



THE BUSINESS BOARD

BUSINESS BOARD	AGENDA ITEM No: 3.2
22 JULY 2019	PUBLIC REPORT

ALCONBURY ENTERPRISE ZONE MEMORANDUM OF UNDERSTANDING & ENTERPRISE ZONE GOVERNANCE

1.0 PURPOSE

- 1.1. This report requests approval from the Business Board for (a) the agreed Memorandum of Understanding between CPCA and Huntingdonshire District Council around governance and distribution of NNDR monies on Alconbury Enterprise Zone; (b) the proposed Terms of Reference for the Enterprise Zone Governance.

<u>DECISION REQUIRED</u>	
Lead Member:	Councillor John Holdich – Portfolio Holder for Skills and Chairman of Skills Committee
Lead Officer:	John T Hill, Director of Business and Skills
Forward Plan Ref: 2019/034	Key Decision: Yes
It is recommended that the Business Board: (a) Approve the Alconbury Enterprise Zone Memorandum of Understanding between CPCA and Huntingdonshire District Council; (b) Approval to adopt the proposed Enterprise Zone Programme Terms of Reference and associated governance.	Voting arrangements Simple majority of all members

2.0 BACKGROUND

- 2.1 In 2012, the Secretary of State offered the LEP and HDC the right to set up and operate the Alconbury Enterprise Zone.
- 2.2 HDC will 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 of NNDR shares as set out within the Memorandum of Understanding for Alconbury Enterprise zone.
- 2.3 The Alconbury Enterprise Zone Memorandum of Understanding sets out the governance between CPCA and HDC, and the arrangements for the redistribution of retained business rates.
- 2.4 **Appendix 1** provides a copy of the final Memorandum of Understanding as agreed with HDC.
- 2.5 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:
 - 2.5.1 **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.
 - 2.5.2 **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.
 - 2.5.3 **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.
 - 2.5.4 **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.

- 2.6 **Appendix 2** provides a copy of the draft Terms of Reference for the creation of an Alconbury Weald Enterprise Zone Programme Board and continuation of Cambridge Compass Enterprise Zones Project Boards.
- 2.7 The Alconbury Weald Enterprise Zone Programme Board and Cambridge Compass Enterprise Zone Project Boards will report to the Business Board and will support delivery of Enterprise Zones at officer level for each site.
- 2.7 The Terms of Reference outlines the roles, responsibilities, and fit into the current governance structure of the CPCA.
- 2.8 If the Board agrees the proposed Memorandum of Understanding and associated Terms of Reference, the next steps will be to conclude arrangements with HDC and for the Business & Skills team to identify key stakeholders who may wish to become members of the Alconbury Weald Enterprise Zone Programme Board.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The amount of NNDR income is determined by maximising site development and growing the business rates yield. The percentage shares are fixed at the agreed levels and no further financial implications to approving the Memorandum of Understanding for Alconbury Enterprise Zone.
- 3.2 As the Alconbury Weald Enterprise Zone Programme Board has an advisory role, rather than decision making, there are no financial implications to approving the Terms of Reference.
- 3.3 While the level of NNDR income is dependent on the development of the site, and on businesses locating to the site, it is forecast that this MOU would result in a significant income stream to the CPCA – c. £200k p.a. at current levels, and potentially rising to more than £1.5m p.a. by 2024.
- 3.4 The NNDR financial profile for the site will be updated by the Alconbury Weald Enterprise Zone Programme Board to ensure projections are realistic and in line with development delivery.
- 3.5 This CPCA fund is not currently allocated, and its use would be subject to Business Board recommendation as the receipts of the Enterprise Zone are payable to the LEP, however the CPCA has a funding agreement with DfT which commits the CPCA (as the LEP) to contribute up to 30% of their enterprise zone receipts to the A14 upgrade. These contributions are due to start this year and, if called on, will reduce the value of enterprise zone receipts which the Business Board will have to allocate.

4.0 LEGAL IMPLICATIONS

- 4.1 The Memorandum of Understanding at **Appendix 1** is not a legal contract.
- 4.2 There are no direct legal implications associated with creation of the Alconbury Weald Enterprise Zone Programme Board, however it is important to ensure that all data is collected, stored and processed / analysed in strict accordance with GDPR and partner confidentiality procedures.

5. SIGNIFICANT IMPLICATIONS

- 5.1. There are no significant implications.

6.0 APPENDICES

- 6.1 **Appendix 1:** Memorandum of Understanding for Alconbury Weald Enterprise Zone (between CPCA and Huntingdonshire District Council).
- 6.2 **Appendix 2:** Enterprise Zones Programme Terms of Reference (and associated governance).

<u>Source Documents</u>	<u>Location</u>
None	