HM Treasury

Department for Levelling Up, Housing & Communities

Investment Zones

Policy Offer

March 2023

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Chapter 1

Introduction

This document sets out: the issue that Government is seeking to tackle through Investment Zones (Chapter 2), the ambition and objectives for Investment Zones (Chapter 3); the support that Government will provide as part of Investment Zones (Chapter 4); the criteria for selecting an Investment Zone area (Chapter 5), Investment Zones in Scotland, Wales and Northern Ireland (Chapter 6) and next steps for areas to develop proposals (Chapter 7 & 8).

1.1 The Government has set out an ambitious plan for growth and prosperity, rooted in boosting the UK's potential as an innovation nation, growing strengths in key industries to support national priorities, and levelling up communities across the country.

1.2 At the Autumn Statement, the Chancellor announced that the government would launch a refocussed Investment Zones programme as a critical part of this plan, aimed at catalysing a small number of high-potential clusters in areas in need of levelling up to boost productivity and growth.

1.3 Investment Zones will be targeted at places with the right combination of characteristics to support these objectives. They will reflect the principles of the Medici model set out in the Levelling Up White Paper, harnessing local sector strengths to drive productivity, and leveraging the bottom-up energy of local talent, knowledge and networks to deliver sustainable growth that benefits local communities. They will require a holistic approach and must be rooted in partnership between central government, local government, research institutions and the private sector, in order to realise the potential of our cities and regions.

1.4 This document sets out the overarching ambition and policy model for Investment Zones and provides a framework for selected areas to start building a local coalition of partners and work up proposals through discussion with Government.

1.5 The government has identified the following five priority sectors to focus Investment Zones on – Digital and Tech; Green Industries; Life Sciences; Advanced Manufacturing; and Creative Industries. The UK is well-positioned to play a leading role globally in these sectors:

- Our **digital and tech sector** is worth £143bn and has created more unicorns than France and Germany combined, with eight UK cities now home to two or more unicorns; [1]
- the UK also supports a thriving **life sciences** sector, directly employing 268,00 people, with all the top 25 global biopharmaceuticals and all the top 30 global med tech organisations having operations based in the UK;[2]

[1] Annual estimates from summed monthly GVA data - GOV.UK (www.gov.uk)

[2] Bioscience and health technology sector statistics 2020 - GOV.UK (www.gov.uk)

- We remain one of the most dynamic and globally competitive countries in the **creative industries** with the sector continuing to expand and growing at over twice the rate of the economy between 2010 and 2019. [3]

- The global transition to Net Zero is crucial to protect and restore the environment, but also offers huge opportunities to UK businesses and innovators with the scale of the potential prize estimated to be worth £1 trillion to the UK's **green industries**.[4]

- Finally, the UK has high-value manufacturing strengths in many areas, with **advanced manufacturing** sectors worth £93bn to the UK economy and R&D expenditure of all UK manufacturing businesses accounting for over 40% of total UK enterprise R&D[5]

1.6 All Investment Zones will need to focus on growing clusters aligned with one or more of these sectors, to boost UK competitiveness in these high-potential industries.

1.7 In line with government's levelling up objectives, Investment Zones will be established in places with significant unmet productivity potential, and where existing strengths and assets aligned to priority sectors can be leveraged to increase opportunities for local communities. **By focussing on growing high-potential innovation and industrial strengths in areas with significant scope for catch up economic growth, this plan will seek to drive national productivity growth.**

1.8 We have identified the following areas in England to begin discussions with Government and co-develop proposals for an Investment Zone. The eight places are those covered by:

- The proposed East Midlands Mayoral Combined County Authority
- Greater Manchester Mayoral Combined Authority
- Liverpool City Region Mayoral Combined Authority
- The proposed North East Mayoral Combined Authority
- South Yorkshire Mayoral Combined Authority
- Tees Valley Mayoral Combined Authority
- West Midlands Mayoral Combined Authority
- West Yorkshire Mayoral Combined Authority

1.9 This shortlist will be kept under review with a view to adding other places to it where they have clear potential to host an Investment Zone in one of the five priority sectors, subject to the overall fiscal envelope of the programme.

1.10 Areas in England should use the policy framework set out in this document to start engaging a coalition of partners to develop ambitious Investment Zone proposals that will grow local innovation economies around key sectors and deliver benefits for local communities. Places are expected to build on their existing networks of research institutions, businesses and other local stakeholders, including MPs, to design proposals, aligning with and building on existing local strategies for their area. Investment Zones will

3 DCMS Economic Estimates 2019 (provisional): Gross Value Added

4 Opportunities for UK businesses in the net-zero transition | McKinsey

5 ONS Business Enterprise Research and Development

operate within current regulatory frameworks and be expected to maintain high environmental standards.

1.11 Subject to proposals meeting specified requirements, Government will offer Investment Zone areas a total funding envelope of £80m over five years, which can be used flexibly between spending and a single five-year tax offer, scalable based on number of sites. This would consist of:

- **£35m flexible spend**, split 40:60 between resource spending (RDEL) and capital spending (CDEL), to use across a portfolio of interventions based on the opportunities of each cluster;

- **Tax incentives**, which can cover up to 600ha across up to 3 sites, lasting for 5 years. Where places do not opt for the maximum tax offer of 600ha, tax incentives can be exchanged for a greater amount of spend.

1.12 Places hosting Investment Zones could also receive 100% of the business rates growth in designated sites above an agreed baseline for 25 years and support and guidance from central government on core policies such as export support, planning and infrastructure.

1.13 Government intends to work collaboratively with places to develop Investment Zone proposals, offering support and advice throughout the process. Investment Zones must be founded on long-term partnership and collaboration – between local actors in a place, and between central and local government – to maximise the impact of coordinated investment and intervention. Through this shared commitment and partnership, Investment Zones will support high-potential clusters on the journey to becoming nationally significant and, in time, globally leading.

1.14 Boosting productivity and spreading the benefits of the innovation economy more widely is a UK-wide ambition. The Government is engaging with each of the Devolved Administrations in Scotland, Wales, and Northern Ireland to discuss how and where at least one new Investment Zone could be delivered in each, in addition to the eight in England. We will publish further information on Investment Zones in Scotland, Wales, and Northern Ireland in due course, working in partnership with each devolved administration.

1.15 Further technical guidance on the requirements proposals will need to meet will be published in due course.

Chapter 2
Case for Action

2.1 **For far too long economic growth, and the high productivity firms that drive it, has been concentrated in specific areas in the country**. Our Levelling Up White Paper outlined plans to address this issue and increase productivity everywhere. Our major cities such as Birmingham, Manchester and Newcastle are rich in talent but less productive than they could be. Boosting the prosperity of these cities will bring wider benefits to communities in the surrounding region. If Manchester succeeds so will Bury; if Newcastle succeeds, so will Blyth; if Birmingham succeeds, so will Walsall. The OECD have suggested that if UK cities had the same agglomeration benefits as French and German cities, average productivity in core cities would increase to a degree that would raise national productivity by 1%, equivalent to raising UK GDP in 2018 by £20 billion.[6]

2.2 Evidence and economic theory show that **innovation** – the discovery of new ideas, ways of working and advancement of products and services – **is one of the most important drivers of long-term productivity and prosperity**. This is why innovation, and the research and development (R&D) that supports it, is at the heart of the Government's levelling up missions and national growth strategy.

2.3 **The UK has world leading research centres** - with the traditional powerhouses of Cambridge and Oxford Universities sitting alongside some of our top Russell Group Universities including Edinburgh, Manchester, Leeds and Sheffield considered to be in the world's top 100[7]. At the same time, there are pockets of high-growth innovative businesses at the cutting edge of research in places across the country, ranging from Aston Martin in the West Midlands to Boeing in Sheffield and Sage on the Tyne. [8]

2.4 **The UK has, however, underperformed in leveraging the success of key industries and research strengths to support growth across the whole country**, particularly in communities who need it most. Changes across the innovation ecosystem are needed to deliver improved outcomes for people from Blyth to Blaenau Gwent and address the current imbalances across the country.

2.5 **We recognise that innovation does not happen automatically**. We need to irrigate the soil for the private sector. Government therefore has a role to play in nurturing the kinds of activity that will make clusters of innovative potential more likely, and ensure local communities benefit from the opportunities of the innovation economy.

2.6 There is no shortage of evidence on the benefits of **supporting clusters**[9]. Experience shows that **locating businesses and institutions together** generates benefit from the area's pool of expertise, finance and skilled workers, its access to component suppliers and its channels for spreading information and innovation. When it is successful, this network spills over into the wider region, producing productivity benefits for people and firms

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6 Enhancing Productivity in UK Core Cities (oecd.org)

7 https://www.topuniversities.com/qs-world-university-rankings

8 https://www.centreforcities.org/reader/at-the-frontier/

9 A group of businesses in the same or similar sectors and institutions, benefitting from being either the physically co-located or in close proximity to each other

beyond the immediate geography of the cluster. Strengthening innovation in clusters spreads prosperity everywhere – Sheffield's success supports Chesterfield.

2.7 When all levels of government work together with the private sector, universities and other research institutions, we can create the **right environment to nurture areas with existing assets that have the potential to grow**. A culture of collaboration with higher education and research institutions is a defining feature of a successful cluster – as these research powerhouses pioneer the development of new technologies, helping companies develop and commercialise cutting-edge products and services. This in turn boosts jobs, incomes, productivity and international competitiveness[10]. Investment Zones will seek to leverage these research strengths to spread opportunities to places which have been overlooked and under-supported in the past.

2.8 Whilst our ambition for Investment Zones is high, we recognise that this is **no easy task**. Successful delivery will require extensive collaboration and co-ordination across research institutions, the public and private sector. This requires strong local leadership, as well as clear lines of accountability, effective local and national governance and a compelling vision that can unify partners to deliver a shared aim in an area. These visions and structures must the have the strength to stand the test of time and to adapt as necessary for the long term. These are all challenges that we are alive to, but that we are confident with strong local and central leadership and effective collaboration between partners, these can be overcome.

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10 Monaghan, D. Empowering small and modern universities to help regional levelling up. In Centre for Inequality and Levelling Up. Levelling Up: What is it and can it work?. 2022.

Chapter 3
Objectives and Policy Model

Objectives

3.1 Investment Zones are ultimately about boosting productivity, providing more high-priority jobs in places and levelling up the economy. They will be locally led and aimed at supporting two key national growth priorities:

- Growing strengths in national priority sectors;
- Addressing economic disparities that persist between and within regions.

3.2 Specifically, Investment Zones will support the development and growth of clusters in order to increase local innovation capacity, attract investment and, above all, strengthen the private sector – which is the engine of economic growth. This in turn will help to boost regional productivity and growth in areas where it is lagging, while a holistic approach will ensure that the benefits of that growth and investment are felt by local communities.

3.3 These are not isolated objectives, and will support our overarching Government ambition, helping to deliver on specific missions in the Levelling Up White Paper:

- **Mission 1** - by 2030, pay, employment and productivity will have risen in every area of the UK, with each containing a globally competitive city, and the gap between the top performing and other areas closing; and
- **Mission 2** - by 2030, domestic public investment in R&D outside the Greater South-East will increase by at least 40%, and over the Spending Review period by at least one third. This additional government funding will seek to leverage at least twice as much private sector investment over the long term to stimulate innovation and productivity growth.

3.4 The programme will do this by nurturing the expansion of high-potential strengths in key sectors and technologies to deliver significant growth and increase employment opportunities. Government has identified the **following five priority sectors** to focus Investment Zones on:

- **Digital and Tech** - The UK has a world leading technology sector and is the third country to reach a trillion dollar valuation milestone after the US and China.[11] We want to replicate the success of digital and tech companies in London, Oxford, Cambridge, by leveraging digital strengths and untapped potential all around the country.
- **Green Industries** - UK based green business sectors are going to be critical in delivering our Net Zero and environmental ambitions. Government wants to create the long-term certainty and demand needed to bring in investment to allow UK businesses to capitalise on Net Zero and environmental opportunities.

[11] UK tech sector retains #1 spot in Europe and #3 in world as sector resilience brings continued growth - GOV.UK (www.gov.uk)

- **Life Sciences** - We want to build on the UK's world-class science and research capabilities, make the NHS the country's most powerful driver of innovation, and create an outstanding business environment for life science firms.

- **Advanced Manufacturing** - the UK has a proud history in manufacturing. Harnessing the synergies between manufacturing and innovation strengths in areas across the country is core to supporting jobs, driving productivity and helping to deliver the UK's net zero commitments.

- **Creative Industries** - Evidence shows businesses in creative industry clusters grow faster than those located outside, generating economic spill-overs for non-creative businesses, and contributing to pride in place for local communities. We want to build on these sector strengths, supporting growth and ensuring benefits of the creative industries are spread across the UK.

3.5 **The barriers to the growth of emerging clusters of activity will look different between sectors and across different parts of the UK.** This means there is no one size fits all model, as each area will require different interventions depending on what is already in place and the drivers of growth for specific clusters. However, across different clusters, there are some **common indicators of what success looks like**:

- Sustained private and public investment
- Strong local leadership and governance
- Innovative and porous research institutions
- Partnerships and networks to foster collaboration and share ideas
- Strong supply chains and deep pools of human capital

3.6 Successful local economies are **built on partnerships at all levels and include a diverse range of businesses, innovators and local partners**. It is when they come together to collaborate, exchange knowledge and harness a place's distinctive strengths, underpinned by a positive business environment and supporting infrastructure, that innovative clusters of economic activity can arise - with benefits for communities across the region.

3.7 Ultimately, meaningful and sustainable inclusive local growth will only be successful if it is **led locally, with coordination across a functional economic geography**. The UK Government, together with the Devolved Administrations in Scotland, Wales and Northern Ireland, can provide the tools, funding, brokerage and policy framework to places. But it is local leadership from across a broad spectrum of political, industry, research and business backgrounds that will ensure Investment Zones build on existing strengths, assets and investment and leverage the bottom-up energy of local talent, institutions and networks to extend the benefits of clusters more widely.

Policy Model

3.8 Recognising that the precise policy solution will vary based on place and sector, the policy model consists of the following four key pillars:

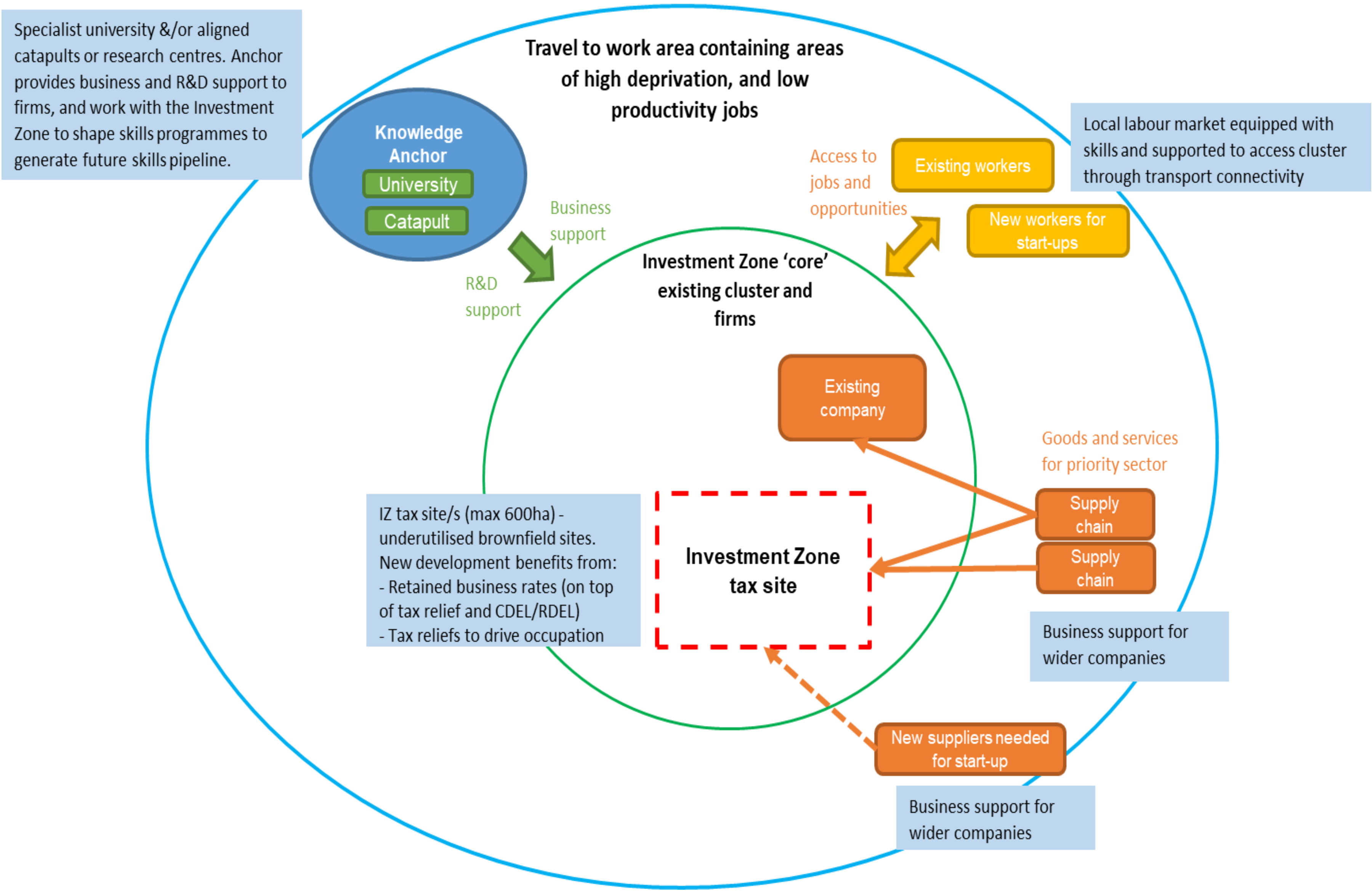
- **Spatial Focus ('core'):** each Investment Zone is expected to have a clear spatial focus or 'core' across a sensible economic geography, where interventions should focus on facilitating co-location of businesses, fostering collaboration between industry and research institutions, and driving innovation in companies at the frontier of the target sector. We envisage this would be where any tax sites and business rate retention sites would be located should an area opt to use these levers, but where appropriate for the economic geography and sectoral focus of a place we are open to proposals for the exact location of tax or business rates retention sites. Further detail on the criteria for tax sites to be considered is set out at Chapter 7.

As part of the development of a 'core', Investment Zones should have a credible and ambitious planning offer to accelerate the development necessary to support the cluster while maintaining high environmental standards. There must be a single point of contact for investors to support proactive and constructive engagement on planning matters. Places in England should look at proactive master-planning, bespoke engagement and support to applicants, and the use of Local Development Orders and other innovative routes to permission, where appropriate, to deliver exemplar development faster and to support the long-term success of the Zone. If significant development is required, places may want to consider a role for a Development Corporation, especially if land assembly is necessary. Further detail on the policy offer can be found in Chapter 4.

- **University or Research Institute**: Investment Zones will be an opportunity to leverage the important role Universities and local research institutions play in local growth and supporting levelling up. Each Investment Zone is expected to ensure strong collaboration between industry and research institutions. We will expect participating Universities to adopt best in class standards to increase the volume of innovative R&D and adoption. This could include nurturing and supporting local talent, building knowledge networks, collaborating on research commercialisation, and supporting scaleup and adoption of promising innovations following spinout to raise the productive potential of the whole area. We envisage this will mean establishing and leveraging partnerships with research institutions in the same functional economic area; however, we are open to additional collaborations over a longer distance. See Chapter 5 on role of different partners in an Investment Zone.
- **Wider Cluster Ecosystem**: Investment Zones must consider and support component parts of the wider cluster ecosystem and functional economic area, to ensure the benefits of cluster growth are felt by surrounding local communities. This could include upskilling the local labour market, increasing access to opportunities for local people to work in the cluster, opportunities to create new businesses and start-ups related to the cluster and expansion of existing successful companies. We do not expect this activity to be limited to a fixed red line boundary, but reflective of the geography of the sector and targeted to the needs of the cluster.
- **Strong Local Leadership**: Strong local leadership is central to the economic prosperity of an area and to be successful requires partnership across the political, business and institutional spectrum. Local leaders know the needs and opportunities of their areas best and can build coalitions with entrepreneurial leaders from business, research institutions and other local stakeholders to forge a clear vision for their Investment Zone. Political leadership should use the full levers available to them across skills, development and infrastructure to make that shared vision a reality. Business and innovation leadership in Investment Zones should also contribute funding and expertise to support and maximise the offer from central and local government to their clusters and local communities, for example considering what employment practices and / or on-the job training might enhance employment opportunities for local people.

3.9 The Government will work with the Devolved Administrations to ensure that policy solutions are tailored and deliverable in the contexts of Scotland, Wales and Northern Ireland.

Figure A.1 Illustrative diagram of an Investment Zone



Chapter 4
Policy Offer in England

4.1 The principle of flexibility is woven throughout the policy offer – from tax reliefs and funding, to dedicated local advice on finance, foreign investment, planning and local infrastructure - reflecting that local partners know their economy best.

4.2 Devolution deals are an example of what can be achieved when all levels of government, the private sector and local partners work together to achieve growth and we continue to work with places across England to empower local leaders and people. Investment Zones will compliment this programme of work and equip local leaders, entrepreneurs and experts with the tools to go further right now.

4.3 The core parts of the offer of Government support on Investment Zones in England is set out below. We are engaging with the Devolved Administrations on the offer in Scotland, Wales and Northern Ireland with a view to establishing at least one Investment Zone in each, in addition to the eight in England.

4.4 As part of the design and development of proposals, we remain open to discuss further measures that may be specific to a certain area or cluster and necessary to enable growth, subject to overall affordability within the funding envelope of the programme and deliverability. Further detail on the illustrative policy offer can be found in the policy annex.

4.5 Investment Zones will receive a funding envelope of £80m, which can be used flexibly across:

- **Fiscal Incentives:** Government will offer the following tax reliefs in designated tax sites within each Investment Zone. These will be available for five years.

    a) **Stamp Duty Land Tax (SDLT):** a full SDLT relief for land and buildings bought for commercial use or development for commercial purposes

    b) **Business Rates**: 100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in Investment Zone tax sites.

    c) **Enhanced Capital Allowance**: 100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites.

    d) **Enhanced Structures and Buildings Allowance**: accelerated relief to allow businesses to reduce their taxable profits by 10% of the cost of qualifying non-residential investment per year, relieving 100% of their cost of structures and buildings over 10 years.

    e) **Employer National Insurance Contributions relief**: zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £25,000 per year, with Employer NICs being charged at the usual rate above this level. This relief can be applied for 36 months per employee.

- The policy offers flexibility in how much tax relief can be taken up. Investment Zone areas can opt to use a mix of tax reliefs and spend or only spending. Tax reliefs are offered over a maximum size of 600 hectares for one site or can be divided across a maximum of 3 x 200-hectare sites. If a place chooses not to take up tax reliefs, they will have a larger spending envelope available to them.

- The precise costs of tax sites will vary by site, however the estimated cost of 600 hectares of tax reliefs is £45m, to be deducted from the overall £80m envelope available to an Investment Zone.

- Any tax sites must be tightly defined and located on underdeveloped land. See further explanation of this in chapter 7 on delivery requirements. We expect areas to demonstrate a compelling economic geography when determining the most effective location of tax sites. The government reserves the right to reject tax sites that do not meet these requirements.

- **Flexible Spend**: Government will offer up to £80m in spend over five years to be used across a range of interventions, to attract investment and unlock barriers holding back the growth of the sector. Within the overall fiscal envelope, the spending envelope will be split between resource and capital funding at a 40/60 split. Funding can be used across the following areas, with further detail on potential interventions set out in the policy annex:

    f) **Research and Innovation,** e.g., grants for projects.

    Evidence demonstrates that R&D grants, loans, and subsidies have a positive impact on R&D expenditure and increase the rate of innovative activity that takes place.12 Innovation is a key to raising long term productivity, outputs, and economic growth, with higher levels of R&D spend associated with higher growth.13

    g) **Skills,** e.g., Skills Bootcamps, stimulating demand apprenticeships.

    Industry and business often raise the challenge of available skills and expertise as a barrier to investing and expanding. Lack of necessary training and skills can also shut existing communities out of new innovative opportunities in their local area. Investment Zones should support the work of the designated employer representative body responsible for the development and subsequent reviews of a Local Skills Improvement Plan, if relevant to their specified geographical area.

    h) **Local Infrastructure,** e.g., land remediation for labs or schemes to improve connectivity to improve access to the local labour market.

    The lack of available commercial space is a key constraint for many UK cities. Funding and support for land remediation and planning assistance can increase commercial property space which has been shown to lead to increases in employment and turnover in the local area.

    i) **Local Enterprise and Business Support,** e.g., sector-specific tailored support for start-ups and SMEs that leverages local research strengths and facilities;

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[12] What Works Centre for Local Economic Growth (WWCFLG), 2022

[13] Sokolov, Mladenovi, et al 2016, Mitze and Makkonen, 2023

Studies indicate that through collaboration with business, Universities and research institutions such as Catapults play a vital role in regional and national growth, while SMEs play a large role in local economic performance but often lack knowledge of applicable University support to improve performance.

j) **Planning and Development,** e.g., funding to recruit a dedicated planning team, implement an LDO or support a Development Corporation to deliver complex or large-scale developments.

Increases in commercial property space, spaces for innovation, collaboration and sharing of ideas, enabled through the planning system, has been found to positively impact employment and turnover in local areas.

4.6 The examples within the categories above are not an exhaustive list of funding interventions. Where areas believe there are other interventions, these can be considered as part of the development of proposals. Where areas want to pursue interventions markedly different to the policy framework, they will be considered but will be subject to a higher bar of scrutiny than interventions already on the framework. Proposals will be expected to demonstrate a clear understanding of the local strengths and opportunities; explain why realising these opportunities cannot be achieved through the existing national offer; and the viability of additional measures and how the interventions they are taking forward will help achieve local and national objectives.

- **Business Rates Retention:** Specific Investment Zones sites will be able to benefit from 100% retention of business rates growth over an agreed baseline for 25 years. In drawing up proposals for Investment Zones, the accountable body will need to demonstrate how business rates retention will **provide for local economic growth within the region**, **support the priority sector within the Investment Zone,** and **represent value for money for the government**. Proposed sites must be under-developed and no more than 600ha across up to 2 sites. This should be done in collaboration with the lower tier authority who will continue to take operational responsibility for collecting these rates. Lower tiers and upper tiers will need to work together to agree a share of the business rates growth to go to the upper tier or Combined Authority, as well as to develop a strong reinvestment strategy for the revenue stream. UKG will assess applications for the use of the business rates retention offer on these criteria. The Government reserves the right to reject sites based on cost and deliverability.
- UKG will also consider linking the business rates offer to the planning offer (as detailed above). Given the value of business rates retention should increase with accelerated development, proposals should demonstrate how the use of accelerated development tools (such as local development orders or development corporations) within the Investment Zone can lead to more value being generated from the business rates retention offer.
- **<u>Government Support</u>**: Alongside funding, Government will provide advice on national policy, as well as there being scope for targeted interventions to apply the policy locally. This includes support on tax reliefs from HM Revenue and Customs; trade and investment from the Department for Business and Trade and Office for Investment; planning advice from Department for Levelling Up and Housing and Communities; as well as a working with places to support skills relevant to the Investment Zone in their area.

- On **planning**, there will be specific support available by the Department for Levelling Up, Housing and Communities. Given that different areas and sectors will have different development needs and land use considerations, Government is not imposing a top-down solution for planning in Investment Zones, but areas must have credible and ambitious plans to accelerate development. Departmental planners will provide expert support and engage directly with planning authorities to discuss, strengthen, and align their planning offers across an Investment Zone. This, for example, could help to facilitate best practice, provide advice to support establishment of LDOs, and ensure that areas can benefit from the broader capacity and resource planning offer we are developing.

4.7 We recognise that stability and longevity of commitment are key to maximising investment. We expect to see local areas aligning their Investment Zone proposals with existing and planned public and private investment in the area, including current and future infrastructure plans. All proposals should include a degree of match funding from the private sector and research institution partners.

4.8 Investment Zones will sit alongside and work with government's existing funding and commitments to levelling up, economic growth and innovation. As places develop their proposals, they should design them wherever possible to ensure maximum alignment and leverage of existing government policy, whether that be the Levelling Up Fund, the UK Shared Prosperity Fund or Innovation Accelerators, for example, and wider government programmes.

4.9 The offer above is designed to catalyse further future private and public investment, by increasing the strength of clusters, and Government will consider the most appropriate public support for Investment Zones, including prioritising Investment Zones in future funding rounds of national programmes.

4.10 The Government will work with the Devolved Administrations to ensure that policy solutions are tailored and deliverable in the context of Scotland, Wales and Northern Ireland.

Illustrative Examples

4.11 Investment Zones will benefit from a range of policy levers, and we expect each area to tailor the menu of levers according to their needs. The following examples seek to illustrate what an Investment Zone might look like according to the sector focus and location. These examples are illustrative and should not be viewed as an expectation.

4.12 Alongside, we anticipate that all Investment Zones would also benefit from the use of horizontal levers, for example to support the – often technical – skills required of clusters. They might choose to do this through RDEL spending up-front to design and fund skills programmes and generate a pipeline; blending tax incentives with RDEL to generate skills programmes; or using revenue from retained business rates to cover the cost of these.

Illustrative Example: Investment Zone with an urban Hub

Some **Digital, Life Sciences, and Creative** clusters are based in or near to the urban core of cities, or take the form of an extension to the urban core, and are directly co-located with universities. Research institutions, local government, and the private sector already collaborate to encourage these clusters, and we see Investment Zone governance tapping into these existing boards. Due to the start-up nature of these firms, many are constrained in their urban setting. We would expect places to want to address these cluster constraints and put in place an overarching strategy for investment and growth.

1. We anticipate these clusters would seek to turn urban brownfield land into mixed use, university-sponsored incubator space, where constrained firms can relocate and thrive. We could see student or other associated residential development incorporated into the design to make this a sustainable live/work quarter. This will typically rely on a high-quality, design-led masterplan to deliver coherent, sustainable, and attractive development, with local commitment to provide certainty to developers and investors. To facilitate this, an Investment Zone might use seed funding or tax incentives for an urban brownfield site, and supplement this with: using RDEL to recruit a technical team to push forward a quality masterplan, and/or to establish an appropriate delivery model such as a Development Corporation (another signal of long-term stability to investors).
2. Using CDEL to offset remediation and/or land acquisition, or a package of business support or innovation grants.
3. Upfront sum from borrowing against BRR to cover ‘site readiness’ costs

Where a proposal already has a masterplan and strong vision, an Investment Zone may benefit instead from maximising tax incentives on their chosen site and reinvesting the resulting retained business rates into horizontal interventions.

Illustrative Example: Investment Zone with an edge- or out-of-city Hub

Advanced Manufacturing & Net Zero clusters tend to be larger, more heavy industrial sites, often in business parks outside the city centre but still a short distance from the nearby universities or research institutions. Cluster activity may be focused in/around an existing aligned Freeport or Enterprise Zone. These Zones will have anchor tenants and employers already in place and in many cases they will want to expand but have limited means to do so, and/or newer firms in the city centre are constrained and need a way to relocate. Horizontal levers would make those new jobs accessible to local people, such as through investment in transport and skills, to ensure the long-term sustainability of the Zone, retaining close geographic and collaborative ties to nearby universities and research institutions.

We anticipate many of these clusters would seek to capitalise on available land on the periphery of a town or city to accommodate larger scale development needs. While mixed use development may not be appropriate in these locations, these sites should still benefit from sustainable and high-quality development to ensure long-term success that attracts talent and investment. Many of these clusters will already benefit from a close working relationship between universities, local government, and the private sector in established governance structures, and these should be leveraged to support the sites.

Investment Zone policy levers would provide a range of options to tailor the needs of these clusters to their local area, to ensure barriers to increased productivity – and therefore further success – can be addressed. Options might include:

- Maximising the tax incentives to expand their factories and testbeds and reinvesting the resulting retained business rates into horizontal interventions, such as enhancing sustainable transport connections between the site and the city centre and wider labour market in surrounding areas.
- Using 200ha of the tax incentives to focus on a new/expanded site to bring forward development at a much faster pace, then taking up-front RDEL and CDEL funding to invest in skills and provide capital grants for R&D and innovation to new and existing businesses in the cluster.
- Taking no tax offer and instead using the sizeable CDEL and RDEL spending up-front to provide a significant package of business support, innovation grants, skills and infrastructure investment.

Chapter 5
Place Selection

Where will Investment Zones be?

5.1 The Government has confirmed it will establish 12 Investment Zones across the UK in order to spread the benefits of the innovation economy more widely.

5.2 Investment Zones are a UK-wide policy, and the Government is therefore committed to establishing at least one Investment Zone in each of Scotland, Wales and Northern Ireland.

5.3 The Government has identified the following 8 functional economic areas in England as having significant economic potential, as well as pockets of innovation strength and key assets that could be leveraged to support areas in need of levelling up and improve socio-economic outcomes in places. The eight places are those covered by

- The proposed East Midlands Mayoral Combined County Authority
- Greater Manchester Mayoral Combined Authority
- Liverpool City Region Mayoral Combined Authority
- The proposed North East Mayoral Combined Authority
- South Yorkshire Mayoral Combined Authority
- Tees Valley Mayoral Combined Authority
- West Midlands Mayoral Combined Authority
- West Yorkshire Mayoral Combined Authority

5.4 Each of these areas exhibit the following ecosystem characteristics, which evidence suggests are key to the development of sustainable clusters and strong regional innovation ecosystems:

- **Evidence of an existing strength aligned to national priorities** – Government can nurture existing local strengths and create the conditions for them to flourish;
- **Presence of a research institution with strong research credentials** – to be successful, Investment Zones will need to connect with local innovation systems. Government wants to leverage existing research strengths to boost innovation in key sectors and spread the benefits more widely;
- **Strong local leadership and capacity** – growing successful clusters requires focus, collaboration, coordination and creativity. Investment Zones must form part of a long-term local economic plan to ensure alignment and provide certainty to business and investors.

5.5 Broadly characterised, these areas represent the larger city regions and significant industrial clusters in England outside of London, with below average national levels of productivity. By focussing on growing innovation and industrial strengths in areas with significant scope for catch up economic growth, this plan will help drive national productivity growth.

5.6 We have, and will continue to, work in partnership with each of the Devolved Administrations in Scotland, Wales and Northern Ireland to determine the best possible locations for Investment Zones in each.

5.7 The shortlist will be kept under review with a view to adding other places to it where they have clear potential to host an Investment Zone in one of the five priority sectors, subject to the overall fiscal envelope of the programme.

5.8 A full summary of the methodology and criteria used to identify places can be found in the selection methodology annex.

What organisations are part of an Investment Zone and who can develop a proposal?

5.9 In England, Government is inviting the shortlisted areas and authorities listed in this chapter to work in partnership to co-develop an Investment Zone proposal. Each area can develop one proposal (with up to three tax sites).

5.10 Government will work with places, and their local stakeholders, to co-develop and iterate proposals. Government will first aim to agree the priority sector and cluster within each of the chosen Investment Zones. Government will then work with places via a structured conversation to agree outcomes and support the development of the first proposals by the summer, for approval or further development where required. While proposals should set out intervention level activity, precise projects should be determined by Investment Zones themselves. See chapter 7 for proposal requirements.

5.11 Proposals will be led by the Mayoral Combined Authority (MCA), or, where there is no MCA, the Upper Tier Local Authority (UTLA.) We expect UTLAs to work collaboratively with neighbouring authorities where clusters span administrative boundaries, wherever appropriate. The MCA or UTLA will be the accountable body and will take responsibility for receiving funding where relevant from Government, commissioning and procuring interventions to support the growth of their sectoral cluster and stewarding stakeholders. The relevant S151 or S73 officers for each accountable body in England will be expected to ensure that Investment Zone proposals and their subsequent delivery comply with their statutory duty to deliver HMG investment with propriety, regularity and value for money.

5.12 UTLAs that have agreed a devolution deal but not yet formed a Combined Authority will be asked to design interim approaches. We will ask the relevant UTLAs to work together to develop a proposal which all constituent UTLAs will be required to co-sign. Where funding is released before the formation of the Combined Authority, they should agree an interim accountable body to be responsible for funding.

5.13 Proposals must be co-designed with local partners and a relevant local research institution should co-sign the final proposal. When considering skills policy places in England should work with designated employer representative bodies, to avoid duplication with design and delivery of skills programmes feeding into and supporting Local Skills Improvements Plans and subsequent reviews. Local industry related to the chosen cluster should also be closely engaged and consulted as proposals are developed and delivered.

5.14 Accountable bodies must also engage and collaborate with constituent local authorities, in MCAs, and local planning authorities which host any relevant tax sites, business rates retention sites, or planning / development sites. MCAs/UTLAs should work particularly closely with relevant local planning authorities to develop and implement any planning offer. Local planning authorities will need to play a crucial role in ensuring necessary development comes forward, and their support for the Zone will be essential.

5.15 The accountable body should then use, or build on, existing governance to oversee the design and delivery of Investment Zone proposals. Where no suitable governance forum exists, authorities should establish appropriate governance structures.

5.16 Members of the UK Parliament play an important role in representing the views of their constituents, working collaboratively with local authorities and other local partners to work for the good of local places. They should be closely engaged in the design and delivery of proposals. We expect proposals to demonstrate that this engagement has taken place over the area affected by the Investment Zone with the clear objective of consensus.

5.17 Government reserves the right to proceed with proposals to different delivery timelines according to their fit with the requirements set out.

How do Investment Zones interact with Freeports?

5.18 The early successes of the UK Freeports programme have demonstrated the potential for zonal public policy to catalyse private sector investment into high-potential locations across the whole of the UK. The UK Government wants to double down on these successes with Investment Zones, However, while Investment Zones and Freeports belong to the same broad policy family, there are some clear and important differences between the programmes:

5.19 Freeports have a focus on brownfield regeneration within port areas and their hinterlands, leveraging the UK's world-class port infrastructure and a special customs procedure to attract trade-orientated investment;

5.20 Investment Zones focus on nurturing established or emerging clusters across 5 priority sectors and are centred on research institutions with the aim of boosting R&D and innovation.

5.21 Each programme is an important solution to a different facet of the UK's productivity puzzle, and – to that extent – the Government sees the two as highly complementary: in areas that already have a Freeport, an Investment Zone could support accelerated and expanded cluster development, helping tackle different types of barriers; and in other locations, Investment Zones will extend Freeport-style benefits to areas that currently lack them.

5.22 To ensure this complementarity:

- Where an Investment Zone is proposed within a Freeport Outer Boundary and focuses on the same sector, local governance and delivery structures must be brought into single, unified governance structure and delivery vehicle, building on what is already in place to expedite delivery. This must be agreed jointly ahead of an Investment Zone receiving approval.

- Alternative arrangements may be proposed if the sectoral and/or geographical focus of the Investment Zone and Freeport are different. Investment Zone proposals that undermine partners' commitments under a Freeport will not be accepted.

- All Investment Zones and Freeports will be held to the same standards on economic additionality and preventing displacement.

- The Government will offer the same tax reliefs in both Investment Zones and Freeports to help ensure the two programmes work coherently.

5.23 Together with the Devolved Administrations, the UK Government will need to consider how, in light of the differing stages of the rollout of Freeports across the UK, the interaction between Freeports and Investment Zones is managed in the context of Scotland, Wales and Northern Ireland, and the principles above best applied.

5.24 The UK Government will promote Investment Zones and Freeports to prospective investors in a coherent, unified manner. Freeports will not be able or expected to 'convert' to Investment Zones, but where both exist in the same geography, the merits of a single brand should be explored.

Chapter 6
Devolved Administrations

6.1 The UK Government is responsible for citizens in every part of the UK and is committed to delivering the best possible outcomes for all. Investment Zones are a UK-wide policy, and the Government is therefore committed to there being at least one Investment Zone in each of Scotland, Wales and Northern Ireland.

6.2 The UK Government's priority is to deliver effective investment and maximise benefits for citizens, businesses and communities in Scotland, Wales and Northern Ireland and will work with the devolved administrations to realise this.

6.3 We anticipate that the Investment Zone offer will make the most of both reserved and devolved policies as is the case with Freeports. This will be subject to ongoing discussions with the devolved administrations.

6.4 We are working in partnership with the devolved administrations to discuss how Investment Zones can be delivered in Scotland, Wales and Northern Ireland. Engagement is based on three core principles, which have been established through previous joint working on programmes, such as Freeports:

- **Partnership**: Scottish Government, Welsh Government and the Northern Ireland Executive will play an equal role in co-design, decision-making and overseeing the delivery of Investment Zones;

- **Parity**: We will ensure the overall offer per Investment Zone in Wales, Scotland and Northern Ireland will be of equivalent value to the overall offer per Investment Zone in England; and,

- **Strategic Fit**: Investment Zones will align with relevant devolved administrations' policy frameworks, be a good fit for the local economic and governance landscape and reflect devolution settlements.

6.5 The UK Government is committed to collaboration and engagement with the devolved administrations and stakeholders in Scotland, Wales and Northern Ireland. The final design choices and agreement of an IZ in Northern Ireland will, of course, be subject to the restoration of the Northern Ireland Executive so that locally accountable Ministers can have a say on this important policy. Separate guidance for Scotland, Wales and Northern Ireland will be published in due course.

Chapter 7

Proposal Guidance and Requirements

7.1 The following parameters are intended to enable authorities in England to start considering and working up proposals with partners:

- **<u>Priority Sector</u>**: Investments Zone proposals must align with one of the priority sectors, demonstrating how interventions will support clusters around the specific strength to grow. Proposals should evidence what strategies, funding and infrastructure, is already in place and focus on how interventions will build on this to attract new investment and additional growth. Where an area has strengths across multiple priority sectors, it should identify one sector to centre on. However, we recognise that there may be overlap between sectors within a cluster - where this is the case, proposals may highlight where investment in another sector may help support the primary sector, for example, via a related supply chain. Proposals to build on clusters at the intersection of two or more priority sectors are also welcome.

- **<u>Collaboration and Governance</u>**: Local areas should have clear governance arrangements in place to manage and monitor the design and delivery of proposals. Wherever possible, authorities should use or evolve existing governance structures, ensuring they include representation from relevant local partners to support Investment Zone delivery. Proposals must demonstrate contributions from, and collaboration with, local partners. At a minimum, a relevant local research institution should co-sign the final proposal. Constituent local authorities, in MCAs, and local planning authorities which host any relevant tax sites, business rates retention sites, or planning / development sites should be closely engaged in the design and delivery of proposals. Local industry related to the chosen cluster (both large companies and SMEs) should also be closely engaged and consulted as proposals are developed and delivered. Proposals should also demonstrate that they have actively reached out to MPs, where the spatial focus of the Investment Zone or interventions, overlap with their constituencies. Wider stakeholders should also be included depending on the proposals a place wishes to pursue. These could include:

    - Representatives of local research institutions, this should include Universities, Catapults and other parts of the Innovation and R&D ecosystem.

    - Business support providers or representatives, including sectoral representatives relevant to the place (for example – cluster bodies,)

    - Local partnership boards and strategic bodies where relevant including the designated employer presentative body for the Local Skills Improvement Plan.

    - Regional representatives of arms-length bodies of government where appropriate e.g., Department for Business and Trade, Office for Investment,

    - Education and skills providers – for example higher education institutions and further education colleges, adult learning providers

  - Employment experts and providers – for example Jobcentre Plus representatives and employment related service providers

- **Local Outcomes to Deliver the Programme's Overall Objectives**: Proposals must demonstrate how the suggested interventions will lead to outcomes that align with the overall programme objectives, which include: increased productivity; improved diffusion of innovation; and growth of high-potential sectors – as part of the Government's levelling up and growth agendas. See chapter 3 for further details. Proposals should also demonstrate how they support our key national priorities in climate and the environment. Specifically, proposals should demonstrate how they will support the UK's legal commitments to cut greenhouse gas emissions to net zero by 2050 and achievement of the new legally binding environmental targets, and be resilient to the effects of climate change.

- **Spatial Expectations**: As per chapter 3, proposals should identify an area of spatial focus or cluster 'core', potentially based on an existing or emerging cluster, around which to centre development activity and investment, noting the limits on site-size for tax reliefs. Wider horizontal interventions to support the wider cluster ecosystem, or foster collaborations, are not expected to be spatially specific, and may operate across the functional economic area.

- **Tax sites:** If the tax offer is chosen, proposals may define (via a map) up to 3 areas within the Investment Zone as the location of the tax sites, as long as they do not total more than 600 hectares. As a guideline, sites are expected to be around 200ha, although Government will consider sites falling outside of this limit as long as an economic/geographical justification is presented and combined site area per Investment Zone is under 600 hectares. Investment Zone tax site proposals should meet certain criteria demonstrating that the sites are underdeveloped as the tax reliefs are designed to encourage new activity and land development. Under this broad, economic definition, empty land, brownfield land, under-utilised land with some construction and vacant premises are some examples of what might be considered "underdeveloped" so long as a good case is made.

- **Planning**: Proposals should include a strong commitment to the proactive planning of the Investment Zone. Planning should be an opportunity for, not a barrier to, accelerating and securing the development necessary to support the Zone. Areas should demonstrate that they have credible and ambitious planning solutions, which ensure development can happen quickly and maximises the Zone's opportunities. This should include alignment across planning authorities to deliver a clear planning offer to promoters and businesses in the Investment Zone, so that there is a single point of call, proactive and constructive engagement, and planning permissions and other consents are granted expeditiously. Development in the Investment Zones should be exemplar – high quality, accessible and sustainable – to support the long-term success of areas. Local Development Orders, Development Corporations, and other innovative routes to permission should be considered, where appropriate. When bringing forward their planning proposals, areas should clearly articulate how the proposals will accelerate and secure development, including against a business-as-usual baseline. This should include how they intend to use some of the resources available to Investment Zones to achieve this.

- **Breadth of Funding and Policy Support**: Proposals should set out how they will draw upon the breadth of Government support, and any additional local support in place, to maximise the impact of Investment Zones. This should include plans on tax relief and spend, as well as broader policy inputs such as planning, infrastructure and foreign investment. Proposals should look to maximise the full quantum of funding, and all proposals must include a degree of match funding from private sector and research institution partners. Places should also consider how Investment Zone funding could improve or provide additionality to existing sectoral focused schemes such as business support, skills programmes and development.

- **Value for Money and Delivery Plan:** The proposal will need to include clear rationale and accompanying analysis to demonstrate value for money of interventions. In particular, proposals will need to focus on sectors/clusters of a minimum economic scale (to be specified) in order to credibly drive growth across the wider region. Proposals should also identify opportunities to join-up with any other national or local programmes to help deliver efficiencies. To ensure that growth in the area is additional, we will require proposals to set out how the risks of deadweight, negative displacement, transfers, substitution and leakage will be managed. Proposals should include how areas will assure delivery. Central Government will review and validate proposals following co-design, and the Accountable Body and Investment Zone governance will then take responsibility for design, delivery and assurance of the specific projects that make up a place's proposal.
- **Procurement, Subsidy Control and Equalities**: Proposals must include consideration of risks and plans for how they will be best mitigated. The offer set out in this document will be subject to the UK's domestic and international subsidy control obligations. Public authorities should also ensure that they are assessing the impact on equalities and complying with the Public Sector Equality Duty.
- **Monitoring and Evaluation**: The approach to the monitoring and evaluation (M&E) of Investment Zones will align with broader departmental objectives to simplify M&E, including focusing on rationalised indicators places may be reporting for other funds, and reducing the burden on places to conduct local evaluations when they do not have the capacity or capability to do so effectively. Monitoring will require places to report against a set of standardised metrics agreed with the department, which may show the policy's performance and progress towards desired outcomes and impacts. Evaluation may draw upon monitoring data and the use of commercial and administrative datasets to complement this evidence and place them into wider context. Evaluation may also focus on generating evidence on how Investment Zones are being implemented and delivered, what worked well and what needs improvement, whether Investment Zones are achieving their desired impacts and whether the policy is delivering good value for money. Any evaluation work will align closely with the evaluations of other place-based interventions including Freeports, the Levelling Up Fund, Towns Fund and the UK Shared Prosperity Fund, to ensure a cohesive approach to evidence generation. A technical note will be developed providing more detailed guidance on monitoring and evaluation, and what role Investment Zones will have in this process.

7.2 The Government will work with the Devolved Administrations to consider the appropriate parameters in the context of Scotland, Wales and Northern Ireland.

7.3 Technical guidance covering the specifics of what a proposal should include will be published in due course.

Chapter 8
Implementation

What are the next steps for areas in scope of the Investment Zones programme?

8.1 Areas listed in chapter 5 are invited to begin discussions with the DLUHC and HM Treasury and commence the development of an Investment Zone proposal, working in partnership with Government.

8.2 Places who have been invited to prepare an Investment Zone proposal should consider who is best placed within the accountable body to take responsibility at a working level for the Investment Zone programme. Once this has been decided they should reach out to the department to facilitate discussions on next steps.

8.3 Government will first aim to agree the priority sector and cluster within each of the proposed Investment Zones. Government will then work with those places via a structured conversation to agree outcomes and support the development of proposals.

8.4 While specific timelines for submission are to be finalised, Government wants to make rapid progress and intends to have the first proposals from areas with mature proposals agreed by the summer so planning and preparation for delivery can begin. Ultimately, we want to have all Investment Zone proposals agreed by the end of the financial year. We expect funding to commence in FY 24/25, subject to approval. In the interim, areas should use this document as a framework to start developing proposals.

8.5 Government reserves the right to proceed with proposals to different delivery timelines according to their fit with the requirements set out above and will not take forward proposals that do meet these requirements.

8.6 Full technical guidance on how to submit a proposal will be published in due course. Named places should reach out the department via **hmginvestmentzones@levellingup.gov.uk**

Policy Offer in England: Further Detail

A. Fiscal Incentives		
200/400/600 ha tax offer - A new tax offer to places to facilitate cluster growth and development. Tax offer is available to all businesses with eligible activity on approved Investment Zone sites.	**Stamp Duty Land Tax (SDLT)**	A full SDLT relief for land and buildings bought for commercial use or development for commercial purposes
	Business Rates	100% relief from business rates on newly occupied business premises, and certain existing businesses where they expand in English Investment Zone tax sites
	Enhanced Capital Allowance	100% first year allowance for companies' qualifying expenditure on plant and machinery assets for use in tax sites
	Enhanced Structures and Buildings Allowance	Accelerated relief to allow businesses to reduce their taxable profits by 10% of the cost of qualifying non-residential investment per year, relieving 100% of their cost of structures and buildings over 10 years
	Employer National Insurance Contributions NICs)	Zero-rate Employer NICs on salaries of any new employee working in the tax site for at least 60% of their time, on earnings up to £25,000 per year, with Employer NICs being charged at the usual rate above this level. This relief can be applied for 36 months per employee

B. Flexible Spend		
The interventions listed below are illustrative and non-exhaustive. Finalised interventions, along with associated outputs and outcomes, will be confirmed in further guidance and discussions with Investment Zones. Places should consider existing programmes of support from Government when deciding how to utilise Investment Zones support.		
Theme	**Summary**	**Illustrative interventions**
Research and Innovation	Funding for R&D grants to support bringing products to market, commercialisation, improving uptake, streamlining processes and supporting innovation	Locally commissioned and designed R&D and Innovation grants to support bringing products to market (commercialisation), improve translation and uptake and streamline processes. UKRI or Innovate UK can, at the discretion of the responsible body, be approached for advice on how to ensure any R&D grants are set up and targeted sensibly.
		Grant funding to support purchase of capital equipment to support improved R&D activity undertaken by businesses.
		Loans for R&D activities subject to implementation considerations.
		Support for PhD's linked to sector strengths and commercialisation opportunities
		Grant funding and mentoring programmes to support entrepreneurial academics to develop spinout company proposals
		Support for establishing accelerator and incubator programmes for high-growth start-ups in the targeted sector.
		Investment Zones may want to consider the recommendations stemming from the Vallance Review to enable regulatory experimentation in line with their priority sectors, such as regulatory

		sandboxes. Government would support this in line with the principles of co-development with local places.
Skills	Specialist sectoral-focused skills programme where the local labour market need, as identified by the Investment Zone, is not being met by existing programmes – for example sector-specific bootcamps or funding for local join-up of the apprenticeships system across providers and businesses. Investment Zone plans must demonstrate how interventions are targeted to specific needs and have an understanding of the local labour market. In England, when considering potential skills provision Investment should support the work of the designated employer representative body responsible for the development and subsequent reviews of a Local Skills Improvement Plan for a specified geographical area. This can be achieved through collaboration between: a. the designated ERB for the specified area in which the IZ cluster is located,	Funding for realisation/delivery of Investment Zone sector specific skills as identified in Local Skills Improvement Plans (LSIPs).
		Ensure LSIPs reflect both current and future skills requirements of Investment Zone cluster.
		Funding to support local skills through training co-designed with employers e.g. sector-specific Skills Bootcamps.
		Funding to support entrepreneurial skills and networks.
		Retraining support, to support those into high knowledge sectors.
		Investment Zones will be able to propose localised apprenticeship incentives for employers linked to the sectoral focus of the Investment Zone, to stimulate demand for apprenticeships targeted to the specific skills and labour market needs of their Investment Zones.

	including feeding sector skill needs into the Local Skills Improvement Plan process. b. businesses and existing FE and HE providers including Institutes of Technology (IoT) licensed in that area. c. the relevant combined authority or GLA, local authorities and Local Enterprise Partnership with their responsibilities for growth and skills. Proposals will need to align with devolution deals and should not exceed the MCA/trailblazer offers. Places should ensure that Local Skills Improvement Plans reflect both the current and future skills requirements of the cluster supported by an Investment Zone.	
Local Infrastructure	Specific local infrastructure improvement projects (e.g., local transport schemes, digital infrastructure schemes) linked to specific business investment opportunities or to unlock specific sites; e.g., schemes to improve connectivity to support the local labour market's ability to benefit from and	Funding for new, or improvements to infrastructure projects linked to the emerging sectors including those that increase communities' abilities to benefit and support cluster growth
		Funding for new, or improvements to, digital infrastructure capacity and capability in cluster areas to improve connectivity and facilitate the adoption of new technologies.

	access the sector or land remediation for labs.	Investing in enterprise infrastructure and employment/innovation site development projects.
		Funding for the development and support of appropriate innovation infrastructure at the local level
		Specific capital interventions to enable better join up of potential development sites with utilities and access to the grid
Business support	Building on sector-specific tailored support for start-ups and businesses that leverage local research strengths and facilities (e.g., Catapults), and is additional and complementary to the national offer.	Support or extend Made Smarter Adoption programmes, providing tailored expert advice, matched grants and leaderships training to enable SMEs to adopt industrial digital technology solutions. Sector specific tailoring of support to aid manufacturing sub-sectors.
		Funding to support city regions to grow clusters, hosting international business events and conferences that support wider local growth sectors.
		Funding for new and improvements to existing training hubs, business support offers, 'incubators' and 'accelerators' for local enterprise which can support entrepreneurs and start-ups through the early stages of development and growth by offering a combination of services, including account management, advice, resources, training and access to workspace.
		Funding to develop concierge system to help sector related businesses in navigating the challenges of access to finance and other forms of support.

		Topping up or expanding funding to existing catapults in a place to support their work with sector focused businesses.
		Funding to support Investment Zone clusters e.g. charities providing finance of skills training to start ups.
		Investment to support the diffusion of innovation knowledge and activities, and support the commercialisation of start ups
		Programmes to support co-location of emerging organisations with established companies
		Providing top up funding to support local existing knowledge transfer partnership funding to expand into specific sectoral interests
		Seed funding to support the creation of angel investor funds
Planning	Areas should look to best practice and innovative approaches where they would add value. These could include the establishment of area-based teams, proactive master-planning, the use of LDOs and other routes to permission. We envisage each area using their core Investment Zone funding to support this planning offer.	Funding to recruit required technical skills to develop masterplans and associated documents to facilitate development of sites.
		Seed funding for the development corporation/delivery model.

C. Government Support		
Investment Zones will be locally led and supported by wider Government support mechanisms where local areas feel applicable.		
HMRC: Tax Support and guidance	HMRC Support – Detailed guidance and support from HMRC to businesses in an Investment Zone	HMRC will provide detailed guidance on the tax offer and engage with Investment Zones to ensure the tax offer and the other available reliefs are understood
Office for Investment and Department for Business and Trade: Trade and Investment Support	Deliver promotion activity to showcase the opportunities within Investment Zones via DBT's global network of client-facing teams at Post to international investors. Support foreign companies considering moving into an Investment Zone. Access to the full range of DBT's investment and export support services.	Identifying relevant inward investors to target for investment zones
		Incorporating investment zones into pitches and investment material for international investor audiences.
		Supporting international investors considering investment zones - through e.g., site visits, visa support, introductions to service providers
		Supporting exporters through access to the Export Support Service, Export Academy, and International Trade Advisors.
Department for Business and Trade: Facilitating Access to Finance	Support to link firms to existing Trade opportunities and ensure firms are investment ready. This will include advice	Signalling to existing seed funding to support the creation of angel investor funds
		Export Grants to support businesses to grow their overseas trading, supporting local employment

	and support from central government sector specialists, e.g., Office for Life Sciences.	Development of single point of access to support where needed at OGDs, including best practice advice.
		Bespoke-investor focused events where opportunities are showcased, and which encourage co-investment partnerships
Department for Levelling Up Housing and Communities: Planning	DLUHC planners will be on hand to support the Zones: we will directly engage with Zones to discuss and strengthen their emerging planning offers, facilitate best practice across the Zones, and ensure the Zones can benefit from the broader capacity and resource planning offer we are developing.	DLUHC can bring together Investment Zones facing similar challenges regarding planning and development and show best practice examples and offer technical support.
		Foster connections between businesses and local planning authorities to troubleshoot planning barriers, identify where opportunities for development might be, and allow for strategic decision making across an Investment Zone.
Department for Work and Pensions: Supporting Employment	Support the employment objectives of Investment Zones locally facilitating local employment within Investment Zones in sector related roles.	DWP policies and our Jobcentre Plus offer can support businesses with recruitment, retention, and progression of their workforces.
		Offer to Investment Zones to work with their local Youth Hub partners (where a Youth Hub is available) to maximise employment opportunities available to young people.
		Locally led Sector-based Work Academy Programmes supporting Investment Zones by helping to prepare those receiving unemployment benefits to apply for jobs

		and a guaranteed interview. Investment Zones should think about SWAPS in terms of supporting supply chains and maximising the local employment opportunities, where this is appropriate and in line with Investment Zone plans.
Department for Education: supporting Skills	SME employers' investment in skills supported in some areas/sectors through SME Apprenticeship Brokerage, SME T Level Brokerage and Flexi Job Agencies	Brokers available to work in collaboration with the Investment Zone by becoming the areas key point of contact for unengaged SMEs.
		Brokers available to work in collaboration with the Investment Zone by becoming the areas key point of contact for unengaged SMES who can offer and Industry Placement for a T Level student. Investment Zones to offer a warm handover to appropriate broker to contact SME and handhold them through skills offer
		Agencies available to work in collaboration with Investment Zones as necessary to address niche sectors and employer need in those areas.
Department for Science, Innovation and Technology: Supporting Innovation and Digital Infrastructure	Facilitate the growth of businesses and support innovation and commercialisation by improved knowledge sharing and collaboration.	Will be available to support places on how to join up digital infrastructure work, for example through the Wireless Infrastructure Strategy, to provide complimentary digital infrastructure improvements.
		Advice from UK Research and Innovation and Innovate UK to support R&D and Innovation activity, at the discretion of the appropriate body.

Department for Culture, Media & Sport: Supporting Creative clusters	DCMS support for discussions with areas considering a Creative Industries cluster.	Supporting places to develop plans and considering bespoke advice and support that could be provided.
Department for Transport: Supporting infrastructure proposals and sectors linked to transport	Advice and support on areas aligned with Department for Transports policy considerations.	Support and advise for places on the planning, delivery and impact of any proposed transport infrastructure
		Support and advice relating to transport technology and green industries as requested by Investment Zone's related to these areas.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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