



Enterprise Zones Monitoring Report 2006/07



Enterprise Zones Monitoring Report 2006/07

February 2009

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Department for Communities and Local Government

The findings and recommendations in this report are those of the authors and do not necessarily represent the views of the Department for Communities and Local Government.

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Executive Summary

Enterprise zones were introduced in 1980, as an 'experiment' in urban policy to stimulate economic activity by giving businesses as much freedom as possible in which to operate. This was to be achieved by reducing taxation and relaxing the regulations affecting businesses. In practice this meant the allocation of 100% tax allowances for firms and individuals investing in the construction of new buildings, or the conversion of existing buildings, for industrial and commercial purposes and by removing from the occupiers of those buildings the burden of general rates (Business Rates) for periods of up to ten years. The relaxation of regulations in the zones included simplified town planning procedures, expedited customs procedures and exemption from the payment of training board levies.

In total some 38 enterprise zones were designated between 1981 and 1996, each with a life of ten years. Regeneration performance in the zones has been monitored since the first zones were created, against outputs such as land reclaimed, infrastructure provided, buildings constructed and/or converted/refurbished and jobs created or safeguarded. The present monitoring report covers the period 1 April 2006 to 31 March 2007, during which time only one enterprise zone remained in operation – Tyne Riverside. Three others – Dearne Valley, East Durham and East Midlands – are also included, as they had expired towards the end of the previous financial year, and hence any construction works started during that period would still be eligible for capital tax allowances. These four zones contain a total of 469 hectares in 30 sites. At the end of the period the built floorspace in the four zones comprised 1,364,000 square metres (14,380,000 square feet) of industrial and commercial buildings, providing just over 29,000 jobs.

The figures in the tables in Appendix 1 are buildings-based, containing information on building footprints, floor areas and building types, as well as principal occupiers and their economic activity. Although this approach provides a great deal of information about the buildings on the zones, it does have a disadvantage in that by and large the occupiers of small units in linked business spaces and multi-let office buildings are not fully recorded. However, buildings of this type are listed by name, or operator, and total floor areas are recorded; employment estimates have also been made on the basis of the principal activity undertaken by occupiers.

In addition, for this final monitoring report a series of charts tracing recent development trends in the four enterprise zones has been included. These may be found in Appendix 2.

Section 1: Introduction

1.1 The Enterprise Zones

The Enterprise Zones (EZ) initiative was announced by Government in 1980 as an 'imaginative experiment' where businesses would be given as much freedom as possible in which to operate (Catalano, 1983)¹. Initially 24 local authorities applied for EZ designation and the first eleven areas were designated in 1981, followed two years later by a further eleven, plus extensions to the Speke (Liverpool) and Wakefield EZs. Since then the total number of EZs designated has risen to 38. Each zone was normally designated for a fixed life of ten years and the final designations (in Tyne Riverside) came to an end during the 2006/07 financial year.

The purpose of the EZs has been to stimulate private sector economic activity through lessening the incidence of taxation and by relaxing or speeding up some statutory controls or regulations. Investors in the EZs have had the ability to claim 100% tax allowances in respect of capital expenditure on industrial and commercial buildings. Occupiers of industrial and commercial buildings have enjoyed exemption from the payment of Uniform Business Rates (originally General Rates) for a maximum of ten years, from the date they occupied the buildings until the end of the relevant designation periods. Developers and investors have benefited from a simplified town-planning regime, whereby planning permission was not required for new developments provided that they complied with the published planning scheme for the zone. These differed slightly from one zone to another, for example in respect of the amount of retail development that would be permitted. Other benefits have included exemption from training board levies and expedited customs facilities.

This report summarises the position in respect of the remaining UK Enterprise Zones for the year ended 31 March 2007 – referred to as 2006/07. During this period only one EZ remained in full operation, but the designation of three others had just expired towards the end of the previous financial year, so that certain benefits still remained in force during this last monitoring period. EZ eligibility across the four areas was split between multiple sites, with a combined land area of 469 hectares. By the end of 2006/07 approximately 1,364,000 square metres of industrial and commercial floorspace had been developed on these sites (an increase of 4 per cent over the 1,311,600 square metres recorded at the end of the previous 2005/06 monitoring period). Almost all of the buildings in the Zones are new construction since the date of EZ designation.

The stock of industrial and commercial floorspace increased in each of the four EZs, with the amount of floor area that was occupied also increasing

¹ Catalano, A. (1983) *A Review of Enterprise Zones*, London: Centre for Environmental Studies.

by around 5 per cent. This meant that the overall occupancy rate across all four Zones remained roughly the same as in the previous year at 81 per cent. However, this masked some variation between Zones, with East Durham having a relatively low occupancy rate of 73 per cent (but experiencing a noticeable year-on-year increase during the last two monitoring periods), compared to 92 per cent occupancy in the East Midlands. Tyne Riverside maintained its average occupancy rate over the year, while Dearne Valley experienced a decline from 79 per cent to 74 per cent. This was caused by a combination of plant closures and the lag between new building completion and take-up by new occupiers.

As part of the process of data verification, a range of sources has been used to determine the principal activity of occupying organisations. These include direct enquiries during monitoring visits, telephone calls, trade directories and the Internet. This information has enabled the activities carried out in the buildings to be assigned to different Standard Industrial Classification (SIC) codes. Such classifications are important, as any changes can have a significant impact on both the overall jobs estimates, the calculation of rates revenue foregone and to a lesser extent the cost of Exchequer capital allowances. This is because each of these has been calculated on the basis of standard multipliers associated with each SIC code.

Nevertheless, the combination of an increase in built floorspace and a stabilised occupancy rate has resulted in further growth in EZ employment over the year (by just under 500 or 2 per cent). Again, this masks variations between the four Zones, with a substantial increase of 23 per cent in East Durham (linked to the growth in occupancy noted above), a small increase in East Midlands (around 1 per cent), and minor decreases in Dearne Valley, and Tyne Riverside. Overall this maintains the reversed overall trend apparent in the last monitoring period, with the four EZs combined showing jobs growth.

The four EZs covered by this report are of different sizes, comprise several sites, were designated at different times, and up to the end of March 2007 had been developed at different scales:

Enterprise Zone	Date Designated	Sites	Area Dev'd (ha)	% of EZ Area	Built area (m²)	Est'd Jobs
Dearne Valley	Nov 1995	6	107	72.3	341,692	6,602
East Durham	Nov 1995	6	87	93.7	253,969	4,877
East Midlands	Nov 1995	7	118	97.4	410,467	8,930
Tyne Riverside	Feb-Oct 1996	11	91	78.8	357,864	8,810

Although there are clear differences between the four EZs, as a whole around 86 per cent of the available land area within them had been developed by the end of the monitoring period. Further details of this progress with respect to each EZ site are provided in Section 2 below.

1.2 Monitoring the Enterprise Zones

Enterprise Zones have been subject to continuous formal monitoring since the designation of the first zones in 1981. The impact of the zones has also been evaluated in periodic reports, such as those by PA Cambridge Economic Consultants (1987 and 1995)², and a number of different researchers and organisations have considered the impact of different aspects of the enterprise zone initiative. Sheffield Hallam University, initially supported by King Sturge, was appointed in July 2002 to continue the monitoring exercise for the remaining life of the last five enterprise zones, reporting on an annual basis through to mid-2007. The study team was also asked to consider the 'transferable lessons' that might be derived from enterprise zones, and these were the subject of a separate report published in January 2003³.

Previous monitoring exercises have relied heavily on data reported by EZ Authorities, development agencies, developers, investors and property agents, as well as upon estimated information, where items could not be measured directly.

For the current series of monitoring reports, members of the study team have undertaken observation surveys on all EZ sites at regular intervals since the project was commissioned. These surveys have provided an excellent insight into changes taking place in the Zones, and consequently it is felt that this report presents as accurate a picture of the Enterprise Zones as they existed at the end of March 2007 as can reasonably be expected. Nevertheless, as one of the EZ benefits is reduced governmental reporting, some of the results are based on informed estimates and observations and should be treated with appropriate caution.

As with the previous monitoring exercises, the study team has liaised with EZ authorities and other organisations active in the four zones. For the most part this has been achieved through telephone and email contact. In order to provide a permanent record of changes and progress in the Enterprise Zones the team has constructed an electronic map-based record of EZ data, using Geographical Information System (GIS) techniques. The base maps contain Ordnance Survey data, which has been downloaded from the EDINA Digimap service, for which Sheffield Hallam University holds a licence. Although the Ordnance Survey electronic map data are continually updated, there is often a considerable time-lag in the latest versions becoming available via the Digimap service. Because of this, more recently the digital OS Landline base maps supplied under licence by Communities and Local Government were used. The up-dating of the digital map data also appears to vary between different parts of the country, so not all buildings were shown at the time when the annual monitoring returns were compiled. Therefore, some building 'footprints' have not been digitised and in such cases building curtilages and gross floor areas had to be estimated by the study team.

² Department of the Environment (1987) *An Evaluation of the Enterprise Zone Experiment*, London: DoE. Department of the Environment (1995) *Final Evaluation of Enterprise Zones*, London: DoE.

³ Office of the Deputy Prime Minister (2003) *Transferable Lessons from Enterprise Zones*, London: ODPM. www.communities.gov.uk/archived/publications/citiesandregions/transferablelessons

Building footprints have been digitised for each building recorded in our survey⁴; these provide gross external areas, at ground floor level only, for the buildings in question. Where it has been possible to obtain accurate floor areas for buildings (including upper floors), for example from reports of property transactions or from estate agents details, this is stated in the 'size of building' columns. In some cases it has not been possible to verify the precise method of measurement used in preparation of the agent's particulars. However, it is likely that slight differences in measurement approach for the few buildings concerned will have had a minute impact on the overall result. Metric measurements (square metres) are used throughout this report, but many estate agents still use imperial measurements; where these have been obtained they have been converted to the metric equivalents.

Where it has not been possible to verify the actual floor areas of buildings the digitised footprints have been used in order to estimate the total floor areas as follows:

- industrial buildings with an estimated 10 per cent office content on two floors – multiply the digitised area by 1.05
- industrial buildings with an estimated 20 per cent office content on two or more floors – multiply the digitised area by 1.10
- multi-storey office buildings – multiply the digitised area by the number of floors.

Digitised floor areas are measured over the external walls of buildings – gross external areas – whereas industrial buildings are normally let on the basis of gross internal areas and office buildings on net internal areas (after deducting entrance halls, stair and lift wells, toilets etc.). The use of gross external areas gives figures that are up to 5 per cent larger than gross internal areas, the difference being the thickness of the external walls. The use of these gross figures for the purpose of calculating construction costs, as prices per square metre, gives a more accurate estimate of costs than the use of internal areas, especially in the case of office buildings where circulation spaces etc. may differ significantly from one building to another.

The individual building data provide an added level of detail over that provided in previous monitoring reports. However, it should be borne in mind that the monitoring figures contained in this report are gross indicators, measuring actual activity within the EZs since designation. They include a comparison of change since the previous monitoring year to illustrate change over the last financial year. No account is taken in this report of what would have happened without EZ designation in each of the areas (deadweight), or of any offsetting changes that may have occurred outside the EZs (displacement). The real net economic impact of the EZs, and performance comparisons between EZs, cannot be achieved by monitoring studies such as

⁴ Where buildings were not shown on the original base map but were subsequently found to have been completed prior to 31 March 2006, the areas are digitised from later versions. If no digitised areas are stated this means that the buildings in question are not shown on the latest available versions of the electronic maps.

the one reported here. Consideration of issues such as these have to be dealt with in evaluation studies, such as those referred to above.

In the sections that follow, the variables and the Enterprise Zones covered are the same as those reported upon in the 2005/06 monitoring report.

Section 2: Enterprise Zone Profiles

2.1 Introduction

This section of the report summarises the basic characteristics of each Enterprise Zone, providing a general description of the industrial background of the four EZ areas and the state of the sites at the time of designation. It also provides a brief overview of the state of development of each EZ as at 31 March 2007.

2.2 Dearne Valley

Zone description

The Dearne Valley Enterprise Zone contains five sites in South Yorkshire. This was an important coal mining area containing several major collieries, each with their associated communities. The main form of transport in the area was rail, for hauling coal from the mines and the road system was largely undeveloped. Situated to the east of the M1 motorway, to the south and east of Barnsley, it was necessary to undertake extensive infrastructure works, in the form of a new link road east from the M1 towards Doncaster and the A1, before much development work could be undertaken. Several of the sites were formerly parts of collieries and their associated spoil heaps, and extensive land reclamation has been required.

Date of designation:	November 1995
Date of expiry:	October 2005
Area of zone:	146 hectares
Zone authority:	Dearne Valley Partnership / Yorkshire Forward
District Councils:	Barnsley MBC, Doncaster MBC, Rotherham MBC
Number of sites in zone:	six
Previous use of Land:	coal mining
Number of jobs created/protected:	6,602

The sites within the zone are briefly described as follows:

Manvers (DV1) – this site lies to the north-east of Wath-upon-Deerne and has been developed with a mix of industrial and office uses. The location has proved to be very popular for call centre operations, and to a lesser extent for public sector ‘back office’ functions. While a great deal of the land is now developed, a substantial unbuilt tract in the northern part remains.

Fields End (DV2) – located on the western edge of Goldthorpe, until recently development on this site comprised five buildings, two of which (both distribution warehouses) are vacant. During 2006/07 construction of six new office units were completed on the remaining vacant land at the northern end of the site. These all remained vacant at the time of the final monitoring visit.

Goldthorpe Industrial Estate (DV3) – part of a well established industrial estate, this site is fully developed with four industrial buildings, one of which was vacated during 2006/07. The other three retained their long-standing occupiers.

Denaby Lane Industrial Estate (DV4) – this is also an extension to an existing industrial estate, with three manufacturing buildings and some small industrial units. Recent construction work means that there is now little land available for further development. It also means that there are several small and medium-sized industrial units to let in this part of the Zone.

Cortonwood Park (DV5) – the site of the former Cortonwood Colliery, this is now occupied by seven relatively large units, specialising in manufacturing and distribution. Land in the south-east corner, adjacent to the new retail park, has recently been developed with two further retail warehouse units.

Waterside and Valley Business Parks (DV6) – this site is now fully developed with a mix of industrial and office buildings, given over to a variety of different activities.

2.3 East Durham

Zone description

The East Durham Enterprise Zone lies within the former East Durham coal mining area. The Enterprise Zone contains six different sites in different locations on the east side of Durham although only one at Dawdon is a former colliery. Three of the sites are located at Shotton, to the west of Peterlee, the new town developed from the 1960s onwards, and represent an extension of an existing industrial estate. These sites have good access to and from the A19. The fourth site forms part of an established industrial estate and is situated to the south of Sunderland and also has a good connection to the A19. The remaining two sites are more remote in terms of main road access being situated approximately one and a half miles east of the A19 at Seaham.

Date of designation:	November 1995
Date of expiry:	October 2005
Area of zone:	92.3 hectares
Zone authority:	East Durham Development Agency/ One North East

District Councils:	Easington District Council
Number of sites in zone:	six
Previous use of land:	colliery, greenfield
Number of jobs created/protected:	4,877

The sites within the zone are briefly described as follows:

Bracken Hill Business Park (ED1) – this site is located to the west of Peterlee, and has good access to the A19 dual carriageway. It is now almost fully developed, with a focus on back office functions and call centres as the major occupiers.

Evolve Industrial Estate (ED2) – this is an extension of existing industrial development to the west of Peterlee. It has been developed mainly for industrial uses, with a particular emphasis on the manufacture of plastics products.

The Whitehouse Industrial Estate (ED3) – this site is located in between ED1 and ED2, and is another extension of the existing South West Industrial Estate. It contains a mixture of industrial and office buildings. However, five of the nine completed buildings remain vacant, including four medium-sized industrial units. A further office block was completed during 2006/07, leaving just a small part of the site still undeveloped.

The Seaham Grange Industrial Estate (ED4) – this site is located to the north-west of Seaham, and houses a mixture of industrial units and distribution warehouses. It is now fully developed. Just three of the thirty buildings were vacant at the end of March 2007.

The Fox Cover Industrial Estate (ED5) – this site is located to the south-west of Seaham. Development here started on this site rather late during EZ designation, with five of the six buildings being completed over the last two years. This followed the completion of a new access road. By March 2007, just two of the six completed buildings had found occupiers.

Dawdon Business Park (ED6) – located to the south of Seaham, this estate has several industrial and office units, along with a number of sites laid out in readiness for development. During the past year two new occupiers have moved in, leaving three units still vacant. Two of these are four-storey office blocks completed during 2005/06.

2.4 East Midlands

Zone description

The East Midlands EZ comprises seven sites, four of which are in accessible locations close to the M1 motorway. Holmewood (EM1, 2 and 3) is situated to the east of Chesterfield and a little over one mile from junction 29 of the M1 motorway. Sherwood Park (EM7) is located immediately adjacent to

junction 27 of the M1, to the south of Kirkby in Ashfield. The Manton Wood site (EM4) is also well located in terms of transport communications, close to the A57 by-pass east of Worksop, and approximately three miles west of the A1 trunk road. The remaining two sites at Crown Farm, Forest Town, Mansfield (EM5 and 6) are more remote from the north-south road links but are in a well established industrial area. The zone authorities and the East Midlands Development Agency have endeavoured to operate a jobs related policy (61 jobs per hectare) in respect of firms wishing to locate in the EZ.

Date of designation:	September 1995 (EM 5 & 6); November 1995 (EM1, 2, 3, 4 &7)
Date of expiry:	August 2005 (EM 5 & 6); October 2005 (EM1, 2, 3, 4 &7)
Area of zone:	119.8 hectares
Zone manager:	North East Derbyshire DC
District Councils:	Ashfield, Bassetlaw, Mansfield and North East Derbyshire
Number of sites in zone:	seven
Previous uses of land:	mostly greenfield sites but some former colliery land
Number of jobs created/protected:	8,930

The sites within the zone are briefly described as follows:

Holmewood (EM 1–3) – this covers three adjacent sites totalling 18.3 hectares, parts of which included former colliery installations. At the time of designation these sites formed part of an existing industrial estate. Development is now well advanced, with only a couple of small plots remaining vacant. Uses on the site are mainly related to manufacturing, with some distribution and other warehousing. The area has a very high occupancy rate (95 per cent).

Manton Wood (EM 4) – this is a single greenfield site with an area of 16.1 hectares. Services and infrastructure were installed by English Partnerships following designation, so that plots were only available for development from November 1997 onwards. Since then it has become fully developed as a location for manufacturing industries, with the emphasis being on foods, textiles and plastic mouldings. There are now just two unoccupied units on this site.

Crown Farm (EM 5 & 6) – this comprises two adjacent sites, part greenfield and part former colliery land, totalling 18.2 hectares. The former colliery land was mostly cleared by the date of designation, but extensive earth and drainage works were required to open up the greenfield sites for development. Some of the old colliery buildings were retained as small industrial units. These have been supplemented by further terraces of more modern units, with some business offices interspersed, on the southern part of the site, and a smaller number of larger manufacturing-based units on the northern part. The

completion of seven further medium-sized industrial units meant that this site was fully developed by the end of the 2006/07 monitoring period. These still remain on the market; however, only one of the twenty-two earlier buildings was vacant at the time of the last monitoring visit.

Sherwood Park (EM 7) – this is a single site of 67.2 hectares, comprising greenfield land surrounding the long established Kodak factory. Extensive infrastructure works opened up the site for development, so that it now hosts a mixture of uses, including manufacturing, distribution, utilities and offices. There was a flurry of development towards the end of the EZ designation, with eleven buildings completed during 2005/06, and three more under construction at the time of the last monitoring visit. While earlier buildings are almost fully occupied, most of this more recent development remained vacant, at the end of 2006/07.

2.5 Tyne Riverside

Zone description

The Tyne Riverside Enterprise Zone comprises eleven sites, eight to the north of the River Tyne and three to the south. Seven of the sites on the north side of the river fall into two distinct groups, four sites (TR1–4) located closely together north west of West Chirton – the Silverlink sites – and two sites (TR 6 and 7) immediately to the east of Longbenton. The eighth ‘north of the river’ site (TR8) forms part of the Royal Quays development to the south of Tynemouth. Apart from the two Longbenton sites, all are in close proximity to the A19 dual carriageway and its southwards link via the Tyne Tunnel. The three sites on the south side of the river (TR9, 10 and 11) are located to the east of Jarrow and are also conveniently located close to the A19.

Date of designation:	February, August and October 1996
Date of expiry:	January, July and September 2006
Area of zone	110.57 hectares
Zone authorities:	One North East
District Councils:	North Tyneside MBC, South Tyneside MBC
Number of sites in zone:	eleven
Previous use of land:	colliery, steel, greenfield
Number of jobs created/protected:	8,810

The sites within the zone are briefly described as follows:

The Silverlink Site (TR1) – this is a complex of nine buildings occupied by a single company, Atmel, having previously been developed by Siemens. A substantial part of the site to the east remained undeveloped, at the end of 2006/07.

The Cobalt Business Park (TR2) – this site is emerging as a successful call centre location, with a mixture of public and private sector operators. Three out of five newly completed office buildings have been occupied over the last year, and two more substantial office blocks are under construction, leaving just two large vacant plots undeveloped.

Silverlink South (TR3) – this small site is fully developed, containing two office buildings, one of which is shared by two occupiers.

Middle Engine Lane (TR4) – this is another small site adjacent to the Stephenson Railway Museum. At present it contains two car showrooms and a two-unit extension to a terrace of industrial buildings. The north-eastern corner is still available for development.

The New York Industrial Park (TR5) – this site is now fully developed. With only two of the twenty industrial properties still seeking occupiers. Users comprise a range of manufacturing industries, with paper products, printing and transport components well represented, along with various distribution facilities.

Balliol Business Park West (TR6) – with a small office building under construction, this site is now fully developed. It acts primarily as an office park. All completed buildings are currently occupied.

Balliol Business Park East (TR7) – this site was previously occupied by VIA Systems, but following its withdrawal the building was demolished. In its place a series of newly constructed office and call centre units are gradually appearing as part of the 'Quorum' development. To date four of these have been occupied, with the remaining four still vacant, and there is one office block still under construction.

The Baltic Enterprise Park (TR8) – all land here is now developed, mainly for office and call centre uses. All but two of the seven units are currently occupied, two with multiple tenants or occupiers (including the Centre for Advanced Industries, an incubator unit with 29 sub-tenants).

Viking Industrial Estate (TR9) – this is a small site adjacent to the Eco Centre to the west of Jarrow, fully taken up by a 3,700 square metre office building and its associated car parking area. This building is occupied by the area's Primary Care Trust.

The Network Centre (TR10) – this is mainly covered by three terraces of small industrial units, most of which are occupied, plus a more recently completed freight container depot which remains vacant. The extensive land take required for the latter means that no further plots are available for development.

The Viking Industrial Park (TR11) – fronting onto the south bank of the River Tyne, this site focuses on distribution facilities and business offices. Completion of two office buildings during 2004/05 means that the site is now fully developed. Three of the nine units remained unoccupied at the end of 2006/07.

Section 3: Principal Outputs 2006/07

3.1 Sources and Methods

Land and property

Information has been derived from a range of sources, including observation surveys, development agencies and local authorities covering the EZ sites, developers, investors and property agents. Typical rental values have been estimated by averaging and rounding the figures being quoted by property agents marketing currently vacant property in the four zones.

The information on land and property relates to the floorspace started, completed and under construction during 2006/07. In addition, there are tables providing snapshots of the state of the EZs at the end of the year, showing for example the stocks of vacant and occupied land and floorspace. In relation to these snapshots, or stock data, it is the amount of change over the year (for example, increases in developed land or occupied floorspace) that measures policy outputs.

In line with previous reports during the current phase of monitoring, buildings have been classified according to 11 different types. These are outlined in Box 3.1 below. This approach is an attempt to increase the detail and relevance of the analysis provided in the monitoring report.

Box 3.1 Building Types

1. Call centres type A – basic industrial office type units
2. Call centres type B – large clear span 'hangar-like' buildings, set in well-landscaped grounds
3. High-tech manufacturing: modern buildings, say for electronics type industries, possible lower headroom or two-storey manufacturing areas, with high, 20–25% office content
4. Conventional industrial buildings: 5.5 to 8 metres eaves heights and 5–10% office content, development densities around 40–45%
5. Modern industrial buildings: similar eaves heights to conventional offices but with higher office content, say 10–20%, and set in well-landscaped areas and development densities of 30–35%
6. Distribution warehouses: large clear span buildings with numerous loading doors, including tail-docking, office content 5–10% or even lower, includes cold stores
7. Conventional four/five storey offices: speculative type development, brick clad with good car-parking, minimal landscaping and high site coverage
8. Conventional two-storey offices: speculative or owner occupied, well landscaped and with good car parking, site coverage 30–35%
9. Retail warehouses: large open buildings with limited office content and extensive car parking, minimal landscaping, also includes car showrooms
10. Small, conventional industrial units – eg in terraces
11. Hotels and restaurants

For this report covering 2006/07, the classification of building types has been used as the basis for calculating expenditure on new developments, and by extension, the cost of Exchequer tax incentives. Hence the information on such matters in the tables contained in Appendix 1 is based on building type, rather than the nature of the occupier or more accurately their SIC. This means that investment in all completed buildings can be captured immediately after completion, irrespective of whether they have been occupied or remain vacant. Floor areas are provided for each building in square metres, derived wherever possible from their digitised footprints, or, failing this, by means of approximate scaling from Ordnance Survey maps and observation surveys. Those in the latter category may be subject to revision in subsequent surveys and reports.

Economic activity and employment

To identify industrial and commercial businesses operating in the EZs, the study team has used physical surveys and information supplied by development agencies, local authorities, the owners and occupiers of land and property, and the Internet websites of occupying firms. Information on changes in business activity has been gathered from similar sources. Employment estimates have been derived by applying standard employment densities to the occupied floorspace in each of the Zones. These density figures were derived from the survey of EZ occupiers and other sources, carried out by Sheffield Hallam University in December 2002 and January 2003. This more transparent approach replaces the more 'hit-and-miss' estimation methods used in previous monitoring reports.

Private sector investment

The figures provided relate to construction investment in the EZs, including plant and machinery integral to buildings and external works within the curtilage of each property. They do not cover non-integral plant and machinery. Estimates have been calculated by multiplying the figures on floorspace completed during the year by the average construction costs for different building types and geographical areas⁵, and adding an allowance for external works⁶. These costs have been taken from the BCIS General Tender Index, with adjustments for regional variations applied using data from the DTI's Construction Statistics Quarterly Price Indices (as the Annual Report for 2006/07 is not yet available). Accordingly, the figures are rough estimates and are not based on actual contract figures.

Public sector receipts

Information was provided by the recipient organisations – local authorities and development agencies – on public sector receipts associated with the EZ schemes. These comprise rent on publicly owned property, and capital receipts from the sale of land and property to the private sector.

⁵ BCIS Quarterly Review of Building Prices, RICS, December 2006.

⁶ An allowance of 12.5% for external works.

Comparisons between 2006/07 and previous years

The present report focuses on the year 2006/07, ending on 31 March 2007; it also includes some data on 2005/06, for purposes of comparison. The study team previously completed a report on 'transferable lessons' from the Enterprise Zones scheme, which was published in January 2003 (see footnote 3). Information collected during the course of the work on that report – mainly from a questionnaire survey and from workshops – has also been used to inform this report, especially with regard to the estimation of data.

Classification of occupier activities

Some of the information presented in the following tables has been classified according to relevant 1992 Standard Industrial Classification (SIC) section and subsection codes. These have been retained to allow for consistency and comparability between monitoring periods, even though a more recent (2003) and updated classification has become available. For the majority of the occupiers the study team has relied upon the classification assigned at the time of previous monitoring rounds. For new occupiers and in cases of doubt, the code allocated to an occupier or activity has been based on observation, the study team's knowledge of the organisation concerned or by checking against Internet websites. The basic descriptions for each of the SIC codes used in the report are as follows:

Standard Industrial Classification (1992) Section and Subsections:

- D Manufacturing
 - DA Manufacture of food products, beverages and tobacco
 - DB Manufacture of textiles and textile products
 - DC Manufacture of leather and leather products
 - DO Manufacture of wood and wood products
 - DE Manufacture of pulp, paper and paper products, publishing and printing
 - DF Manufacture of coke, refined petroleum products and nuclear fuels
 - DG Manufacture of chemicals, chemical products and man-made fibres
 - DH Manufacture of rubber and plastic products
 - DI Manufacture of other non-metallic mineral products
 - DJ Manufacture of basic metals and fabricated metal products
 - DK Manufacture of machinery and equipment not elsewhere classified
 - DL Manufacture of electrical and optical equipment
 - DM Manufacture of transport equipment
 - DN Manufacture of equipment not elsewhere classified
- E Electricity, gas and water

- F Construction
- G Distribution (wholesale & retail)
- H Hotels and restaurants
- I Transport, storage, etc.
- J Financial services
- K Real estate & business activities
- L Public administration
- M Education
- N Health and social work
- O Other community, social and personal service activities

Section 4: Public Expenditure Costs 2006/07

4.1 Sources and Methods

The report covers three types of public expenditure:

- i. The cost of EZ rate exemption, which equals the value of the non-domestic rates that would normally be payable by businesses operating in the EZs
- ii. The cost of EZ capital allowances, equal to the corporation and income tax that would normally be payable, but from which taxpayers are exempted under the EZ regime
- iii. Public expenditure on land and infrastructure in the EZs.

The first two elements represent revenue foregone rather than actual expenditure; and they are costs directly and unambiguously attributable to the EZ scheme, since rates exemption and tax allowances are legally part of the EZ regime. A new form of investment vehicle has grown up around Enterprise Zones, providing a means by which higher rate (40%) taxpayers can obtain tax relief on their investments. Such Enterprise Zone Investment Trusts (and similar vehicles) will therefore be eligible to tax relief at this rate, whereas corporate investors will receive tax relief at lower rates, up to 30%, according to the size of the company. The third item, spending on land and infrastructure, is not a statutory element of the scheme. The reason for including it – as it was in earlier monitoring – is that in practice public expenditure on laying out and servicing development sites has proved an integral element in the development of the EZs. By the time of this report, however, most of this expenditure had been incurred in earlier years.

The monitoring exercise does not cover both promotion and management of the EZs, or expenditure unrelated to the EZ scheme, such as business support or regional selective assistance provided under other legislation. The figures also exclude expenditure incurred before designation. In relation to currently designated sites, this is an important gap; to assess the true cost of these EZs, therefore, this report should be read in conjunction with the baseline data provided by EZ Authorities, which do report pre-designation expenditure.

4.2 Public Expenditure

Table 4.1 Rates Revenue foregone

As EZ designation had already expired for three of the Zones covered by this report, the estimated rates revenue foregone has been calculated for Tyne Riverside only. The estimates have been derived by applying typical

rateable values to the existing floorspace stock and multiplying these by the Uniform Business Rate for England in force during 2006/07 (as shown on www.mybusinessrates.gov.uk). These rateable values have been adjusted for the last two monitoring periods to account for the Rating Revaluation undertaken during 2005. This was achieved by applying typical percentage increases to the values applied in previous monitoring rounds. Because these values are based on the SIC of occupier firms, any vacant floorspace is recorded as a 'nil' return. The general nature of the rateable values used in the calculations means that these estimates are very approximate and therefore merely indicative.

Table 4.2 Exchequer Cost of EZ Capital Allowances

No data are available from the Inland Revenue about the allowances claimed under the EZ regime. Therefore, Exchequer cost is estimated on the basis of construction completions during the year under review. The results produce only broad approximations. Under the EZ scheme investors, both companies and individuals can claim 100% tax relief against the costs incurred in constructing new industrial and commercial buildings, or in refurbishing and converting buildings for industrial and commercial uses. Relief can be claimed at the taxpayers' maximum rate of tax – 40% for individuals and 30% for companies with taxable profits in excess of £1.5m and 19% for smaller companies. Where the investment exceeds the taxpayer's taxable income/profits for the year of investment, relief can be claimed in subsequent years.

In previous monitoring reports the approach adopted has been to discount the cost of the 100% tax allowances over 25 years, in order to arrive at a net present value. The reality of the situation, however, is that investors are more likely to claim the full relief in the year in which the investment is made, especially if they are private investors investing in EZs through EZ investment trusts or other single purpose vehicles established primarily to take advantage of the capital allowances. The approach adopted in the present report therefore has been to treat the tax allowances as if they have all been taken in the tax year during which the investment has been made – ie in 2006/07. For this reason, all buildings completed in the three 'expired' Zones, but commenced prior to date of expiry, have been included in the analysis. As a means of reconciling the variable tax rates for different investors, a flat rate of 35% has been applied to all construction investments.

In non-EZ situations, investors in some industrial buildings (used for manufacturing purposes) can claim tax relief over the expected life of the buildings (25 years). A similar situation also exists in respect of some hotel buildings. Thus, the approach adopted in the present report may slightly overstate the actual cost to the Exchequer of the capital allowances, as it disregards the net present value of the capital allowances that would have been claimable over 25 years against investments in manufacturing and hotel buildings.

Table 4.3 Public Expenditure on Land and Infrastructure

The data were provided by public spending bodies.

Section 5: Supplementary Information

5.1 Sources and Methods

This section provides additional data required by the European Commission, comprising:

- i. Two further output indicators
 - New Recipients and New Projects Assisted (table 5.1)
 - Jobs Created (table 5.2)
- ii. Estimates or forecasts of public expenditure costs in 2007/08 (tables 5.3–5.5).

5.2 Additional Indicators

Table 5.1 New Recipients and New Projects Assisted

This table seeks to meet the requirement of the EC Commission for data on new recipients of assistance and new projects assisted. These concepts are difficult to apply to EZs, because the assistance available under the EZ scheme is not project-based. The table shows the number of industrial and commercial establishments, which started operation in the EZs, and the numbers of property developments completed, in 2006/07. It specifically does not provide any information as to support provided on an ongoing basis to organisations that had taken up occupation in the EZs in previous years.

Table 5.2 Jobs Created

The figures respond to the EC Commission's requirement for an estimate of the jobs created under the scheme. The indicator used is employment change in the EZs over the year.

Table 5.3 Rates Revenue Foregone 2007/08 Estimated

The expiry of Enterprise Zone status for all four areas in either 2005/06 or 2006/07 mean that this provision no longer applies, and hence all Zones have a zero estimate. However, these figures have been included to maintain consistency with previous monitoring reports.

Table 5.4 Exchequer Cost of EZ Capital Allowances 2007/08 Estimated

The figures were estimated by the monitoring team, using the same method as for 2006/07 (see section 3). As in previous reports, it has been assumed that the floorspace completed in 2007/08 will equal the total under construction on 31 March 2007. As explained earlier, this is a conservative assumption, and therefore the figures are low estimates.

Table 5.5 Public Expenditure on Land and Infrastructure 2007/08 Estimated

The figures are broad estimates provided by EZ Authorities and development agencies. However, the expiry of EZ status, combined with the almost complete take-up of the EZ sites, mean that little activity is forecast in the near future.

Section 6: Recent Development Trends

6.1 Introduction

A set of additional charts has also been included in this final monitoring report in the series, tracing the main development trends across the four EZs. This analysis broadly covers the second half of their designation (2001/02 to 2006/07).

These charts may be found in Appendix 2.

6.2 Sources and Methods

Figure 6.1 Percentage of Land Area Developed and Land Under Construction

Both indicators are based on information contained in successive versions of Table 3.1: Physical State of Land. 'Land area developed' has been defined as an aggregation of 'Built Up (Developed)'; 'Open Space or Derelict Buildings'; and 'Roads, Railway, Water and Others'. This has then been expressed as a percentage of the total land area within each EZ. A similar calculation has been made for the separate category 'Land Under Construction'.

Figure 6.2 Amount of Floorspace Completed

This is based on successive versions of Table 3.3: Floorspace Completed, and shows the amount measured in square metres.

Figures 6.3–6.5 Floorspace Stock in Different Types of Building and Vacancy Rates

These charts are based on successive versions of Table 3.6: Floorspace Stock – all buildings in the EZs regardless of construction date. The overall amount (in square metres) for offices on the one hand, and factories and warehouses on the other, have been expressed as a percentage of total floorspace within each EZ. Retail buildings have been excluded because of their minimal presence. The same sources have been used to calculate the changing rate of unoccupied or vacant buildings in each EZ (again expressed as a percentage of total floorspace).

Figures 6.6–6.9 Floorspace Devoted to Different Types of User

These charts are based on successive versions of Table 3.7: Occupied Floorspace, and combine various SIC codes into four broader groupings:

- Manufacturing Industries (SICs DA to DN, plus F – Construction)
- Distribution and Leisure Uses (SICs E, G, H and I)
- Financial and Business Services (SICs J and K)
- Public and Other Services (SICs L, M, N and O).

The aggregate amounts under each are expressed as a percentage of total built floorspace.

Figure 6.10 Estimated Employment

This chart is based on successive versions of Table 3.10: Industrial and Commercial Employment – by activity. It shows the estimated number of full-time equivalent jobs that exist within each EZ.

Figure 6.11 Private Investment in Construction

This chart is based on successive versions of Table 3.12: Private Sector Investment in Construction. It shows the estimated amount spent by private sector developers in construction activity within each EZ. Figures are based on current prices, and in thousands of pounds.

Figure 6.12 Public Sector Receipts

This chart is based on successive versions of Table 3.14: Public Sector Receipts – By type of organisation. It shows the reported aggregate amounts, in thousands of pounds, received by local authorities and development agencies with respect to land and property sales, rental and leasehold income, and other items such as wayleaves.

Figure 6.13 Uniform Business Rates Relief

This chart is based on successive versions of Table 4.1: Rates Revenue Foregone. For each EZ it shows the total estimated amount of Uniform Business Rate income foregone. Again, figures are expressed as current prices and in thousands of pounds.

Figure 6.14 Capital Allowances

This chart is based on successive versions of Table 4.2: Exchequer Cost of EZ Capital Allowances. It shows the estimated cost to the Exchequer of tax reliefs claimable against newly completed construction in each of the EZs. Again, figures are expressed as current prices and in thousands of pounds.

Figure 6.15 Public Expenditure

This chart is based on successive versions of Table 4.3: Public Expenditure on Land and Infrastructure. It shows the reported aggregate amounts, in thousands of pounds, of expenditure on land acquisition, highways development, site reclamation and improvement, and other items such as design fees.

Appendix 1: Monitoring Tables

Table 3.1: Physical State of Land							
31st March 2007							
<i>Hectares</i>							
Zone	Vacant Land	Under Construction	Built up (Developed)	Open Space or Derelict Buildings	Roads, Railway, Water and Others	Total 31st March 2006	sq.m. built area per hectare
Dearne Valley	39	0	102	0	5	146	3350
East Durham	5	0	79	0	8	92	3215
East Midlands	1	1	106	1	11	120	3872
Tyne Riverside	20	2	80	0	9	111	4473
Total 31st March 2007	65	3	367	1	33	469	3717
Total 31st March 2006	71	4	360	1	33	469	3631

Note: all areas have been rounded to the nearest hectare and are based on published data for each Enterprise Zone designation.

Table 3.2: Floorspace Started					
1st April 2006 – 31st March 2007					
<i>Square metres</i>					
Zone	Industrial / Warehousing	Office	Retail, etc¹	Total 2006/07	Total 2005/06
Dearne Valley	0	0	0	0	15,195
East Durham	0	0	0	0	0
East Midlands	0	7,683	0	7,683	9,450
Tyne Riverside	0	18,364	0	18,364	0
Total 2006/07	0	26,047	0	26,047	
Total 2005/06	9,450	15,195	0		24,645

¹ Includes hotels and restaurants.

Table 3.3: Floorspace Completed

1st April 2006 – 31st March 2007					
Zone	Square metres			Total 2006/07	Total 2005/06
	Industrial / Warehousing	Office	Retail, etc		
Dearne Valley	4,620	15,195	0	19,815	9,429
East Durham	20,291	2,040	0	22,331	16,299
East Midlands	8,250	0	0	8,250	10,791
Tyne Riverside	0	1,978	0	1,978	11,853
Total 2006/07	33,161	19,213	0	52,374	
Total 2005/06	8,995	33,527	5,850		48,372

Table 3.4: Floorspace Completed by type of developer

1st April 2006 – 31st March 2007						
Zone	Square metres				Total 2006/07	Total 2005/06
	Private sector firm building for own occupation	Private sector developer / Investment Institution	Public Sector	Other Private Sector		
Dearne Valley	0	19,815	0	0	19,815	9,429
East Durham	0	22,331	0	0	22,331	16,299
East Midlands	0	8,250	0	0	8,250	10,791
Tyne Riverside	0	1,978	0	0	1,978	11,853
Total 2006/07	0	52,374	0	0	52,374	
Total 2005/06	7,739	40,633	0	0		48,372

Table 3.5: Floorspace Under Construction

31st March 2007					
Zone	Square metres			Total 31/03/06	Total 31/03/05
	Industrial / Warehousing	Office	Retail, etc		
Dearne Valley	0	0	0	0	19,595
East Durham	0	0	0	0	3,200
East Midlands	0	7,683	0	7,683	8,250
Tyne Riverside	0	16,386	0	16,386	0
Total 31st March 2007	0	24,069	0	24,069	
Total 31st March 2006	13,810	17,235	0		31,045

Table 3.6: Floorspace Stock – all buildings in the EZs regardless of construction date

31st March 2007															
Square metres															
Zone	Office		Industrial / W'house		Retail		Total		31st March 2007		31st March 2006				
	Vacant	Occupied	Vacant	Occupied	Vacant	Occupied	Total	Vacant	Occupied	Total	Vacant	Occupied	Total		
Dearne Valley	43,116	74,952	118,068				0	9,422	9,422	88,726	252,965	341,692	66,729	255,721	321,877
East Durham	35,166	51,864	87,030				0	312	312	69,244	184,725	253,969	73,964	157,674	231,638
East Midlands	7,087	46,676	53,763				0	7,441	7,441	34,215	376,252	410,467	36,284	365,934	402,217
Tyne Riverside	51,335	123,302	174,638				0	3,326	3,326	67,969	289,895	357,864	76,279	274,697	355,885
Total 31/03/07	136,704	296,795	433,498				0	20,501	20,501	260,154	1,103,838	1,363,992	253,255	1,054,026	1,311,617
Total 31/03/06	133,028	271,905	404,933				1,675	21,727	23,402						

Table 3.7: Occupied Floorspace

		31st March 2007															
		Square metres															
Zone	Standard Industrial Classification (SIC) Codes (see pages 18–19 for a description of each SIC code)	D	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	D (total)
		Dearne Valley	0	14,580	12,550	0	864	25,858	0	3,949	6,325	0	35,676	6,827	1,588	0	9,270
East Durham	0	7,130	4,465	0	3,715	8,995	0	2,529	35,859	0	14,741	380	2,060	20,736	0	100,611	
East Midlands	1,025	23,342	13,198	0	4,001	0	0	1,164	13,633	25,622	17,775	12,535	2,303	32,864	4,696	152,156	
Tyne Riverside	161	6,585	2,099	0	0	9,852	0	1,503	1,659	0	0	162	72,120	17,242	4,775	116,158	
Total 31st March 2007		1,186	51,636	32,312	0	8,580	44,705	0	9,146	57,476	25,622	68,192	19,904	78,070	70,842	18,741	486,411
Total 31st March 2006		1,433	51,636	42,317	0	8,580	35,710	1,164	20,170	58,823	39,653	57,949	13,082	112,464	21,938	16,694	481,612

Zone	Standard Industrial Classification (SIC) Codes	Total 31st March 2007														Total 31st March 2006	
		E	F	G	H	I	J	K	L	M	N	O	Total 31st March 2007	Total 31st March 2006			
Dearne Valley	5,820	1,672	27,692	3,716	32,442	0	39,997	16,376	7,441	323	0	252,965	255,721				
East Durham	10,320	2,759	15,362	0	16,419	0	21,080	10,242	0	5,362	2,571	184,725	157,674				
East Midlands	7,178	6,024	104,682	6,391	74,521	0	23,137	0	2,164	0	0	376,252	365,934				
Tyne Riverside	0	4,629	24,946	0	35,077	2,835	69,815	18,717	0	11,340	6,377	289,895	274,697				
Total 31st March 2007		23,318	15,084	172,682	10,107	158,459	2,835	154,029	45,335	9,605	17,025	1,103,838	1,054,026				
Total 31st March 2006		20,052	16,655	179,821	10,107	102,951	2,835	165,993	45,335	9,605	13,767	1,054,026	1,054,026				

Table 3.8: Estimated Rental Values

		31st March 2007				31st March 2006			
		31st March 2007				31st March 2006			
<i>£/Square metre</i>									
Zone	Industrial – 500 sq.m. and less	by unit size 501 – 1,000sq.m.	1,001sq.m. and over	Offices	Industrial – 500 sq.m. and less	by unit size 501 – 1,000sq.m.	1,001sq.m. and over	Offices	
Dearne Valley	N/A	46.50	49.00	134.00	40.75	45.75	48.50	134.00	
East Durham	45.00	N/A	49.00	126.50	48.50	48.50	47.00	126.00	
East Midlands	49.00	53.75	49.00	132.50	N/A	N/A	44.50	130.00	
Tyne Riverside	N/A	N/A	52.50	153.00	N/A	N/A	54.75	153.00	

Note 1 : the figures for both years are based on the 'gross' rental charges quoted in agents' brochures or in response to enquiries.

Note 2: In some categories few, if any, transactions took place or offers brought to market during the year 2006/07, so figures have therefore been estimated on the basis of market trends, or indicated as 'N/A' (Not Available).

Table 3.9: Industrial and Commercial Establishments – by activity

		31st March 2007															
		Number of Establishments															
Zone	Standard Industrial Classification (SIC) Codes (see pages 18–19 for a description of each SIC code)	Standard Industrial Classification (SIC) Codes															
		D	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	D (total)
Dearne Valley		0	1	4	0	1	2	0	3	3	0	9	5	1	0	2	31
East Durham		0	4	1	0	1	1	0	1	8	0	4	1	3	4	0	28
East Midlands		1	4	4	0	1	0	0	1	2	2	7	2	1	6	3	34
Tyne Riverside		1	1	2	0	0	3	0	2	1	0	0	1	3	4	1	19
Total 31st March 2007		2	10	11	0	3	6	0	7	14	2	20	9	8	14	6	112
Total 31st March 2006		3	10	14	0	3	5	1	6	19	2	18	8	7	11	7	114

Zone	Standard Industrial Classification (SIC) Codes	Standard Industrial Classification (SIC) Codes															
		E	F	G	H	I	J	K	L	M	N	O	Total 31st March 2007	Total 31st March 2006			
Dearne Valley		1	1	10	1	8	0	8	7	3	1	0	71	73			
East Durham		3	4	9	0	5	0	6	2	0	3	2	62	54			
East Midlands		1	3	16	1	12	0	11	0	1	0	0	79	77			
Tyne Riverside		0	6	17	0	5	1	20	3	0	5	6	82	80			
Total 31st March 2007		5	14	52	2	30	1	45	12	4	9	8	294	284			
Total 31st March 2006		4	15	48	2	23	1	47	12	4	8	6					

Note: this table excludes firms occupying serviced office space and the tenants of multi-let office buildings. It also excludes a small number of tenants of nursery industrial units (mostly under 150 m² in floor area) where it was not possible to determine the nature of the use.

Table 3.10: Industrial and Commercial Employment – by activity

31st March 2007															
<i>Estimated Number of Jobs</i>															
Zone	Standard Industrial Classification (SIC) Codes (see pages 18–19 for a description of each SIC code)														
	D	DA	DB	DC	DD	DE	DG	DH	DI	DJ	DK	DL	DM	DN	D (total)
Dearne Valley	0	637	228	0	9	373	69	99	0	450	158	22	0	248	2,293
East Durham	0	312	81	0	38	130	44	562	0	186	9	29	915	0	2,305
East Midlands	16	1,020	266	0	40	0	20	214	387	224	291	32	1,424	126	4,061
Tyne Riverside	3	288	38	0	0	142	60	26	0	0	4	1,005	761	128	2,453
Total 31st March 2007	19	2,257	613	0	87	645	194	901	387	859	461	1,088	3,100	502	11,113
Total 31st March 2006	23	2,257	786	0	87	515	135	1,078	387	862	433	1,148	2,310	502	10,522

Zone	Standard Industrial Classification (SIC) Codes													Total 31st March 2007	Total 31st March 2006
	E	F	G	H	I	J	K	L	M	N	O				
Dearne Valley	163	40	517	37	401	0	2,667	335	145	5	0	6,602	6,661		
East Durham	288	66	287	0	203	0	1,405	209	0	77	37	4,877	3,958		
East Midlands	201	144	1,956	64	920	0	1,542	0	42	0	0	8,930	8,836		
Tyne Riverside	0	111	466	0	433	57	4,654	383	0	162	91	8,810	9,287		
Total 31st March 2007	652	361	3,226	101	1,956	57	10,269	927	187	243	128	29,219	28,742		
Total 31st March 2006	560	399	3,360	101	1,271	57	11,087	927	187	197	76				

Table 3.11: Number of Industrial and Commercial Establishments – by Number of Employees

		31st March 2007							31st March 2006	
		<i>Establishments</i>								
Zone	Number of employees	Number of employees						Total 31st March 2007	Total 31st March 2006	
		0 to 10	11 to 24	25 to 49	50 to 99	100 to 199	more than 200			
Dearne Valley		3	15	23	18	6	6	71	73	
East Durham		11	14	12	10	6	9	62	54	
East Midlands		4	9	13	21	17	15	79	77	
Tyne Riverside		18	16	13	12	13	10	82	80	
Total 31st March 2007		36	54	61	61	42	40	294		
Total 31st March 2006		35	47	64	60	38	40		284	

Note: the figures in this table for March 2007 exclude some small firms in shared accommodation, such as serviced offices, hence the number of establishments with 10 or fewer employees is understated.

Table 3.12: Private Sector Investment in Construction

1st April 2006 – 31st March 2007													
<i>£ thousands at 2006/07 prices</i>													
Zone	Building Types (see Box 3.1 page 16 for a description of building types)												
	1	2	3	4	5	6	7	8	9	10	11	Total 31st March 2007	Total 31st March 2006
Dearne Valley	0	0	0	0	0	2,442	0	18,731	0	0	0	21,173	20,799
East Durham	0	0	0	0	8,044	4,592	0	2,515	0	0	0	15,150	20,697
East Midlands	0	0	0	5,049	0	0	0	0	0	0	0	5,049	10,280
Tyne Riverside	0	0	0	0	0	0	2,834	644	0	0	0	3,478	16,681
Total 31st March 2007	0	0	0	5,049	8,044	7,034	2,834	21,890	0	0	0	44,850	68,456
Total 31st March 2006	0	0	0	0	3,222	2,399	29,477	32,809	550	0	0		

Note 1: The construction costs of new floorspace completed in 2006/07 have been estimated by reference to the BCIS General Tender Index and the Construction Statistics Quarterly Price Indices 2006/07 (DTI/TSO), with adjustments for regional variations. Costs have been adjusted by 12.5% to allow for external works within the curtilage of the property.

Note 2: Any slight differences in totals are due to rounding.

Table 3.13: Public Sector Recipients

1st April 2006 – 31st March 2007						
<i>£ thousands at 2006/07 prices</i>						
By nature of receipt	Rent	Land / Property disposals	Rent and Land	Other	Total 2006/07	Total 2005/06
Dearne Valley	1	0	0	0	1	207
East Durham	0	0	0	0	0	574
East Midlands	0	0	0	0	0	383
Tyne Riverside	0	320	0	0	320	2,050
Total 31st March 2007	1	320	0	0	321	
Total 31st March 2006	331	2,700	181	2		3,214

Table 3.14: Public Sector Receipts

1st April 2006 – 31st March 2007					
<i>£ thousands at 2006/07 prices</i>					
By type of organisation	Development Agency	Local Government	Total 2006/07	Total 2005/06	
Dearne Valley	0	1	1	207	
East Durham	0	0	0	574	
East Midlands	0	0	0	383	
Tyne Riverside	320	0	320	2,050	
Total 31st March 2007	320	1	321		
Total 31st March 2006	2,053	1,161			3,214

Table 4.1: Rates Revenue Foregone															
													1st April 2006 – 31st March 2007		
													Uniform Business Rate – England £0.43 for 2006/07		
													£ thousands at 2006/07 prices		
													Standard Industrial Classification (SIC) Codes (see pages 18–19 for a description of each SIC code)		
Zone	D	DA	DB	DC	DD	DE	DG	DH	DI	DJ	DK	DL	DM	DN	D (total)
Dearne Valley	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
East Durham	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
East Midlands	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tyne Riverside	4	159	51	0	0	243	38	41	0	0	4	34	502	118	1,193
Total 31st March 2007	4	159	51	0	0	243	38	41	0	0	4	34	502	118	1,193
Total 31st March 2006	26	859	675	0	131	644	327	929	623	901	204	2,285	574	303	8,481

Zone	Standard Industrial Classification (SIC) Codes													Total 31st March 2006	Total 31st March 2005
	E	F	G	H	I	J	K	L	M	N	O				
Dearne Valley	0	0	0	0	0	0	0	0	0	0	0	0	0	6,168	
East Durham	0	0	0	0	0	0	0	0	0	0	0	0	0	3,653	
East Midlands	0	0	0	0	0	0	0	0	0	0	0	0	0	6,919	
Tyne Riverside	0	107	674	0	949	190	4,688	1,295	0	818	315	10,229	11,840		
Total 31st March 2007	0	107	674	0	949	190	4,688	1,295	0	818	315	10,229	28,580		
Total 31st March 2006	331	315	3,386	325	1,952	190	9,421	2,577	450	931	221				

Notes:

- Any slight differences in totals are due to rounding.
- Figures have been calculated on the basis of revised rateable values per square metre, to reflect the 2005 Rating Revaluation. These values have been derived by applying average percentage increases for different types of use to the 2001 valuation figures used in previous monitoring reports.
- Figures for Dearne Valley, East Durham and East Midlands and one of the Tyne Riverside sites have been adjusted to reflect the fact that Enterprise Zone status expired during this monitoring period.

Table 4.2: Exchequer Cost of EZ Capital Allowances

1st April 2006 – 31st March 2007													
<i>£ thousands at 2006/07 prices</i>													
Zone	Building Types (see Box 3.1 page 16 for a description of building types)											Total 31st March 2006	
	1	2	3	4	5	6	7	8	9	10	11		
Dearne Valley	0	0	0	0	0	855	0	6,556	0	0	0	7,411	1,787
East Durham	0	0	0	0	2,815	1,607	0	880	0	0	0	5,303	7,244
East Midlands	0	0	0	1,767	0	0	0	0	0	0	0	1,767	3,598
Tyne Riverside	0	0	0	0	0	0	992	225	0	0	0	1,217	5,838
Total 31st March 2007	0	0	0	1,767	2,815	2,462	992	7,662	0	0	0	15,698	
Total 31st March 2006	0	0	0	783	1,261	0	10,317	5,043	1,063	0	0		18,467

Note 1: The figures provided in this table are the undiscounted costs of the 100% tax allowances, based on the assumption that investors take the full tax benefit in the year of investment

Table 4.3: Public Expenditure on Land and Infrastructure

1st April 2006 – 31st March 2007										
<i>£ thousands at 2006/07 prices</i>										
Zone	Land Acquisition	Site reclamation / preparation (incl. Some env. Imprv.)	Environmental Improvements	Highways	Infrastructure	Fees etc.	Other	General Support	Total 31st March 2007	Total 31st March 2006
Dearne Valley	0	0	80	0	0	36	0	0	116	300
East Durham	0	0	0	0	0	0	0	0	0	173
East Midlands	0	0	0	0	0	0	0	0	0	600
Tyne Riverside	0	0	6	0	0	22	25	0	53	10
Total 31st March 2007	0	0	86	0	0	58	25	0	169	
Total 31st March 2006	0	294	160	52	159	331	87	0		1,083

Table 4.4: Public Expenditure on Land and Infrastructure

1st April 2006 – 31st March 2007								
<i>£ thousands at 2006/07 prices</i>								
Zone	Development Agency			Local Government		Other	Total 31st March 2007	Total 31st March 2006
	Development Agency	Local Government	Other					
Dearne Valley	0	116	0	116	0	0	116	300
East Durham	0	0	0	0	0	0	0	173
East Midlands	0	0	0	0	0	0	0	600
Tyne Riverside	53	0	0	0	0	0	53	10
Total 31st March 2007	53	116	0	116	0	0	169	
Total 31st March 2006	933	150	0	150	0	0		1,083

Table 5.1: New Recipients and new Projects Assisted				
Zone	1st April 2006 – 31st March 2007			
	Incoming firms – net change	2005/06	Construction completions	2005/06
Dearne Valley	-2	-4	7	5
East Durham	8	2	4	4
East Midlands	2	-2	5	10
Tyne Riverside	2	6	1	2
Total 31st March 2007	10		17	
Total 31st March 2006		2		21

Note: the data collected as part of this monitoring exercise excluded the occupiers of multi-let office buildings and firms in serviced offices – the buildings concerned have been identified and an average number of 25 suites per building has been applied in arriving at the change in number of firms. Where firms occupy more than one building within an EZ they have been counted as a single occupier.

Table 5.2: Jobs Created		
Zone	1st April 2006 – 31st March 2007	
	Employment change 2006/07	2005/06
Dearne Valley	-60	73
East Durham	919	54
East Midlands	94	1,594
Tyne Riverside	-476	320
Total 31st March 2007	477	
Total 31st March 2006		2,041

Table 5.3: Rates Revenue Foregone	
Zone	2007/08 Estimated
	£ thousands
Dearne Valley	0
East Durham	0
East Midlands	0
Tyne Riverside	0
Total	0

Note: With the expiry of all Enterprise Zones, this item of current expenditure foregone no longer applies.

Table 5.4: Exchequer Cost of EZ Capital Allowances	
	2007/08 Estimated
Zone	£ thousands
Dearne Valley	0
East Durham	0
East Midlands	2,689
Tyne Riverside	5,735
Total	8,424
Note: Estimate, based on construction work in progress at year end. Works started prior to the end of EZ status still qualify for this support.	

Table 5.5: Public Expenditure on Land and Infrastructure	
	2007/08 Estimated
Zone	£ thousands
Dearne Valley	1,000
East Durham	0
East Midlands	0
Tyne Riverside	0
Total	1,000

Appendix 2: Enterprise Zone Development Trends

Figure 6.1: Percentage of Land Area Developed, 2002/03 to 2006/07

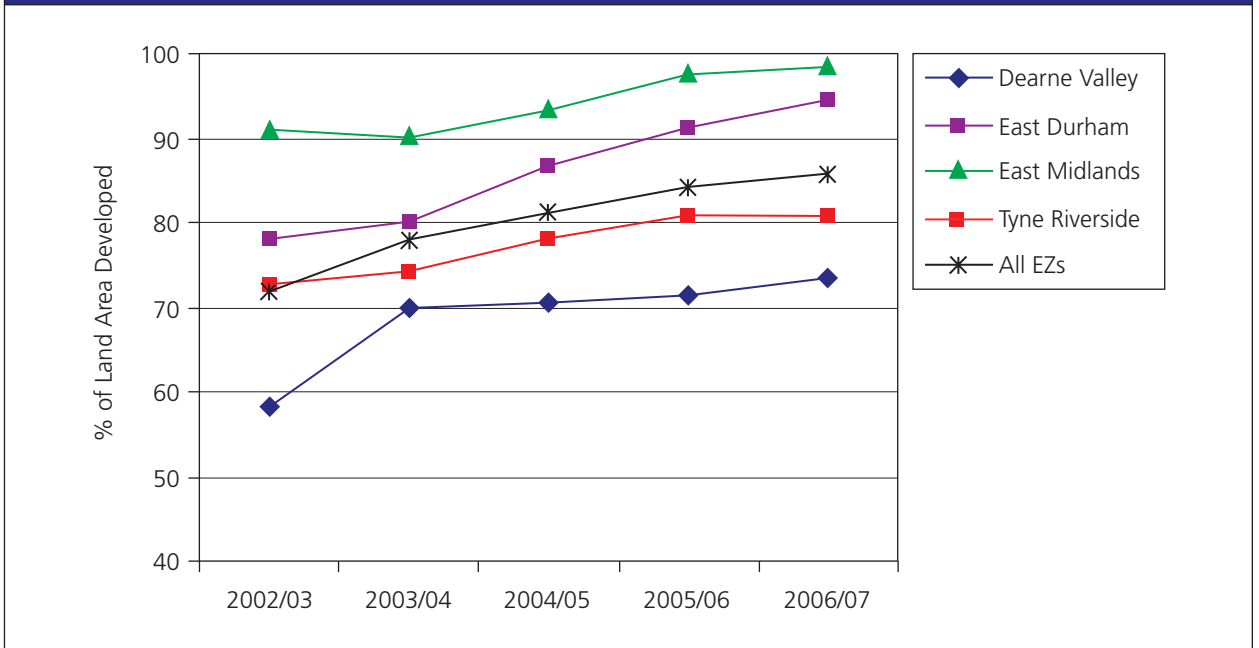


Figure 6.2: Amount of Floorspace Completed, 2001/02 to 2006/07

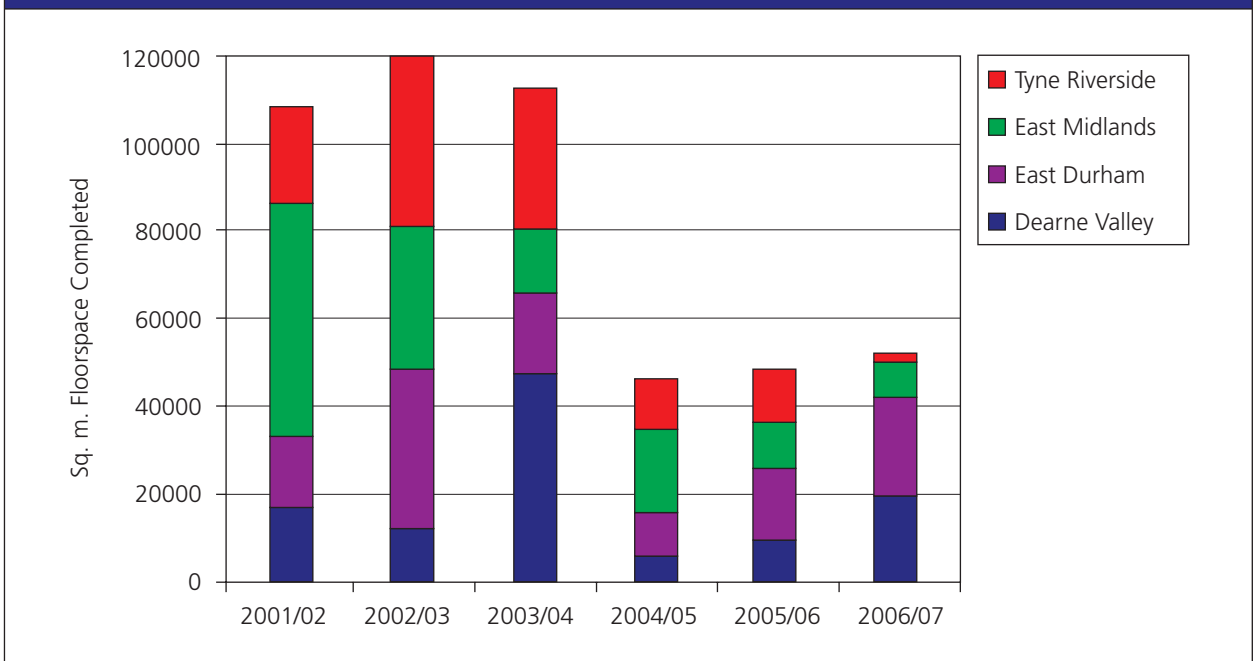


Figure 6.3: Percentage of Floorspace Occupied by Offices, 2002/03 to 2006/07

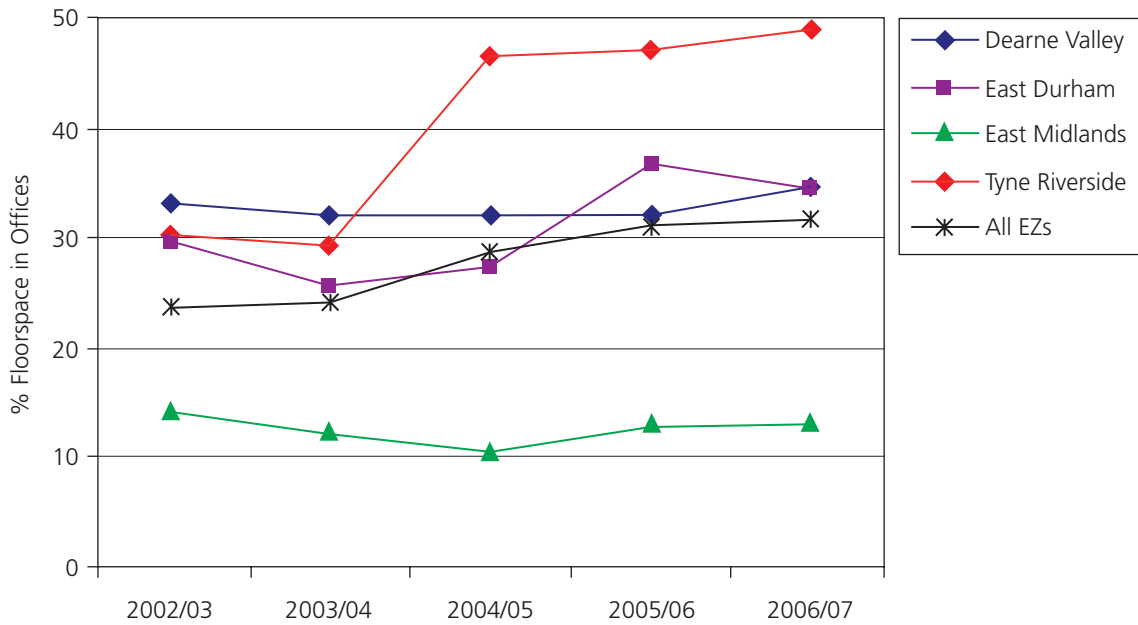


Figure 6.4: Percentage of Floorspace Occupied by Factories and Warehouses, 2002/03 to 2006/07

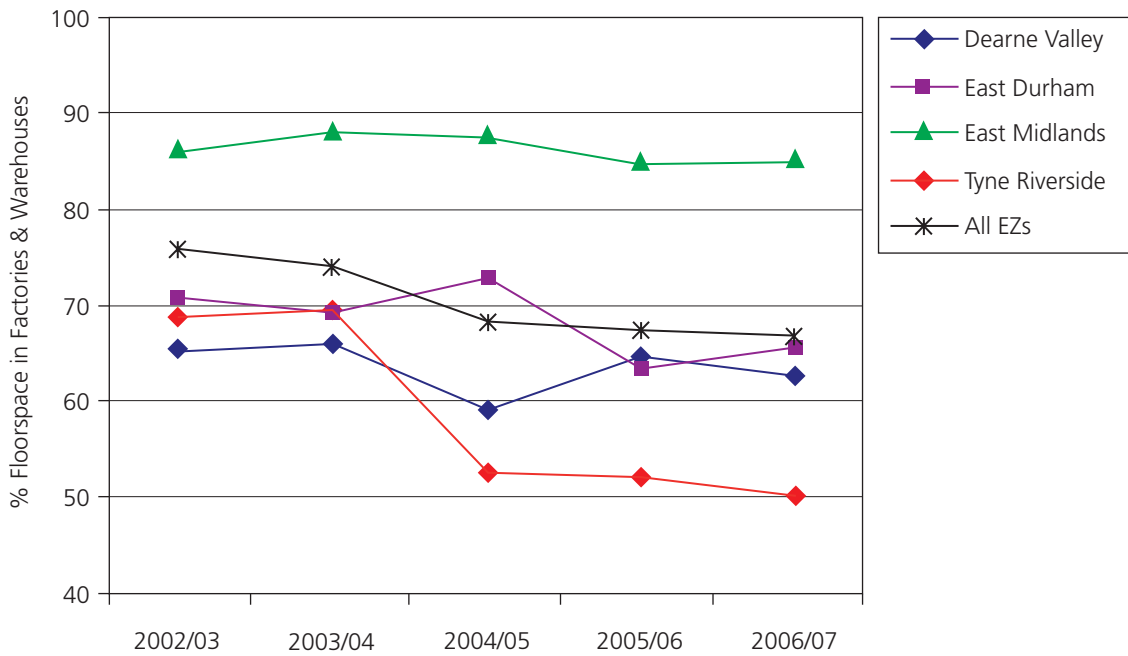


Figure 6.5: Percentage of Floorspace Vacant, 2001/02 to 2006/07

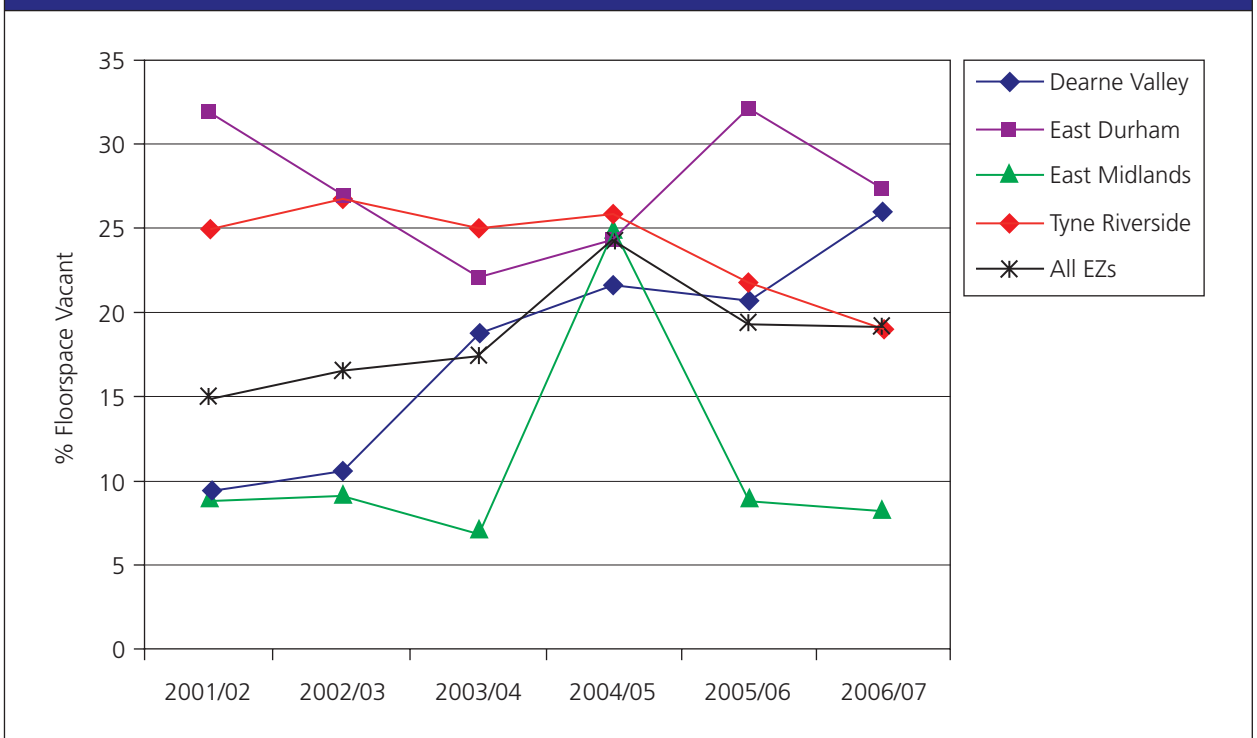


Figure 6.6: Percentage of Floorspace Occupied by Manufacturing Industries, 2002/03 to 2006/07

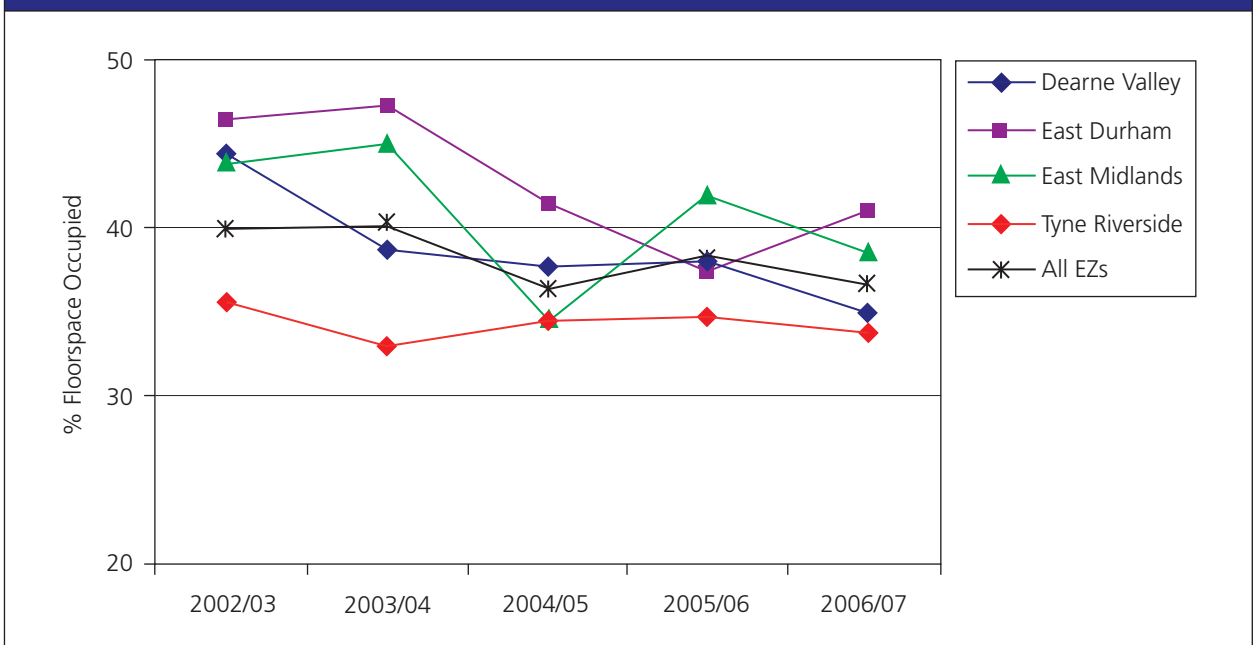


Figure 6.7: Percentage of Floorspace Occupied by Transport and Distribution Uses, 2002/03 to 2006/07

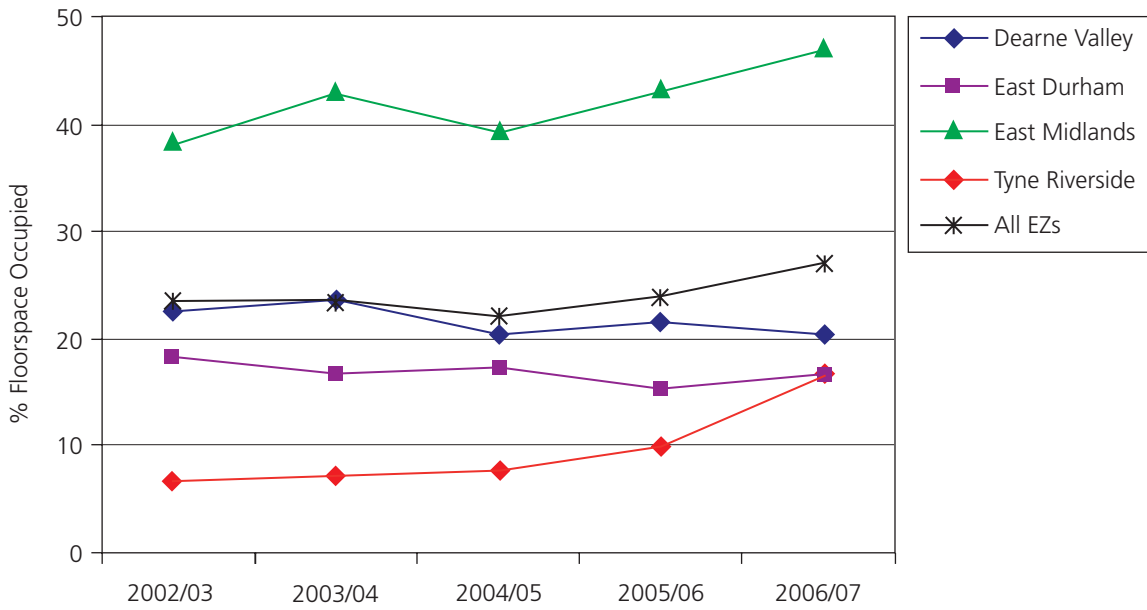


Figure 6.8: Percentage of Floorspace Occupied by Financial and Business Services, 2002/03 to 2006/07

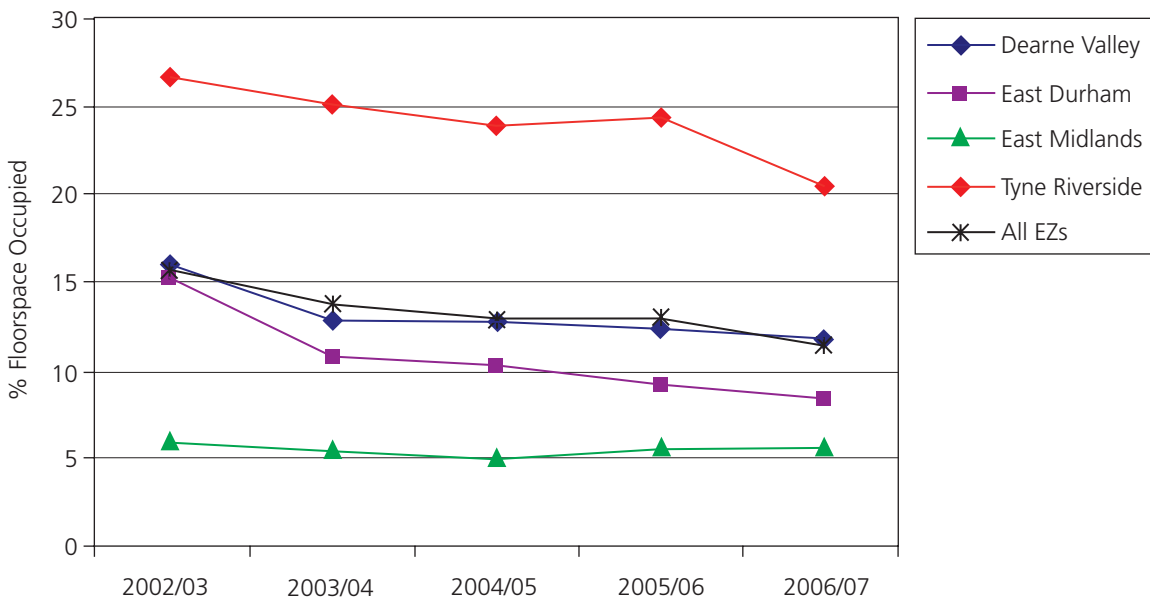


Figure 6.9: Percentage of Floorspace Occupied by Public and Other Services, 2002/03 to 2006/07

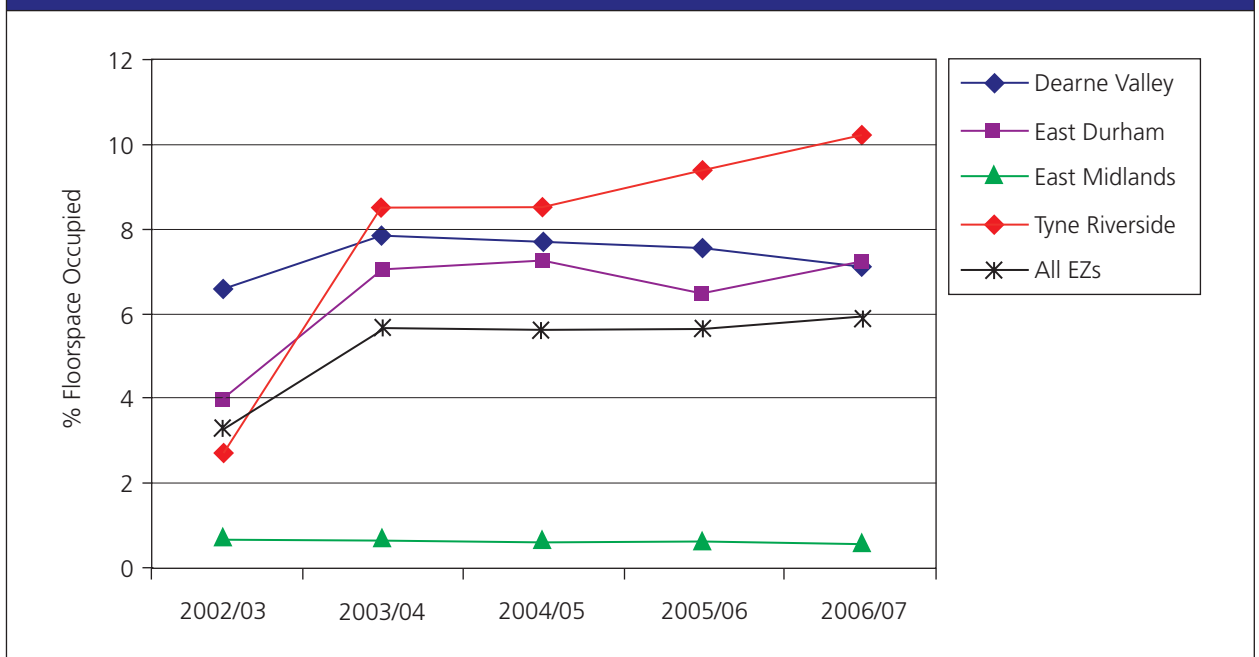


Figure 6.10: Estimated Number of Full-time Equivalent Jobs, 2001/02 to 2006/07

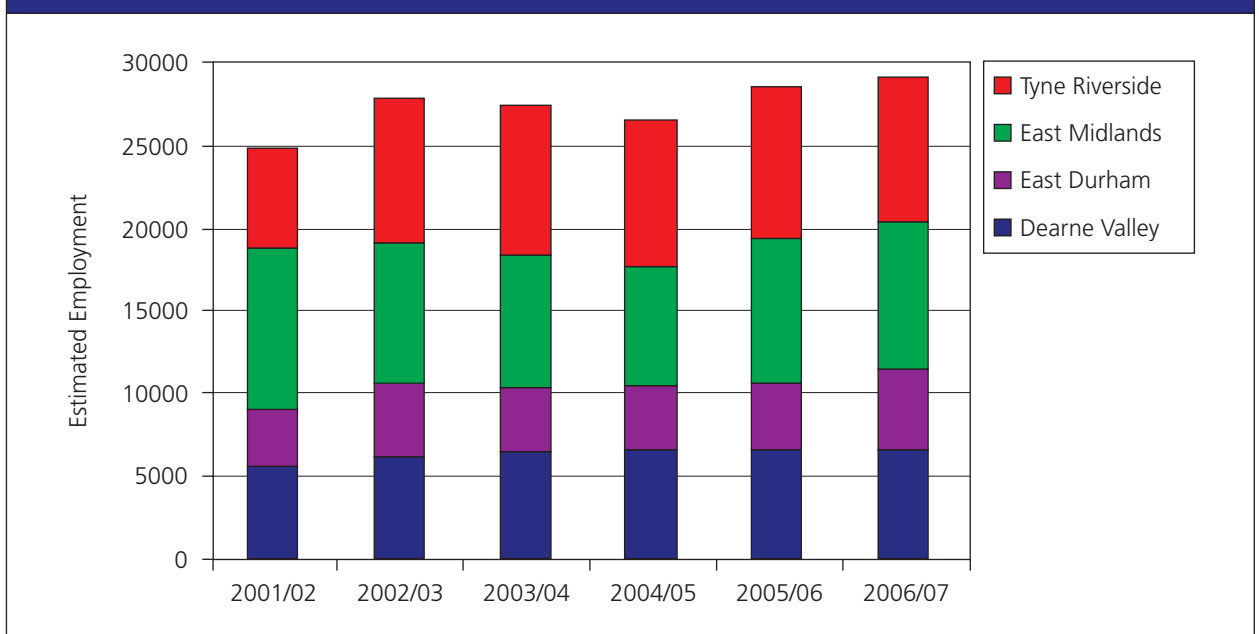


Figure 6.11: Private Sector Investment in Construction (£000s at current prices), 2001/02 to 2006/07

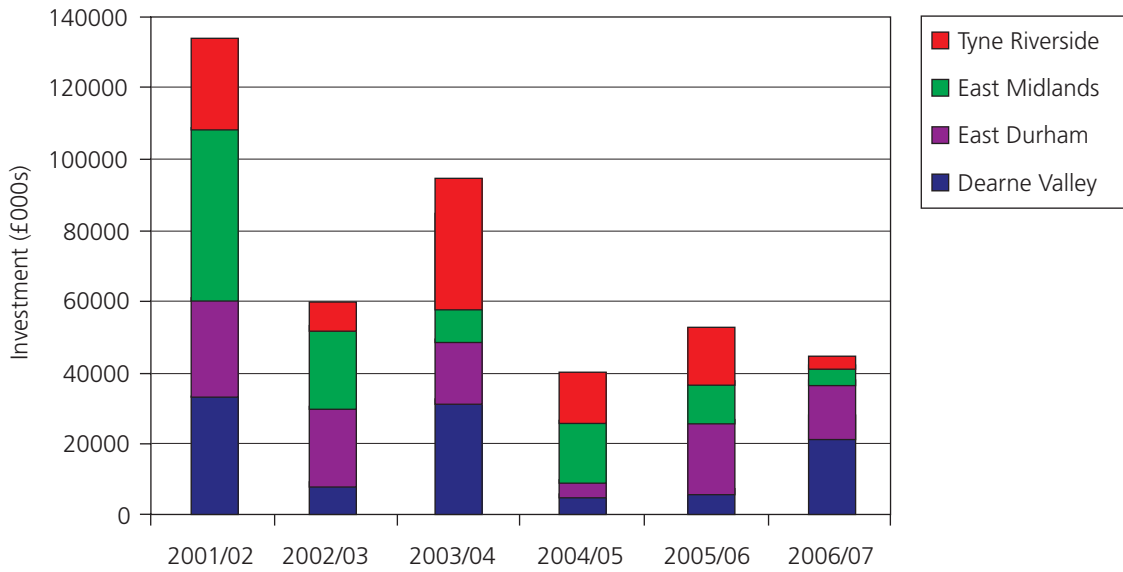


Figure 6.12: Public Sector Receipts (£000s at current prices), 2001/02 to 2006/07

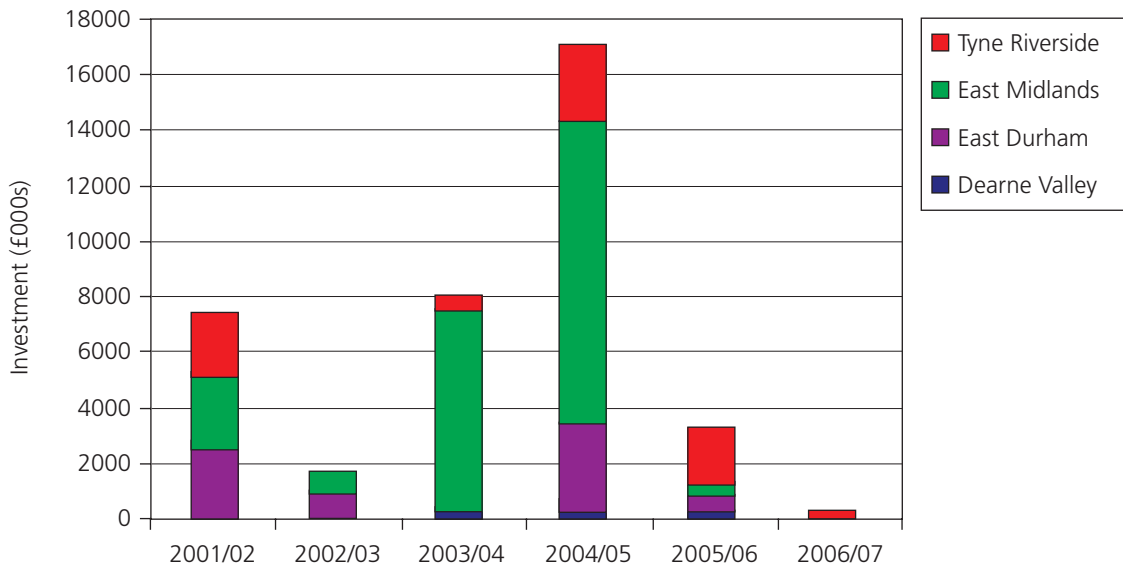


Figure 6.13: Rates Revenue Foregone by Local Authorities (£000s at current prices), 2001/02 to 2006/07

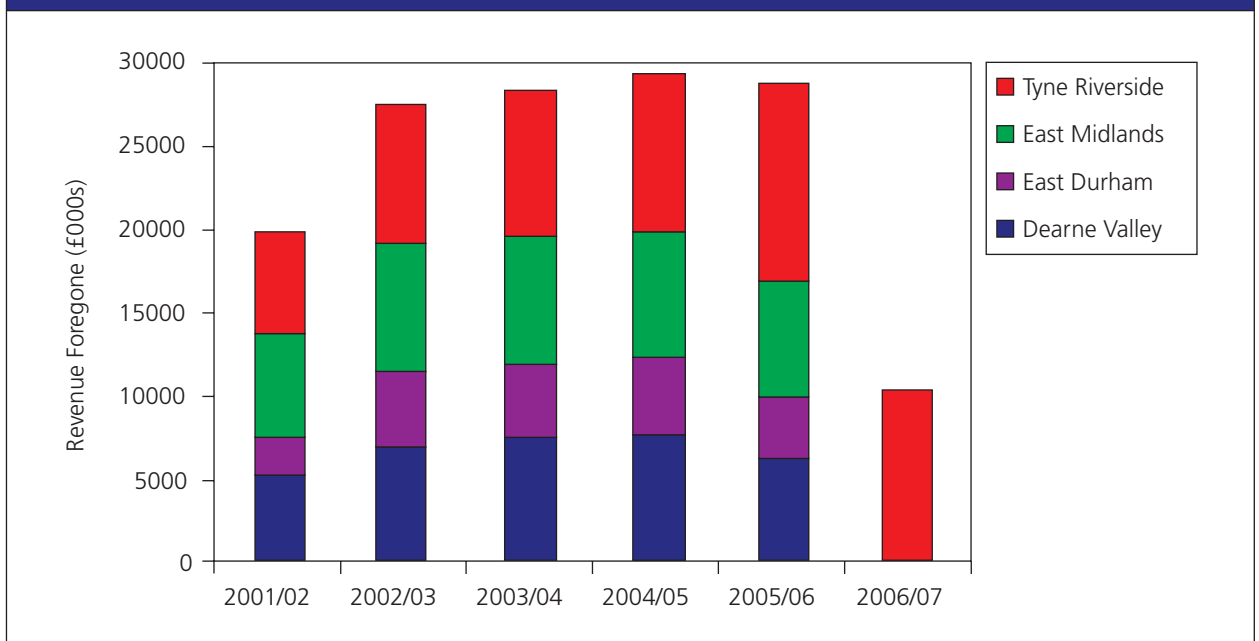


Figure 6.14: Cost of Capital Allowances to the Exchequer (£000s at current prices), 2001/02 to 2006/07

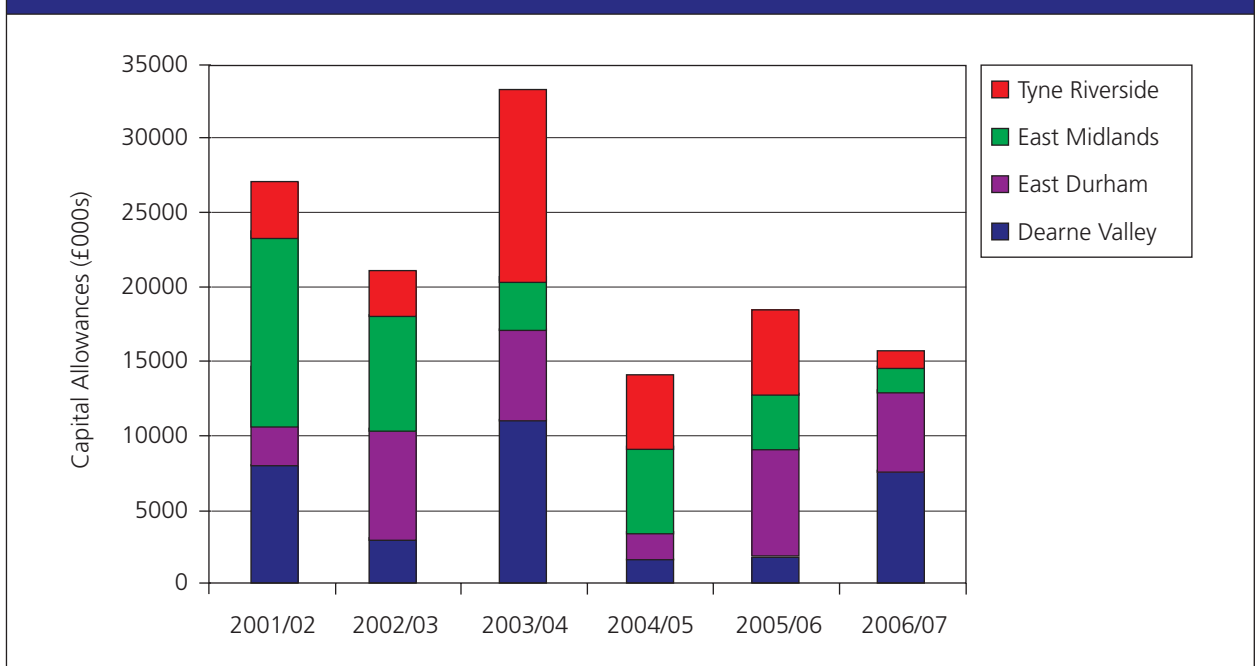
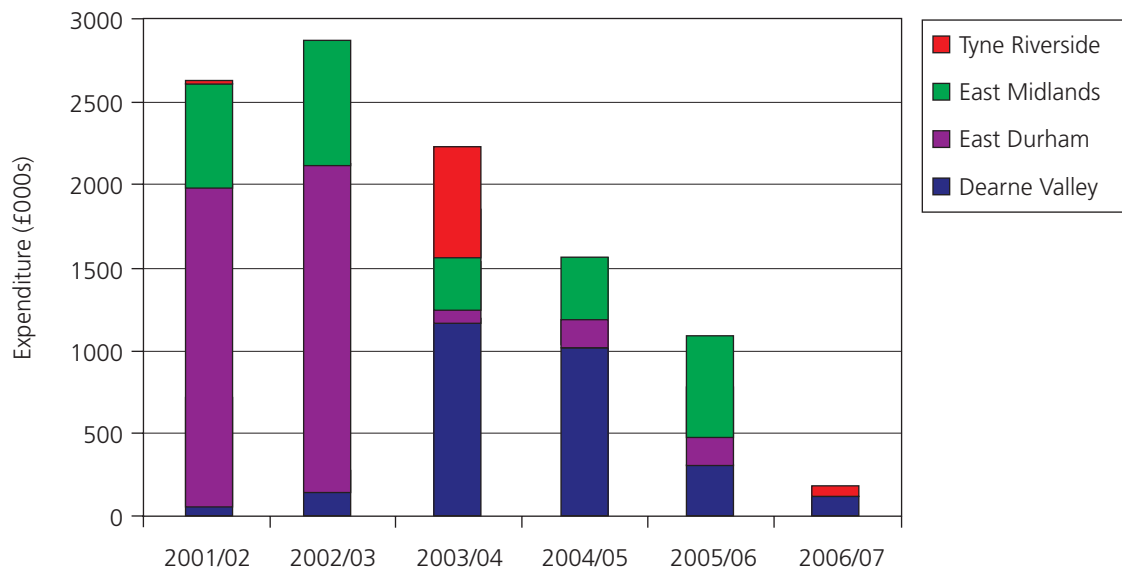


Figure 6.15: Public Expenditure on Land and Infrastructure (£000s at current prices), 2001/02 to 2006/07



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