



## **APPENDIX 1**

### **ALCONBURY WEALD ENTERPRISE ZONE**

#### **MEMORANDUM OF UNDERSTANDING BETWEEN THE GREATER CAMBRIDGESHIRE & PETERBOROUGH COMBINED AUTHORITY AND HUNTINGDONSHIRE DISTRICT COUNCIL**

##### **1. Background**

- 1.1. This Memorandum of Understanding sets out the principles, objectives and priorities that should underpin the development and delivery of the Alconbury Weald Enterprise Zone, as agreed with the Cambridgeshire & Peterborough Combined Authority (CPCA) and Huntingdonshire District Council (HDC).
- 1.2. On 17 August 2011, the Government awarded the Local Enterprise Partnership (GCGP LEP) an Enterprise Zone, set within a wider area of 150 hectares of land comprising Alconbury Weald.
- 1.3. The Enterprise Zone designation is for 25 years from the commencement date of 1<sup>st</sup> April 2012. *Appendix 1* details the 3 zones of the Enterprise Zone boundary map as agreed with Government.
- 1.4. The Cambridgeshire & Peterborough Combined Authority (CPCA) are Accountable Body for the Enterprise Zone, and therefore has a responsibility for its long-term success. The Business Board are responsible for overall delivery of the Enterprise Zone.
- 1.5. Huntingdonshire District Council (HDC) are the Collecting Authority and responsible for the collection of business rates on the Enterprise Zone.
- 1.6. Urban & Civic Limited (U&C) are landowners of Alconbury Weald and will lead the development and marketing of the site. U&C will bring forward development across the Alconbury Weald site which compliments and enhances the viability of the Enterprise Zone.
- 1.7. A signed MOU exists between GCGP LEP and U&C, dated 4<sup>th</sup> April 2012, and is included under *Appendix 2* and includes arrangements for a multi-agency Enterprise Zone Programme Board.
- 1.8. CPCA, HDC and U&C will work together on communications, marketing and delivery of the Alconbury Enterprise Zone as well as reviewing and handling expressions of interest in accordance with key principles.

## **2. Alconbury Weald Enterprise Zone**

- 2.1. Under this Memorandum of Understanding, both CPCA and HDC jointly commit to the following key principles in development and delivery of the three Enterprise Zone areas on Alconbury Weald:
- 2.1.1. In developing the Enterprise Zone all effort should be made to ensure that it avoids local displacement whilst recognising the current constraints facing businesses within the area.
  - 2.1.2. Companies locating within the Enterprise Zone should bring genuinely additional business growth and the marketing of the Enterprise Zone should be targeted in that way.
  - 2.1.3. The Enterprise Zone should support CPCA and HDC wider economic priorities and relevant target sectors for the site, as identified and set out in the Investment and Delivery Plan and which will be jointly agreed.
  - 2.1.4. The Enterprise Zone should contain no significant retail, nor “non B Class” uses, unless a specific business case is made through and agreed by all partners at the Alconbury Weald EZ Programme Board.

### ***In this context:***

- 2.1.5. Local displacement is defined as a scenario whereby a business that is currently located within the local authority district or local area relocates to premises within the Enterprise Zone with no significant added value measured by increase in jobs and annual turnover (i.e. solely to benefit from the business rate discounts).
  - 2.1.6. If a local business intends to expand its operations, measurable by identified increase in jobs and annual turnover, by taking up premises within the Enterprise Zone, this is not defined as local displacement.
  - 2.1.7. Where a business already located within the local authority area or the local area that expresses a wish to relocate to the Enterprise Zone, the constraints on the effective business operation at the existing site will be a material factor for all parties to consider in the context of displacement, but another suitable sites across the HDC district area must also be considered as viable relocation options.
  - 2.1.8. Where a business already located within the local authority area or the local area that expresses a wish to relocate to the Enterprise Zone is actively looking at a deliverable relocation outside of the CPCA area the potential job losses resulting from such a move will be a material factor for all parties to consider in the context of displacement.
- 2.2. These principles are consistent with the Government's approach to Enterprise Zones, as set out its Enterprise Zone Prospectus (DCLG March 2011), with the LEP's bid to Government for Alconbury to be an Enterprise Zone and with the Alconbury Enterprise Zone Implementation Plan (November 2011).

### **3. Terms & Conditions**

- 3.1. In 2012, the Secretary of State offered the LEP and HDC the right to set up and operate the Enterprise Zone, and this Memorandum of Understanding sets out the governance as agreed between both organisations, and arrangements for the distribution of NNDR shares of retained business rates.
- 3.2. HDC will locally collect 100% of any business rate increase (above the baseline position at 31st December 2011) which accrues for a period of 25 years from the commencement date of 1st April 2012), subject to agreed redistribution shares between the CPCA and HDC.
- 3.3. Both parties confirm, having undertaken due investigation, that:
  - 3.3.1. they have obtained or shall use all reasonable endeavours to promptly obtain necessary approvals, authorisations, consents, exemptions, licences, permits, permissions (including planning permission) or registrations necessary to deliver the Enterprise Zone;
  - 3.3.2. they have or will secure the expertise and capacity to set up and operate the Enterprise Zone in accordance with the Application;
  - 3.3.3. they will undertake all the steps to set up and operate the Enterprise Zone and confirm that each of these shall be achieved compliantly (including but not limited to achieving compliance with applicable procurement, state aid, planning law and all rules relating to the collection and distribution of business rates, discount, and use of business rates for investment).

### **4. Investment and Delivery Plan**

- 4.1. Guidance for Enterprise Zones sets out that 'local arrangements' are needed to permit HDC (as Local Authority) to engage with the LEP to establish agreed investment priorities, mechanisms for delivery against these priorities, and such resources as may be required to monitor, and programme manage Alconbury EZ.
- 4.2. CPCA, HDC and U&C will produce and update the Investment and Delivery Plan (the template for this document is included under *Appendix 3*), to agree list of investment priorities within the Enterprise Zone over the next 3 years (for the period ending 31st March 2022). The funds for such investment priorities will primarily focus on usage of the 'EZ and Infrastructure Fund' established under 6.1.3 of this MOU.
- 4.3. CPCA, HDC and U&C shall, no later than six (6) months prior to each three (3) year anniversary of the commencement date, agree an Investment & Delivery Plan collaboratively with the Alconbury Weald Enterprise Zone Programme Board.
- 4.4. The CPCA and HDC will consider investments to support growth on the Enterprise Zone as identified in the Investment and Delivery Plan subject to a full Business Case, however, the final decision on an individual organisation's investment in a scheme will ultimately be wholly within their own decision-making process taken by the respective organisations.

## 5. Business Rates Collection

- 5.1. As the Collecting Authority, HDC is required to keep proper and up to date accounts and records giving correct and adequate details of all transactions related to Enterprise Zone business rates and shall permit the duly appointed representatives of the other parties at all reasonable times and on reasonable notice to inspect all such accounts and records.
- 5.2. At each financial year end the National Non-Domestic Rates (NNDR) team of the Collecting Authority will confirm with CPCA the amount of business rates attributed and collected in the Area in accordance with the applicable legislation. (Actual NNDR EZ qualifying relief & the actual net rates paid for the relevant fiscal year).
- 5.3. After the collecting authority's financial audit of the business rates, HDC will confirm and administer agreed shares of retained income as set out in Section 6. HDC shall use its reasonable endeavours to complete its audit and effect payment of retained income to CPCA no later than 31st December of each year, following the preceding financial year end.
- 5.4. The underlying principles which will underpin the allocation and distribution of retained business rates income are as follows:
  - 5.4.1 to ensure that the finances of the Collecting Authority is not disadvantaged by the development within the area;
  - 5.4.2 to earmark funds to accelerate the growth of the EZ and local area;
  - 5.4.3 to earmark funds to deliver jobs and growth across the CPCA area (including within the electoral areas of the Collecting Authority).
- 5.5. HDC agree to annually update the Financial Profile to set out actual and projected business rates income for the Enterprise Zone (*Appendix 4*).

## 6. Business Rates Distribution and Funds

- 6.1 To best utilise the retained business rates from Enterprise Zone growth, as the local collecting authority, HDC will introduce a suitable mechanism to facilitate the distribution of cleared monies from business rate receipts against the following funds (annually up to 31st March 2038):
  - 6.1.1 **HDC Fund** – this is based on **40 percent** annually to HDC from the Alconbury Weald Enterprise Zone retained business rates to support delivery of the Councils priorities in support of economic success, place shaping and overall wellbeing functions across Huntingdonshire.
  - 6.1.2 **County Fund** – this is based on **20 percent** annually (apportioned 2% to Cambridgeshire Fire & Rescue Service and 18% to Cambridgeshire County Council) from the Alconbury Weald Enterprise Zone retained business rates to support delivery of local services, including towards meeting the community and infrastructure demands of the Alconbury Weald development.

6.1.3 **EZ and Infrastructure Fund** – this is based on **20 percent** annually from the Alconbury Weald Enterprise Zone retained business rates to accelerate delivery of the Alconbury Weald Enterprise Zone, in the form of contributions to buildings and supporting infrastructure to the site. This to be agreed jointly within the governance process between HDC and CPCA as defined under Section 9 below and set-out within the Alconbury Weald Enterprise Zone Terms of Reference.

6.1.4 **CPCA Fund** – this is based on **20 percent** annually to the CPCA from the Alconbury Weald Enterprise Zone retained business rates to support delivery of economic priorities across Cambridgeshire & Peterborough.

## 7. Project Pipeline

7.1. The CPCA, HDC and Urban & Civic are tasked with developing project proposals in line with the principles of the Investment & Delivery Plan.

7.2. Potential projects will need to relate to the delivery, acceleration and wider benefit to the Alconbury Weald EZ and meet the following criteria:

7.2.1. Projects put forward for consideration need to be of an economic development nature, including measures to support property development, infrastructure and utilities provision, business, employment and skills development but not housing or community development;

7.2.2. Projects must lead to measurable creation of new jobs, business and/or commercial property in the Enterprise Zone. This will drive physical development and generation of rateable income from the site;

7.2.3. Projects must be deliverable and realistic in terms of funding requested. EZ Funds cannot fund major infrastructure developments on its own but could contribute towards them pro-rata;

7.2.4. Projects will need to show clear causal relationship in terms of benefit to the Enterprise Zone or local area. Benefits need to be proven rather than assumed or deduced. Projects may need to be ranked accordingly in terms of awarding funding to accelerate development of the Alconbury Weald Enterprise Zone; and

7.2.6. Funding must not breach the state aid rules; and the recipient will be required to warrant that the funding will not breach the state aid rules.

## 8. Administration Costs

8.1. Enterprise Zone retained business rates can be used to cover direct costs in terms of identified and agreed interventions which add value to the Enterprise Zones as a first principle.

8.2. All legitimate and agreed costs incurred in managing, operating and promoting the Alconbury Weald Enterprise Zones can be covered from each parties' respective share of retained business rates. This includes all project management, additional marketing or inward investment requirements, consultancy advice and operational support to ensure smooth implementation of the Alconbury Weald Enterprise Zone.

## **9. Enterprise Zone Fund Governance**

- 9.1. The **Alconbury Weald Enterprise Zone Programme Board** will report to and be accountable to the LEP Business Board.
- 9.2 The Programme Board will be made up of an elected member of both HDC and CPCA and an appropriate senior Officer of each. The Chair should be elected by Board member and alternate on a 3-year cycle between the parties. The group may include, by invitation, representatives from local Government (BEIS), Cambridgeshire County Council and Urban & Civic (as land owner).
- 9.5. Where possible, day to day decisions over contentious business enquiries will be taken by the Alconbury Weald EZ Programme Board, and where agreement cannot be reached on a case, this would then be escalated up to the Business Board and ultimately the Combined Authority Board for further review.
- 9.6 Decisions on the use of the 'EZ and Infrastructure Fund' monies as set out at 6.1.3 of this agreement will be decided solely by the CPCA and HDC and can only be approved by joint agreement.
- 9.7. Details of the Alconbury Weald EZ Programme Board and associated governance is set out within the Enterprise Zone Programme Terms of Reference (*Appendix 5*).

## **10. Marketing and Branding**

- 10.1. The developer will take the lead on the marketing and branding of Alconbury Weald Enterprise Campus as a whole, the CPCA and HDC will ensure that co-ordination and complementary input into this and be consulted through the Alconbury EZ Programme Board. The CPCA and HDC will work proactively with Urban & Civic to develop an agreed marketing plan for the site; this will be issued within 6 months of entering into this agreement.
- 10.2. Requirements for site marketing: Alconbury Weald Enterprise Campus brand should be used for marketing and promotional activity. In addition, use of both DCLG and Enterprise Zone logos will be required within marketing communications and signage.

## **11. Planning**

- 11.1. To facilitate accelerated growth on the Enterprise Zone, the District Council is committed to making swift planning decisions. Where planning decisions are required, the District Council shall coordinate with other stakeholders (CPCA) to provide clear and concise pre-application advice to guide the applicant to prepare high quality schemes that thereby stand best chance to gain planning permission (recognising that such activities cannot fetter the Councils statutory role and regulatory processes as Local Planning Authority)

## **12. Monitoring**

- 12.1. The CPCA and HDC will work proactively with Urban & Civic to ensure the developer provides output monitoring information and to complete the return at quarterly intervals (*Appendix 6*).

- 12.2. At the beginning of each financial year the Local Authority is to report to the Enterprise Zone Programme Board the level of Business Rates received on the Alconbury Weald Enterprise Zone from the previous financial year.

### **13. Overall Commitment**

- 13.1. Both parties share a commitment to be proactive to develop the productivity of firms, raise skill levels, make home ownership affordable, address health and educational inequalities, and generate revenue to pay for public services in the future. Partnership is essential to delivery and the public sector needs to work more closely to leverage all its resources.
- 13.2. Both parties are committed to coordinate resources and build a consensus that gives communities, businesses and central government the confidence that when they make decisions to live, grow and invest in our sub-region knowing there's not a better area in the country to do it.

### **14. Term**

- 14.1. The term of Enterprise Zone status runs to **31<sup>st</sup> March 2038**. To allow all parties to review their interests, in the first instance this Memorandum of Understanding extends to 31st March 2024 (covering a 5-year period).

### **15. Escalation**

- 15.1. If any party has any issues, concerns or complaints regarding this Agreement or the operation of the Enterprise Zone, that party shall notify the other parties and the parties shall then seek to resolve the issue by a process of consultation.
- 15.2. Unless otherwise agreed by the parties or ordered by an appointed arbitrator, all reasonable costs of mediation and/or arbitration incurred by the parties can be met from Enterprise Zone retained business rates.

### **16. Confidentiality and Freedom of Information**

- 16.1. Each party undertakes that it shall not at any time during the term, and for a period of five years thereafter, disclose to any person any confidential information of any other party concerning the terms or operation of this Agreement.
- 16.2. Each party may disclose such confidential information of another party:
- 16.2.1. to its employees, officers, representatives or advisers who need to know such information for the purposes of exercising the party's rights or carrying out its obligations under or in connection with this Agreement; and
- 16.2.2. as may be required by law, a court of competent jurisdiction or any governmental or regulatory authority.
- 16.3. No party shall use any other party's confidential information for any

purpose other than to exercise its rights and perform its obligations under or in connection with this Agreement.

- 16.4. Each party acknowledges that the other parties are subject to the requirements of FOIA and the Environmental Information Regulations and shall assist and co-operate with the other parties to enable the other parties to comply with those requirements.

## **17. Termination**

- 17.1. This Agreement shall terminate by Multilateral Termination:

17.1.1. by the agreement of the CPCA, HDC and Secretary of State;

17.1.2. if there is a change in law, regulations, policy or binding guidelines which makes the continuation of this Agreement unlawful or the arrangements under this Agreement unnecessary;

17.1.3. if CPCA ceases to exist; or on the 25<sup>th</sup> anniversary of the Enterprise Zone commencement date of 1<sup>st</sup> April 2012.

## **18. Change Control**

- 18.1. If any party wishes to change the scope and/or terms of this Agreement, it shall prepare and circulate to all other parties a written notice setting out the proposed changes, the reasons for requesting those changes and the likely impact of those changes on the operation, performance and wording of this Agreement.

## **19. General**

19.1. No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

19.2. A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the party to whom the waiver is addressed and the circumstances for which it is given.

19.3. Nothing in this Agreement is intended to, or shall operate to, create a partnership between the parties, or to authorise either party to act as agent for the other, and none of the parties shall have authority to act in the name or on behalf of or otherwise to bind the others in any way (including the making of any representation or warranty, the assumption of any obligation or liability and the exercise of any right or power) and none of the parties shall incur any expenditure in the name of or for the account of the others.



## **Appendices**

Appendix 1: Enterprise Zone Boundary Map

Appendix 2: MOU agreement between GC&P and U&C

Appendix 3: Investment and Delivery Plan (Template)

Appendix 4: Financial Profile (as of 31st December 2018)

Appendix 5: Alconbury Enterprise Zone – Terms of Reference

Appendix 6: Alconbury Enterprise Zone – Quarterly Monitoring Return (Template)

## Acceptance

Signed for and on behalf of **Cambridgeshire & Peterborough Combined Authority:**

Kim Sawyer, Chief Executive

Date: \_\_\_\_\_

Signed for and on behalf of **Huntingdonshire District Council:**

Jo Lancaster, Chief Executive

Date: \_\_\_\_\_