourage professional advisers to challenge their clients to think about trading overseas. This is the start of an initiative to increase the number of exporters and value of trade from the local area.

## Sharing the benefits of growth

10. We have put in place a powerful new framework of incentives in place to support the creation of more homes and businesses to ensure that local communities share in the benefits of growth in their area.



## New Homes Bonus

11. The New Homes Bonus is the cornerstone of the new framework for sharing in housing growth. We believe councils are best placed to understand the barriers to growth in their areas. The Bonus ensures councils which promote housing growth have the funds to share the benefits of growth, not just the costs, with local communities. From 2011-12, the Bonus is based on the additional council tax for each additional new home and property brought back into use, with an additional £350 for each new affordable home for the following six years.
12. In 2011-12, the total New Homes Bonus was £199m. On 1 December we announced year two provisional allocation, which totalled £431m including the first affordable homes premium. This includes the second instalment of Year 1 allocations and the first Year 2 instalment. The Year 2 instalment is in respect of an increase of 159,000 additional homes and long term empties brought back into use. The New Homes Bonus is already changing attitudes and it will have increasing impact as the overall amount increases over the next five years.
13. Councils are using the New Homes Bonus in a variety of ways: responding directly to community wishes; supporting existing services; reinvesting in affordable housing; and, as a flexible fund, supporting housing and economic growth.

The **Vale of White Horse** (Oxfordshire) is using the funding to provide free car parking in the market towns of Abingdon, Faringdon and Wantage, as a direct response to the wishes of local businesses.

**Dacorum Borough Council** (Hertfordshire) has invested the first year of funding to facilitate future housing delivery, local regeneration projects, and taking forward the development of its new local plan.

## Local Government Resource Review

14. This review has considered options to deliver a fundamental shift in the funding of local government. The Government has consulted on proposals to enable councils to keep a proportion of the business rates generated in their area, giving them a strong financial incentive to promote local economic growth thereby helping to increase revenues locally, and for local authorities to benefit from that growth.

15. The consultation proposals also sought views on how to deliver the Government's commitment to introduce new borrowing powers enabling councils to carry out tax increment financing. Councils could then borrow against the future additional uplift in business rates to help fund key infrastructure projects and to unlock additional economic growth.
16. The Government intends to bring forward legislation with a view to introducing business rate retention from April 2013.

### Community Infrastructure Levy

17. The Community Infrastructure Levy came into force last year allowing councils in England and Wales to raise funds from developers putting up new buildings in their area. When fully operational, it is estimated it will raise up to £1bn a year nationally.
18. The Community Infrastructure Levy provides a strong local incentive to plan for growth and so help fund infrastructure projects of direct relevance to all - transport schemes, flood defences, schools, hospitals and other health and social care facilities, parks, green spaces and leisure centres. Our reforms to the Levy will ensure local people will have a real say in spending Levy money to deal with the impacts of growth on their neighbourhood.
19. Three councils - Redbridge, Shropshire County Council and Newark and Sherwood Council – have already successfully completed their Charging Schedules, which will be in place by January 2012. We expect many more councils to follow suit in the next twelve months.

Local authorities have already identified a wide range of projects as priorities for funding through the Community Infrastructure Levy:

- **New schools:** Newark and Sherwood Council's Community Infrastructure Levy is earmarked for a new secondary school as well as improvements to the A46 and A614 and other key roads
- **Transport infrastructure** in the Greater Norwich Area and Shropshire will be collecting contributions to ensure essential upgrades to A5 junctions can take place
- **Major roads and flood defences** in Plymouth
- **Involving local people,** Shropshire have committed to 90 per cent of their Community Infrastructure Levy being delivered on projects agreed with their parish councils.

## Changing the planning system

20. The current planning system is slow, unwieldy and antagonistic. The Government is proposing reforms to make it more efficient and straightforward. A new draft National Planning Policy Framework cuts national planning policy down from over 1,000 pages to just 52, reducing duplication and contradiction, and making the system more transparent and easier to use. The Government aims to publish the final version of the framework by 31 March 2012.
21. At the heart of the proposed Framework is a presumption in favour of sustainable development, sending a strong signal to everyone involved in the planning process that it is vital to plan positively for sustainable development. It encourages councils to draw up to date plans for the future of local communities.
22. Whilst councils will need to plan for to meet the development needs of a growing population and economy, we are equally committed to safeguarding the natural and historic environment. The draft Framework makes clear, for example, that the priority should be to locate development on land with the least environmental or amenity value, including brownfield land. Policies will continue to maintain rigorous protection for the green belt, national parks, other designated landscapes and

sites designated for their wildlife or heritage importance. A brand new designation will enable communities to protect local green space of particular importance to them.

#### **North Shields Fish Quay: Business neighbourhood planning front-runner**

North Shields Fish Quay is a small fishing port located close to the mouth of the River Tyne. It established its neighbourhood planning frontrunner group in summer 2011 and aims to produce their neighbourhood plan, following further consultation with the community, in 2012. The group is chaired by the manager of a local business, and a range of other businesses attend, representing marketing, architecture, navigation and marine companies and engineering services. The group is very positive about the opportunities for growth in their area and sees the frontrunner project as a means of growing their community and establishing a more sustainable economic base for the area.

#### **Much Wenlock: neighbourhood planning front-runner**

Much Wenlock, a small historic market town in Shropshire with a population of 3,000, focussed on producing a neighbourhood plan by the autumn of 2012. The Steering Group have started the process of consulting the local community with one of the key themes for the neighbourhood plan being 'jobs and the local economy'. The neighbourhood plan process will enable the local community to consider how to rebalance their local economy, support the growth of new and existing businesses and enterprises and help the community become more prosperous and resilient. With this new collaborative approach, involving councillors and community volunteers from the business community and beyond, the people of Much Wenlock will be directly shaping the economic opportunities available to the community for years to come.

The four **Black Country local authorities** (Dudley, Sandwell, Walsall and Wolverhampton) recognised that, by pooling their resources, they would provide a stronger platform to promote regeneration and attract inward investment that would bring benefits to the wider area as well as to each of the councils in the partnership.

Working with the community and other key partners such as the voluntary sector, utility providers and the private sector, including house builders and businesses, the joint Core Strategy deals with land use as well as promoting the area's wider regeneration. The Black Country's Local Enterprise Partnership covers the same geographical area as the joint Core Strategy, which will further strengthen the economic growth potential of the Black Country.

The joint Core Strategy will promote economic growth in the Black Country by improving the quality of employment land and aiding the delivery of a broad mix of new homes between now and 2026, supported by new shops, offices, leisure, transport and environmental improvements. At the heart of the Strategy is a series of 'regeneration corridors' and 'strategic centres' whose wider benefits will be felt throughout the Black Country.

23. We also intend to introduce a duty on councils and public bodies to require them to co-operate on planning issues. This will help councils, their neighbours and other partners make common cause on projects such as major housing development, transport infrastructure, and flood defences. Phase two of the Government's Growth Review, published as part of the Autumn Statement, sets out plans to improve infrastructure:

- Further improve the efficiency of the planning system, through improving the performance of statutory consultees. In particular we will develop a more effective mechanism – for example, an award of costs at appeal where a statutory consultee has acted unreasonably and will strengthen existing time limits for the provision of responses to consultation
- Implement measures to further streamline and speed up the planning appeals process and improve performance of local planning authorities by summer 2012.

24. Major infrastructure projects of national significance provide a boost to local growth as well as meeting the needs of the nation. The Planning Act 2008 sets down statutory timescales to ensure that timely decisions are made on these development consents. The first of these decisions was made by the Infrastructure Planning Commission in October within the statutory timescales. This demonstrates that the major infrastructure regime will give certainty to new developers bringing forward their projects and that the rigour of this framework for determining such schemes should help boost investment.

## The Localism Act

25. The Localism Act, which received Royal Assent on 15 November gives local areas a wide range of freedoms and flexibilities to further their own ambitions. Reforms around community rights, neighbourhood planning, housing, cities and the general power of competence, are all designed to give local businesses and communities the power to design and deliver their future. For example:
- The Core Cities Amendment. This part of the Localism Act enables the transferral of public functions to permitted authorities. This enables government to complete deals with cities and pass on new roles or functions to drive local growth.
  - The general power of competence gives councils the legal capacity to do anything an individual can do that is not specifically prohibited. This will act as an incentive for councils to innovate and work together with others to drive down costs, such as developing property, service delivery and managing assets.
26. The Act will allow councils, from April 2012, to set discounts on business rates as they see fit, giving them a new mechanism to target and encourage business growth and investors.
27. Furthermore, through the Localism Act 2011, we have taken a power to cancel certain backdated business rates bills, in particular for those business based within ports that faced the unfair “ports tax”
28. Following the making of the final regulations, businesses that were faced with a significant and unexpected backdated rates bill will soon have a significant cash flow burden lifted giving these companies the opportunity to invest further in their industry.

## Cities Deals

29. The Government recognises and values the varied characteristics of English cities and their importance as drivers of economic growth. Initial work will focus on the largest cities in England and their local enterprise partnerships.
30. The Government's aim is to create powerful and innovative cities that have the resources and autonomy to pursue their own vision for promoting growth. To this end, Greg Clark is working with the largest cities in England outside London.
31. The Government has now published *Unlocking Growth in Cities*<sup>1</sup> and is beginning work in earnest to strike deals with the cities. The ambition will be to deliver bold strategies that will radically enhance the way civic and private sector leaders drive economic growth locally.

## The Government's Housing Strategy

32. On 21 November, we published the Government's Housing Strategy – Laying the Foundations. The Strategy set out bold, ambitious plans to get the housing market moving again. Some of the measures we are taking immediately to get the housing market moving again are:
  - A £400m Get Britain Building investment fund for existing “shovel-ready” sites with planning permission, but where development has stalled
  - A consultation on proposals to require local authorities to reconsider those section 106 agreements that were agreed prior to April 2010
  - Freeing up formerly used public sector land with capacity to deliver up to 100,000 new homes
  - Funding essential new infrastructure

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<sup>1</sup> <http://www.communities.gov.uk/publications/regeneration/growthcities>

- In the 2011 Budget, we introduced FirstBuy which, co-funded by Government and house builders together, will provide around £400m to help almost 10,500 aspiring home owners in England by Spring 2013. By helping to boost the sale of new homes, FirstBuy will enable more development sites to be brought forward at greater speed, and support up to 20,000 jobs
  - The new build indemnity scheme, proposed by the Home Builders Federation and the Council of Mortgage Lenders, aims to provide up to 95 per cent loan to value mortgages for new build properties in England, backed by a housebuilder indemnity fund. The scheme aims to stimulate the housing market, by providing access to affordable mortgages for households who cannot enter the housing market due to the currently large deposit requirements.
33. We are also acting to lay the foundations for a more responsive, effective and stable housing market in the future:
- We are putting in place strong, new incentives for housing growth through the New Homes Bonus, Community Infrastructure Levy and the proposals for local business rates retention
  - We are giving communities new powers to new ways to deliver the development they want through Community Right to Build.

## Affordable Rent

34. The sector has risen to the challenge to deliver under the new Affordable Rent model. 146 providers will deliver 80,000 new homes for Affordable Rent and Affordable Home Ownership with Government funding of just under £1.8bn through the Homes and Communities Agency's Affordable Homes Programme 2011-15. As of 2 December the Homes and Communities Agency had signed contract agreements with 92 registered providers to deliver 70,000 affordable homes with £1.4bn Government investment.
35. Overall with our total investment of £4.5bn we expect to provide up to 170,000 new affordable homes by 2015, compared to 150,000 originally estimated.



## Supporting local high streets

36. We have been taking action to support our town centres in recognition of their significant economic, social, and tourism benefits. We are determined to strengthen the ability for local communities to decide what development they want in their area and recognise that town centres are at the heart of our communities and neighbourhoods.
37. Government is already committed to retain the 'town centre first' planning policy, which recognises the importance of achieving a broad range of retailer representation, both small and large, and asks local authorities to plan for a strong retail mix so that the quality of retail on offer meets the needs of the local area. This will continue to be strongly expressed through the national planning policy framework. The new neighbourhood planning powers that the Government is introducing could also help town centres. The neighbourhood planning provisions in the Localism Act enable communities to use neighbourhood plans and orders to positively promote the sort of town centre that the community would like to see, for example, the variety of retail offer, the type of units and the design of their town centre.
38. In addition, Mary Portas was asked by Government to undertake a review of high streets. Her review looks at encouraging investment and development in town centres, bringing together guidance and examples of good practice for vibrant town centres in one place. This will help Local Authorities, Local Enterprise Partnerships, business, town centre managers, Business Improvement Districts and others to maximise the potential of high streets and reduce their cost. The Government will respond to the review in spring 2012.

## Enterprise and skills

### **Business support**

39. We have launched new services, transforming the way people receive the information and guidance needed to start and grow their business. Our new approach - [www.businesslink.gov.uk/newservices](http://www.businesslink.gov.uk/newservices) brings a consistent, high quality digital service, ensuring there are no regional variations in provision. Through [www.businesslink.gov.uk](http://www.businesslink.gov.uk), local businesses can also find local events appropriate to their needs.

40. The new **Growth and Improvement service** is for those looking to grow and improve their business providing easy-to-use and practical information including:
- Interactive diagnostic tools (including finance; procurement; social media; exporting; business planning and much more)
  - Access to new Business Support Finder providing access to awards, grants and schemes (including the Solutions for Business portfolio)
  - E-learning tutorials and video case studies
  - Events Finder to access local and national events and training schemes
  - Access to Peer to Peer networks so that businesses can access advice from people who have done it and succeeded before.
41. **'My New Business'** is a comprehensive start-up service, providing an improved, tailored support package for customers wanting to start up in business or who have started up in business within the last two years. Customers can set up a personalised home page to capture all information relevant to their business needs and will be able to carry out all the necessary tasks required to set up a new business in one place.
- Businesses will find easy to access, consistent online information and guidance in a variety of formats, including online training, video workshops and case studies. This will allow users to access training at a time that suits them
  - 'My New Business' will provide a user-friendly range of interactive online tools, information, checklists and guidance, tested by real start-up and early stage businesses and building on the current businesslink.gov.uk offerings. These include key elements of starting up, such as business planning, in addition to tax calculators and other help
  - 'My New Business' will allow transactions including tax registration and online incorporation to be located in one area of the site.
42. We know mentoring has the potential to deliver significant economic benefits by building capacity and confidence in small businesses. It can often be an effective policy for promoting more successful start-ups, as well as higher productivity and growth amongst established businesses. Research proves that businesses that use external support are more likely to survive and grow and finding and making

use of an experienced business mentor can often be the first step towards seeking and using expert external advice as a tool for growth. The Government has long been involved in providing direct advice and support to business. But business owners have repeatedly told us that the support they value most comes from other experienced business people.

43. The new mentoring portal, [mentorsme.co.uk](http://mentorsme.co.uk), launched in July by the British Bankers Association now provides a single point of access for those seeking mentoring and those seeking to be mentors across the UK. Over 70 mentoring organisations are now accessible on the site and, through them, 11,000 mentors.
44. The recently launched Get Mentoring project will recruit and train 15,000 volunteer business mentors from the small business community via the Small Firms Enterprise Development Initiative, working with a range of trade and business representative bodies. These volunteer business mentors will also be accessible through [mentorsme.co.uk](http://mentorsme.co.uk).
45. This will bring the total number of business mentors available through the mentoring portal to at least 26,000 by September 2012.

### **Manufacturing Advisory Service**

46. The Manufacturing Advisory Service adviser network, where support is delivered to businesses, will remain as strong as before, building on established local linkages. Support will be tailored to local economic circumstances. This will be achieved by working closely with local enterprise partnerships and others to produce local manufacturing engagement plans aimed at aligning and enhancing Manufacturing Advisory Service activities with local economic needs and priorities.

### **National Insurance**

47. At Budget 2011 we increased the Employer National Insurance Contributions threshold by £21 a week above indexation from April 2011. This returns over £3bn a year to employers, including micro businesses. All employers will be £150 a year better off for each employee earning above the threshold.

48. The Regional Employer National Insurance Contributions Holiday exempts qualifying new businesses from up to £5,000 of employer National Insurance Contributions for each of the first ten employees hired in the first twelve months of business. It applies except in London, the South East and the East of England.
- Over 10,500 small businesses have already been helped by the scheme. But there are many more businesses that could benefit and we are doing all that we can to raise this number
  - Early evidence shows that the holiday works well for those businesses that are benefiting from it. A substantial proportion says that it has had a positive effect on the number of staff recruited, the prospects for taking on more and the future growth of the business.

## Focused interventions

49. Government recognises growth will be driven by the private sector. Our role is to support that by shifting the reliance away from public sector where this is unbalanced, creating new opportunities for areas to invest in the growth of their economy, unlocking housing economic development activity, and specific place or sector based interventions

## Regional Growth Fund

50. The £2.4bn Regional Growth Fund is designed to encourage growth and jobs in the private sector with particular support to areas and communities that are dependent on the public sector. Over the lifetime of the fund (2011-2014), the Regional Growth Fund is expected to create and safeguard up to 328 000 jobs across the country and attract up to £8.5bn of investment from the private sector.
51. The first round was announced in April with conditional allocations totalling over £450m. The second round of successful bidders was announced by the Deputy Prime Minister on 31 October, with £950m supporting a further 126 bids across the country.
52. The Regional Growth Fund will support more than 200 ambitious private sector-led projects demonstrating the Government's commitment to growth and rebalancing the economy.

Local area	Total estimated jobs created/safeguarded
North East	39,000
North West	55,100
Yorkshire and Humberside	27,000
West Midlands	74,600
East Midlands	14,100
South East	20,300
East of England	10,200
South West	24,200
National	61,400
<b>Total</b>	<b>326,000</b>

53. At Autumn Statement a further £1bn was announced for further rounds of Regional Growth Fund. Ministerial colleagues are considering different options, learning the lessons and building on the success of previous rounds.

### EXAMPLES OF ROUND 1 REGIONAL GROWTH FUND PROJECTS

#### University of Plymouth (Regional Growth Fund bid £1m)

This project creates a fund offering loans (between £10,000 and £100,000) to small businesses in the South West. The University of Plymouth will also provide mentoring and coaching to recipient companies. The fund will support businesses that have been unsuccessful in securing funding from other sources. The fund will target small to medium enterprises operating in clean technology, biotechnology and medical, creative and advanced engineering industries. The fund will be announcing the first investments through the scheme in due course.

**Proctor & Gamble Technical Centres Limited  
(Regional Growth Fund bid £5.3m)**

The project will create a North East based consortium with unique global capabilities in the scientific area of surface modification techniques and build expertise on high throughput methods and cleaning technologies. The initial project is to improve household cleaning products.

**David Brown Gear Systems Ltd (Wind Turbine Gearbox Reliability Improvement Research and Development Project) (Regional Growth Fund bid - £2m)**

The project will create a Research and Development Innovation Centre under the new David Brown (DB) brand of 'Windserve', to offer solutions for improved gearbox reliability and durability in wind turbines. The direct market offer will be to Original Equipment Manufacturers (OEM) and windfarm owners to extend the working life of their gearboxes. The Regional Growth Fund grant will contribute to the significant upfront capital costs of the centre construction and the purchase of the test rig (used to test gearbox performance).

**Royal Bank of Scotland and NatWest Regional Growth Scheme (Regional Growth Fund bid - £70m & £25m)**

The project will offer a blend of public and bank funding to small to medium enterprises to support investment that will stimulate economic growth and job creation. The proposed Regional Growth Fund funding would help address a funding gap where customers are deterred from borrowing due to the absence of a minimum customer contribution (typically in the form of retained earnings, raising shareholder equity or asset sales). The public funding will be made available to provide small to medium enterprises with funds to assist their commercial loan applications, by helping to provide a 'contribution' to loan applications which is normally required as part of standard credit policy.

The first of these projects have been paid – PRB Drainage, a drainage specialist company based in Leicestershire, successfully secured £38m of Royal Bank of Scotland Regional Growth Fund. The investment will not only safeguard two jobs for its employees but also support further growth and recruitment plans.

The following two organisations were successful in bidding for the Regional Growth Fund and have already started work ahead of receiving money:

**Sahaviriya Steel Industries (SSI)**

Sahaviriya Steel Industries is developing an accelerated workforce training and development programme that will allow them to commence steel manufacturing at the Redcar blast furnace which has been out of operation since February 2010. The project is expected to provide 919 direct and around 1,000 indirect jobs.

**Bridon International Limited**

The project will establish a new portside location and installation of a rope-closing machine in Newcastle-upon-Tyne allowing the manufacture of the world's longest multi-strand ropes capable of bearing extremely heavy loads. The project is expected to provide 189 direct and 75 indirect jobs.

## The Growing Places Fund

54. We are strengthening the role of local enterprise partnerships by providing further money through the Growing Places Fund. This £500m fund, announced in September, is designed to support growth through delivery of key infrastructure projects needed to unlock development, helping to generate jobs and housing. The main objectives of the Fund are:

- To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing
- To allow local enterprise partnerships to prioritise the infrastructure they need, empowering them to deliver their economic strategies
- To establish sustainable revolving funds so that funding can be reinvested to unlock further development and leverage private investment.



55. Provisional allocations have been announced and local enterprise partnerships are currently working up their proposals by 20 December 2011 on how they will manage and meet the objectives of the fund. Final allocations and payment will take place early next year.

The **West of England** local enterprise partnership has successfully bid for £40m money from the Regional Growth Fund to be spent on local infrastructure. They now have an £11m Growing Places Fund allocation. They have already identified infrastructure projects to start in the next 12 months that will unlock key sites for development including Bath Riverside Enterprise area, Emmerson Green Science park and Avonmouth enterprise area, and have identified £119m of projects in their emerging forward plan.

## Enterprise Zones

56. Building on the successful creation of local enterprise partnerships, Enterprise Zones are targeted areas within those partnerships designed to help create jobs and businesses in areas of economic opportunity. Twenty-four Enterprise Zones have now been approved across England. By using a combination of simplified planning, business rate discounts, business rate growth retention and enhanced capital allowances (in some areas), these zones provide a huge opportunity for business growth and inward investment. All zones will be up and running by April 2012, with the potential to create tens of thousands of new jobs by 2015.
57. Local enterprise partnerships are providing strategic leadership in the delivery of Enterprise Zones, and the host local enterprise partnership will determine how the business rate uplift from their Enterprise Zone is spent.

- In September **Jaguar Land Rover** announced it would build a £355m engine plant on the i54 site- part of the Black Country Enterprise Zone. The first phase comprises 70,000sqm with a second expansion phase of around 65,000sqm. The plant will employ 750 staff and is due to be in operation by 2014.
- **Tees Valley** are establishing locally funded Enterprise Zone sites alongside those that are being supported by Government. The aim of this is to attract further investment in the area and support diversification of the local economy. Tees Valley are in discussion with a number of overseas investors in relation to investing in the zone, as an Enhanced Capital Allowance site, and bringing new development forward.
- The **Northampton Enterprise Zone** will redevelop and regenerate a large area around Northampton station and along the River Nene. A planning application has now been submitted for a land-mark development on the site – a 3740sqm ‘innovation cube’ which will provide high quality accommodation for 60 start-up businesses.
- The **New Anglia** local enterprise partnership has developed a ‘soft landing’ package to give targeted support to businesses locating in their Enterprise Zone. This will include access to an energy sector support team; dedicated Inward Investment Director; access to key economic, cost and skills information; searches for suitable land and premises; introductions to supply chain partners; support from specialist energy sector knowledge hubs and access to UK Trade & Investment support.
- The **Greater Cambridge & Greater Peterborough Enterprise Zone** - Alconbury Business Campus - will strengthen the manufacturing base across the partnership area, by encouraging ideas worked upon by scientists, academics and entrepreneurs to be produced locally rather than lost to overseas manufacturing. The Enterprise Zone will have a broad focus on ICT, bio-technology, pharmaceuticals, advanced manufacturing, creative industries, engineering and processing.

## Business Rates Support

58. Following the Chancellor's announcement at the Autumn Statement the temporary doubling of small business rate relief will continue for a further six months, until the end of March 2013. Approximately half a million businesses in England are expected to benefit, with about a third of a million businesses paying no rates at all for that period.
59. We are also, through the Localism Act, making it easier for ratepayers to claim the relief by removing the legal requirement for ratepayers to submit an application form.
60. We will also introduce a business rate deferral scheme for 2012-13 so that ratepayers will be able to defer 60 per cent of the retail price inflation increase in their rates bills, which will be paid back equally in the following two years

## Coastal Communities Fund

61. From April 2012, the Coastal Communities Fund will provide funding, on a bid basis, for projects supporting economic development and growth. The fund will reinvest revenue from Crown Estate marine activity back into coastal community economies and will be worth £23.7m in 2012 (£18.2m in England).
62. The Fund will be managed by the Big Lottery Fund. Examples are likely to include improving skills, developing renewable energy, building local capacity to promote enterprise and environmental safeguarding or improvement that has economic benefits. The Fund seeks innovative bids from charities, businesses, social enterprises, councils and local enterprise partnerships to have a real and lasting impact on coastal economies.
63. A prospectus giving further details of the scope and shape of the Fund and the timetable for its introduction will be issued shortly.

## European funding

64. The current programme of European development funding will bring some £3bn of additional funding into England up until 2013, of which £1.2bn is still available for investment in local economies. The main priorities include innovation and

supporting the knowledge-based economy, stimulating enterprise and supporting successful businesses and building sustainable communities – including improving the growth and productivity of local economies.

65. The European Regional Development Fund is, therefore, at the heart of the Government's policies on local growth. It can be used in a host of different ways such as targeting worklessness, supporting small and medium enterprises, funding innovative, high-tech business investment and supporting local communities. Since it is allocated by locally run committees, it can focus on local need.
66. We are working closely with the European Commission in preparation for the new round of programmes (2014-2020) and how they will fit with our reformed economic landscape and growth priorities. We have improved the administration of the European Regional Development Fund and unlocked the European Commission's halt on funding. We are also maximising the flexibility on the European Regional Development Fund to support the roll out superfast broadband.

Some examples of projects approved under the 2007-13 round of European Regional Development Fund programmes are:-

**Newham College, London**

“London Style” based in the Fashion and Textile Museum in South London is part financed by Newham College and the European Regional Development Fund. It works with businesses and designers in jewellery and fashion. They provide mentoring and the latest computer suites, including opportunities for photo-shoots and marketing support. This helps businesses grow a bigger customer base and get ahead.

Discovery Lab – this state-of-the-art centre based in East London at Newham College provides training in cutting edge technologies and potential business application benefits. Through showcasing innovation they help small to medium sized businesses exploit emerging technologies and offer online tutoring.

### **Innovation Networks, Bristol**

The iNets Programme is a major new business support service launched in the second half of 2010 based in the South West. It is supported by £13 million of funding from the European Regional Development Fund. The programme helps small to medium enterprises in advanced and emerging sectors transform ideas into the new products and services that will drive economic growth. Examples include:

- NanoSight, who exploit nanoparticle technology used in the life sciences: the iNet has helped them develop their understanding of the market and the relevant technology and fully exploit its potential. This may improve techniques for detecting pre-eclampsia, thrombosis based diseases and some cancers
- Forgen Renewables develop wind turbines and have been working on iNets. These include an environmental iNet which helped them conduct an intellectual property review of their business to identify areas that represented potential commercial value and to protect and exploit these. As a result their trademark has strengthened in the United States. Forgen also worked with another iNet to redesign their wind turbine to make it both more efficient and marketable
- iNets are a long term investment but one year in they have already supported 386 businesses, helping create six new patents and 12 new products and ensured that 51 businesses are now working with the UK's knowledge base.

### **Berwick Workspace, Berwick**

The Berwick Workspace is a flagship business “incubation centre” providing 35 modern offices located in Berwick, Northumberland. The centre provides everything a small business needs to develop boasting state-of-the-art facilities, rent on a flexible licence agreement, a 50-seat conference room and virtual office facilities together housed in a modern building. The project received £134,500 from the European Regional Development Fund in order to bring new jobs and commercial opportunities to the North East. Berwick Workspace has received numerous awards and currently has a range of companies ranging from a website designer and building surveyor to a car hire service and has so far created 121 jobs and assisted 35 small businesses.

### **Embedded Space and Technology Transfer Project at Science City York**

Science City York is based at York University and develops skills in bioscience, the creative industries and IT. It is currently delivering the Embedded Space and Technology Transfer Project with the help of £19.7m from the European Regional Development Fund. By 2014 the project, delivered in partnership with the University of York and The Food and Environment Research Agency is expected to boost productivity of the local area's hi-tech industries by £37m.

The bulk of the investment is for developing more than 9,000 square metres of new floor space including an innovation campus at the Food and Environment Research Agency's Sand Hutton laboratory complex and also the development of a Hub building at the University of York's new Heslington East campus. Indirect outputs include the creation of 685 new jobs and 90 new businesses, while safeguarding 800 roles and assisting a further 697 ventures.