

Background

This generation of Enterprise Zones is about allowing areas with real potential to create the new business and jobs that they need, with positive benefits across the wider economic area. The creation of new Enterprise Zones provides another tool for Local Enterprise Partnerships and their partners to improve their local economy and increase their contribution to national growth.

Budget 2011 announced that 11 Local Enterprise Partnerships would be invited to come forward with proposals for Enterprise Zones and a further 10 Zones would be sought from open competition from local enterprise partnerships with proposals for promoting growth and jobs.

Through this competitive process, the focus is on testing bids on the basis of their potential to drive growth and jobs and deliver benefits to the Local Enterprise Partnership area. It is recognised that detailed plans associated with your bid will not yet have been worked up.

Consequently, the Government wants to see how Local Enterprise Partnerships have carefully considered the ways in which they can best deliver local growth and jobs. This consideration should be reflected in the choice of site; targeting of sectors; and plans for implementation, including what specific plans will be put in place to remove barriers to business growth (for example, through a simplified planning regime), and reduce costs.

The assessment of bids will attach significant importance the extent that economic activity generated by the Enterprise Zone is genuinely additional - taking into account issues such as displacement of activity from other areas (further details on additionally can be found in the Guidance for Applicants section).

The assessment will also seek to take a view on the relative costs and benefits of all bids. Bids with a higher benefit:cost ratio will be given more credit. And the cost to the public purse in terms of business rates foregone must be affordable within the overall budget envelope for Enterprise Zone policy. Therefore in order to meet the overall budget constraint it may be necessary to revisit the proposed extent of activities at certain Enterprise Zone sites.

The assessment of bids will focus on three criteria:

1. **The extent to which the proposal will deliver growth:** the strategy to drive sustainable economic growth should be clear and evidence based.
2. **Value for money:** what will the proposal deliver and what will it cost?

For example:

- how many new jobs will the proposal create?
- what type of businesses are you trying to attract?
- what are the costs associated with your proposal?

3. **Implementation:** plans for delivery are robust and support the growth focus of the bid.

For example:

- how will the Local Development Order make it simpler for businesses to establish themselves in proposed Zones?
- what infrastructure will support the proposal?

In finalising the bid, applicants will also want to have regard to the Enterprise Zone prospectus sent to all Local Enterprise Partnerships in March. The Government will be keen to see more detailed economic appraisal from successful bidders when proposals are more fully developed.

There are only a further 10 Zones to be allocated and our expectation is that there will generally be no more than one Enterprise Zone per Local Enterprise Partnership. The Government is asking Local Enterprise Partnerships to put their best proposal for a site forward, and recognise that this will involve tough choices.

In addition, Enterprise Zones are focused on providing support for new businesses: start-ups, inward investors or companies moving to an area to get a competitive advantage. It is expected that proposed sites will be 'clean', with no existing businesses in place. Specific Enterprise Zone boundaries can and should be shaped to capture clean sites and not incumbent businesses wherever possible.

Proposals that represent a diversion from these expectations will not be ruled out. But Local Enterprise Partnerships will need to demonstrate why their proposals represent a better option against the criteria set out, and against which all proposals will be assessed, than bids that fit more closely with our presumptions.

For successful bids, local planning authorities within Local Enterprise Partnerships will be expected to work up their Local Development Order proposals and then proceed through the standard Local Development Order-making process. This will include the allocation of a dedicated Local Development Order 'Link Officer' to each Partnership bringing forward an Enterprise Zone. Please use the email address below if you want to use a Department for Communities and Local Government (DCLG) link officer.

The Government is also keen to understand how your Enterprise Zone proposal fits within the wider economic development priorities of the Local Enterprise Partnership, and what added value and distinctiveness the Enterprise Zone proposal will bring.

The Enterprise Zone team at the Department for Communities and Local Government (enterprisezones@communities.gsi.gov.uk) and your Department for Business Innovation and Skills local contacts will be able to clarify any issues that this form raises.