

Enterprise Zones introduced across England

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Amongst the generous handouts to big business outlined in last month's Conservative-Liberal Democrat government's 2011-12 budget were proposals for the introduction of 21 new Enterprise Zones across England.

The government has confirmed that it will work with the regional administrations in Scotland, Wales and Northern Ireland to introduce further Enterprise Zones.

The zones, expected to be concentrated in small areas of 50 to 150 hectares, will provide start-up businesses, or those relocating before 2015, with access to a 100 percent discount on business rates, a deregulated planning application process, capital allowances, as well as super-fast broadband Internet connectivity.

A number of locations have already been confirmed, including Boots Campus in Nottingham, Liverpool Waters in Merseyside, the Royal Docks in London, and Manchester Airport. In addition, Birmingham and Solihull, Sheffield, Leeds, the Bristol area, the Black Country, Derby and Teesside and the North East, have been granted permission to establish zones. The remainder will be announced this summer following a competitive bidding process.

The coalition anticipates that Enterprise Zones, along with other concessions, such as its plans to slash corporation tax by 5 percent, or £4.2 billion, by 2014-15, will attract significant global investment and generate hubs for high-tech, high-knowledge industries. In his budget speech, Chancellor George Osborne said, "Britain should be the best place in Europe to start, finance and grow a business".

The zones are to be managed by Local Enterprise Partnerships (LEPs), which were set up by the coalition government last June to replace Regional Development Agencies (RDAs), only brought in by the Labour government in 1999. Ostensibly joint local authority-private sector bodies, government guidelines stipulate that the LEP's chairperson "should normally be from

the private sector" and the board be composed of at least 50 percent business representatives.

Cynically packaged to the electorate as a means of allowing local communities greater "choice and ownership" over "local facilities and services", LEPs will function in much the same way as RDAs. Charged with "determining local economic priorities", LEPs will provide a mechanism through which local corporate and financial concerns can tailor locally administered public expenditure and assets to their interests.

By replacing RDAs, the Conservative-Liberal Democrat government seeks to intensify this process. The remit of LEPs will be geographically smaller, will oversee fewer local authorities and will be more numerous. Thirty-two LEPs have already been confirmed across England to replace the nine current RDAs, including the London Development Agency, which are scheduled to close in March 2012.

Launching LEPs last June, Liberal Democrat Vince Cable, the business secretary, said, "We are determined to rebalance the economy towards the private sector, so it's important we create a more effective structure to drive economic growth and development across the country...local enterprise partnerships will provide that vision".

The national network of LEPs will be answerable to the British Chamber of Commerce, which will be funded annually to the tune of £300,000 to lobby Westminster on their behalf. Communities and Local Government Secretary Eric Pickles said, "The new network will help ensure that businesses are the heart and soul of local enterprise partnerships".

The government has already cleared the way for an LEP-orchestrated looting of the public sector through its Decentralisation and Localism Bill, published last December. The provisions of the bill enable corporations and social enterprises to bid to deliver

local services and take over local assets. Ring fencing, restricting what local authorities can spend their budgets on, has been lifted, while performance related inspection and regulations have been heavily curtailed. Financially, the bill frees authorities to “do anything which is not specifically prohibited by law”, including the setting up of banks and insurance companies, developing property and owning assets.

The government intends to fully transform local authorities into publicly funded bodies charged with promoting private profit interests. Labour councillor and cabinet member for regeneration at the London Borough of Hackney, Guy Nicholson, who has welcomed the plans, aptly remarked, “The local authority in this case would be one of the key leaders and coordinators of delivering the enterprise zone...”.

With the introduction of Enterprise Zones local authorities will be given a direct financial incentive to steer the local economy in favour of the private sector. All business rate revenues from an Enterprise Zone will be shared among the surrounding councils for the “economic development” of the wider area. Under the stewardship of the corporate-dominated LEPs, the lion’s share will undoubtedly be recycled into further concessions for big business.

To encourage the wholesale dismantling of the public sector, Enterprise Zones are being targeted at some of the most impoverished regions—inner London boroughs and de-industrialised areas of the north of England—where the state accounts for a larger proportion of employment and economic activity.

The government is already carrying out 28 percent cuts to local government funding, to be completed within the next two years. Councils across the official political spectrum are dutifully passing these cuts on to the local population through the privatisation and axing of vital services, mass layoffs and the restructuring of wages and conditions.

This vicious programme of social attacks, combined with corporate handouts, is being imposed in the name of creating tens of thousands of jobs and regenerating long neglected areas. This is a lie. The costs of the previous incarnation of Enterprise Zones, brought in by the Conservative government of Margaret Thatcher in the 1980s, were borne entirely by working people while the spoils accrued solely to the corporate and financial elite.

Between 1981 and 1996, 38 Enterprise Zones were introduced across the UK. Most notably, the granting of Enterprise Zone status to the Isle of Dogs located in the London Docklands, in 1982, enabled the area to be transformed into the foremost world centre for financial swindling. Canary Wharf is now home to some of the world’s largest banking and financial services companies including HSBC, Citigroup and Barclays.

The Work Foundation, a think tank close to the Labour Party, estimates that 86 percent of the jobs created by Enterprise Zones were displaced from other areas of the UK, while 25 percent were displaced from the same town.

A recent study into the success of Enterprise Zones, carried out by the Centre for Cities think tank, found that in the period 1981-93 Enterprise Zones cost the public between £0.968 billion and £1.5 billion (1994-95 prices), through capital allowances, forgone business rates and land acquisition. It calculates that the public sector cost for each job created was £26,000 in today’s prices.

The study concluded, “Overall, many of the benefits of Enterprise Zones were realised by the landowners...rents on properties in Enterprise Zones tended to be around 10 percent higher than their local equivalent, during the period of designation. Capital allowances and business rate allowances...went to many landowners and developers for constructing commercial property”.

Hoping for more of the same, Conservative Prime Minister David Cameron has put Lord Heseltine, who oversaw the establishment of Enterprise Zones under Thatcher, in charge of rolling out the 21 new zones.



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