



# **Unlocking City Growth: The Role of Accelerated Development Zones**

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# ACKNOWLEDGEMENTS

- **Core Cities**
- **The City Region of Birmingham, Coventry and the Black Country**
- **with thanks to PricewaterhouseCoopers**





# THE CORE CITIES GROUP

- **Birmingham**
- **Bristol**
- **Leeds**
- **Liverpool**
- **Manchester**
- **Newcastle**
- **Nottingham**
- **Sheffield**





# ABOUT THIS PRESENTATION

- **Core Cities / PwC study**
- **Accelerated Development Zone (ADZ)**
- **Birmingham, Coventry and Black Country ADZ proposal for the City Region**





# THE CORE CITIES / PwC STUDY

- **Core Cities competitiveness agenda - infrastructure**
- **Concern that SBR, CIF, etc. not sufficient**
- **CC / PwC study to test a new mechanism – the ADZ**
- **Based on Tax Increment Financing in U.S.**
- **Case studies in Birmingham, Leeds and Sheffield**
- **Launched at 2008 Party conference fringe events**



# THE ADZ CONCEPT

- **Business Rate before investment in infrastructure - £10m p.a.**
- **Infrastructure investment required - £50m**
- **L.A. takes out loan of £50m & provides infrastructure**
- **Business Rate after investment in infrastructure - £20m p.a.**
- **H.M.T. allows L.A. to retain INCREASE of £10m for 6 years**
- **L.A. repays the loan with interest**



# ADZ - PRINCIPLES

- **ADZ is a ring fenced area**
- **ADZ approved on basis of a viable business case**
- **Business case comprises (a) infrastructure costs, & (b) projected growth in Business Rate**
- **Model excludes displacement affects - additionality**
- **Future INCREASE in B.R. retained for period agreed with Government to fund the enabling investment**
- **Accelerated growth – benefits to L.A. & Treasury**
- **B.R. returns to Treasury after agreed period**





## **NATIONAL/REGIONAL INFRASTRUCTURE FUNDS**

- **Rolling investment fund**
- **Loans partly or fully repaid**
- **“Banker” role**
- **Accelerates projects**
- **Provides clarity and confidence**
- **Cushions risk**
- **Being established in the South West region?**
- **Could be used to finance ADZs**





# **CASE STUDY - LEEDS AIRE VALLEY**

- **400 hectares of land south east of city centre**
- **7,000 new homes**
- **250,000 sq. m. office floor space**
- **670,000 sq. m. industrial floor space**
- **29,000 new jobs**
- **Requires £250m upfront investment in infrastructure**





## IMPACT OF AN ADZ ON AIRE VALLEY

- **£312m net receipts to Treasury over 30 years**
- **£600m increase in annual GVA in local economy**
- **Additional 14,000 jobs compared with “No ADZ” scenario**
- **Additional £7.9 bn GVA (NPV over 30 years) compared with “No ADZ” scenario**



# **CITY REGION OF BIRMINGHAM, COVENTRY AND THE BLACK COUNTRY**

- **Core City of Birmingham - 1.0 million**
- **7 other local authorities - 1.8 million**
  - **Coventry**
  - **Dudley**
  - **Sandwell**
  - **Solihull**
  - **Telford**
  - **Walsall**
  - **Wolverhampton**
- **City Region Board comprising 8 L.A. Leaders; Chairs of RDA, RA & LSC; business representative**





## **BCBC CITY REGION ADZ – STRATEGIC CONTEXT**

- **Principle of balanced City Region growth**
- **East-West growth axis across City Region**
- **Growth focused on centres and corridors**
- **M'way junctions, highways, 2 Metro lines**
- **A single ADZ comprising about 8 projects**
- **About £1 billion of infrastructure**





# STRETCHING THE ADZ CONCEPT

- **City Region, not “City Only”**
- **6 local authorities**
- **Thematic not spatial**
- **Several growth areas but not contiguous**
- **Often several miles apart**
- **But one ADZ with one business case**
- **And one bottom line**
- **To support the principle of balanced growth**



# CURRENT WORK

- **ADZ agreed at a Board Away Day in October**
- **PwC commissioned to develop a business case**
- **PwC, L.A.s, PTE, RDA collecting data on infrastructure costs and forecast business growth**
- **ADZ may change during this process**
- **Interim findings to Government by Christmas??**
- **Final business case by early Spring??**
- **Delivery - implications for City Region Governance??**





# CONCLUSIONS

- **ADZs offer a step change in investment in infrastructure**
  - **Core Cities discussing the concept with Government**
  - **Supported by Core Cities Chambers of Commerce**
  - **Some Core Cities already working up ADZ proposals**
  - **These & our own City Region proposal from BCBC will be part of the evidence base for dialogue with Government**
- 
- **Thank you for listening !**

