



BUSINESS BOARD	AGENDA ITEM No: 3.5
23 MARCH 2020	PUBLIC REPORT

ENTERPRISE ZONE FUNDING UTILISATION

1.0 PURPOSE

1.1 The purpose of this report is to:

- provide the Business Board with an updated position regarding CPCA Enterprise Zone business rates income based on the latest NNDR figures received from each Collecting Authority.
- set-out the revised financial commitments and allocations made against CPCA Enterprise Zone NNDR income.
- invite the Business Board to recommend the Combined Authority approve revising the level of financial commitment made against CPCA Enterprise Zone NNDR income and reallocate a proportion to Local Growth Funds (LGF).

<u>DECISION REQUIRED</u>	
Lead Member:	Cllr John Holdich, Lead Member for Economic Growth
Lead Officer:	John T Hill, Chief Officer, Business Board
Forward Plan Ref: Decision	Key Decision: No
<p>The Business Board is invited to:</p> <ul style="list-style-type: none">(a) note the updated financial position regarding CPCA share of Enterprise Zone NNDR income (set out for the period 2019/20-2022/23).(b) note the financial commitments allocated against the CPCA share of Enterprise Zone NNDR income.(c) recommend the Combined Authority approve the reallocation of £306,313 (representing 75% of all eligible costs) from Enterprise Zone NNDR income to Local Growth Fund.	

2.0 BACKGROUND

- 2.1. Cambridgeshire & Peterborough comprises of 2 Enterprise Zones “Alconbury Weald” (Collecting Authority – Huntingdonshire District Council - EZ status ends March 2038) and “Cambridge Compass” (Collecting Authorities - South Cambridgeshire District Council, East Cambridgeshire District Council, and St Edmundsbury Borough Council – EZ status ends March 2042).
- 2.2. Government policy states that National Non-Domestic Rates (NNDR) generated from Enterprise Zone development be retained locally to support delivery of economic priorities (*DCLG Enterprise Zone Prospectus, 2011*).
- 2.3. CPCA Enterprise Zone NNDR income figures are based on expected and forecasted income levels based on business rates collected from actual and planned developments. To ensure accuracy of figures, these are mitigated against over optimism.
- 2.4. Each collecting authority is required to keep proper and up to date accounts and records giving correct and adequate details of all transactions related to the Enterprise Zone NNDR funds and shall permit the duly appointed CPCA representatives to inspect with reasonable notice all such accounts and records. The underlying principles which under pin the allocation of retained business rates is to accelerate economic growth and to invest in projects to deliver jobs and growth across the LEP area.
- 2.5. The Business Board retains strategic oversight for the delivery of the Enterprise Zone Programme and will report to the Combined Authority Board as accountable body.

3.0 CPCA ENTERPRISE ZONE NNDR INCOME

- 3.1. The table in **Appendix 1** sets out the previously reported position (as of 1st November 2019) regarding CPCA Enterprise Zone NNDR income levels for the period 2019-2023. The table includes all financial commitments and agreed annual costs against the CPCA Enterprise Zone NNDR income in support of service costs (as approved by the Combined Authority Board on 27th November 2019).
- 3.2. The CPCA have since received latest NNDR figures from Collecting Authorities and the Enterprise Zone NNDR income levels are amended accordingly. This has resulted in a reduction of forecast CPCA income.
- 3.3. In order to mitigate the effect of this on the revenue funding available for the Business Board to support its agenda, Officers have been analysing possible alternative funding routes for costs currently funded by Enterprise Zone receipts.

- 3.4. The Business Board Member's remuneration costs are currently 100% funded by enterprise zone receipts; however, as the largest instrument available for the Business Board to drive local economic development is the Local Growth Fund, and it is the topic upon which the Business Board Members spend most of their time it is reasonable that a proportion of Business Board Member remuneration costs are met through the LGF administration topslice.
- 3.5. The approach has been discussed with colleagues from the Department for Business, Energy and Industrial Strategy and they have indicated that this would be an allowable use of the funds. Based on this the Board is asked to recommend to the Combined Authority the reallocation of 75% of Member remuneration and expenses to the Local Growth Fund administration budget. This would result in a saving of £208,332 to Enterprise Zone funds and a corresponding charge against the Local Growth Fund topslice.
- 3.6. The table in **Appendix 2** sets out the updated position (as of *1st March 2020 – with revised service cost allocations*) regarding CPCA Enterprise Zone NNDR income levels for the period 2019-2023.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There is sufficient capacity within the Local Growth Fund topslice reserve to cover the charges proposed without affecting the delivery and monitoring of the Local Growth Fund.

5.0 LEGAL IMPLICATIONS

- 5.1 The CPCA share of Enterprise Zone NNDR income is based on an agreed Memorandum of Understanding held with each managing Collecting Authority.

6.0 IMPLICATIONS FOR NATURE

- 6.1 No implications.

7.0 OTHER SIGNIFICANT IMPLICATIONS

- 7.1. None.

8.0 APPENDICES

- 9.1 Appendix 1 – CPCA Enterprise Zones NNDR Income 2019-2023 (November 2019).
- 9.2 Appendix 2 – Latest Position: CPCA Enterprise Zones NNDR Income 2019-2023 (March 2020) *with revised service cost allocations*.

<u>Background Papers</u>		<u>Location</u>
None		f