



BUSINESS BOARD	AGENDA ITEM No: 4.2
25 NOVEMBER 2019	PUBLIC REPORT

ENTERPRISE ZONES UPDATE

1.0 PURPOSE

- 1.1 To provide an overview on the progress being made on each of the Enterprise Zone sites and to set out the associated National Non-Domestic Rates (NNDR) income profiles for the Combined Authority.
- 1.2 To provide an overview of the existing financial commitments and allocations from the Combined Authority share of Enterprise Zone NNDR income in supporting core Local Enterprise Partnership (LEP) services.

<u>DECISION REQUIRED</u>	
Lead Member:	Austen Adams, Interim Chair of the Business Board
Lead Officer:	John T Hill, Chief Officer, Business Board
Forward Plan Ref: Key Decision 2019/070	Key Decision: Yes
<p>The Business Board is recommended to:</p> <ol style="list-style-type: none"> (a) To note the progress being made with delivery on each of the area's Enterprise Zone sites, and the associated Enterprise Zone National Non-Domestic Rates income profile for the Combined Authority as per Table 1. (b) To note the existing financial commitments and allocations from the Combined Authority share of Enterprise Zone National Non-Domestic Rates income in supporting core Local Enterprise Partnership services as set out in Table 2. 	

2.0 BACKGROUND

- 2.1. Cambridgeshire & Peterborough comprises of 2 Enterprise Zones (EZ) "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). The Government Enterprise Zones Prospectus (March 2011) states that NNDR generated from EZ development should be retained locally and used to support the Local Enterprise Partnership's (LEP's) economic priorities. In total there are 6 individual EZ designated sites.

- 2.2. Enterprise Zones are vital in the overall prosperity of the region and play a pivotal role in (a) drawing large scale businesses from Cambridge out to these parks enabling a broader spread of business growth around our core cities and (b) supporting the growth of indigenous businesses already located at the site or nearby.
- 2.3. The Department for Business, Energy and Industrial Strategy (BEIS) require all LEP's with responsibility for enterprise zones to notify them of the arrangements for the allocation of business rates which fall within their control, and each Enterprise Zone will have agreed "Implementation Plans" setting out all investment & delivery activity. Local arrangements to manage the disbursement of NNDR funds are agreed through a "Memorandum of Understanding" for each Enterprise Zone.
- 2.4. Collecting authorities are 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 Combined Authority 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 on site progress to the Combined Authority Board as accountable body on a quarterly basis.
- 2.6. As per the decision at the Business Board meeting in July 2019 Enterprise Zone delivery and management has been delegated to Alconbury Weald Enterprise Zone Programme Board and individual Cambridge Compass Enterprise Zone Project Boards for each of the 5 sites, the Terms of Reference for which are included as Appendix 1.

3.0 SITE UPDATES (POSITION AS OF QUARTER 1 2019/20)

- 3.1 **Alconbury Weald Enterprise Campus** – 150 hectares of EZ designated employment land, owner/developer: Urban & Civic, over 10,000 sqm of employment space developed, 595 new jobs to date.
- 3.2 **Cambridge Research Park, Waterbeach** – 7 hectares of EZ designated employment land, owner: Royal London/developer: XLB Property, over 17,500 sqm floorspace developed (with further 28,000 sqm in planning), 241 new jobs to date.

- 3.3 **Lancaster Way Business Park, Ely** - 40 hectares of EZ designated Employment land, owner/developer: Grovemere Property, 11,000 sqm floorspace developed, 81 new jobs to date.
- 3.4 **Northstowe, Phase 1** – 5 hectares of EZ designated employment land, owner/developer: L&Q Estates.
- 3.5 **Cambourne Business Park** – 4,600 sqm of employment space on Cam north and 5,000 sqm on Cam South, land owner/developer: U+I Group Plc.
- 3.6 **Haverhill Research Park** - 4 hectares of EZ designated employment land, land owner/developer: Jaynic, new 3,000 sqm innovation incubator centre in development and will create over 300 new jobs from c.50 new businesses.

4.0 ENTERPRISE ZONE NNDR INCOME PROFILES

- 4.1. The NNDR forecasts, in Table 1 below, are based on expected income levels around actual and planned employment floorspace development. To ensure accuracy of figures, these are adjusted for optimism bias with up to date data from EZ partners, including all land owners, developers and local authorities.
- 4.2. EZ partners are committed to maximising NNDR income generated on EZ sites by promoting site development and growing the business rates yield.
- 4.3. The significant increase in funding from Lancaster Way and Cambridge Research Park in 2021/22 reflect the CPCA's share increasing from 30% to 50% of NNDR generated by the EZs. This is subject to an MOU review at the same time.
- 4.4. The £407,984 backdated payment of receipts from the Alconbury Weald site is subject to confirmation of the amount by the collection authority.
- 4.5. Lancaster Way EZ – the £59,400 is based on 30% of the confirmed £198K Net Rates Payable figure – however there is currently a Valuations Office Agency (VOA) backlog and as further occupied properties get valued, NNDR figures will increase (and may require payment adjustments in arrears).

Table 1: Combined Authority NNDR Income Profile 2019/20 – 2022/23 (for all Enterprise Zone sites):

	2019/20	2020/21	2021/22	2022/23
CPCA INCOME SHARES				
Alconbury EZ (CPCA share)				
CPCA	£203,992	£203,992	£203,992	£611,976
CPCA (payment in arrears for 2016/17 and 2017/18 financial years) - TBC	£407,984			
Cambridge Compass EZ (CPCA shares)				
Lancaster Way	£59,400	£59,400	£99,000	£99,000
Cambridge Research Park	£225,723	£225,723	£376,206	£376,206
Cambourne			£200,000	£250,000
Northstowe				
Haverhill			£120,000	£120,000
TOTAL CPCA EZ NNDR INCOME	£897,099	£489,115	£999,198	£1,457,182

5.0 EXISTING AND PROPOSED EZ COMMITMENTS

5.1 Table 2 below sets out the call on EZ receipts, and the cumulative balance of unallocated receipts. The three items in blue are committed expenditure reflecting prior Business Board decisions and contractual obligations, the line in red is a bid on EZ receipts which has yet to be approved by the Business Board, and is the subject of agenda item 4.1 of this meeting, but is included here for clarity.

Table 2: Cumulative CPCA NNDR Income *LESS* Annual EZ Cost Contributions

TOTAL CPCA EZ NNDR INCOME	£897,099	£489,115	£999,198	£1,457,182
ANNUAL COSTS				
EZ contribution to LEP core costs	£250,000	£250,000	£250,000	£250,000
EZ contribution to Business Board Remuneration (including £17,917 backdated pay to November 2018)	£109,917	£92,000	£92,000	£92,000
EZ contribution to Business Board Expense Allowance	£7,500	£5,000	£5,000	£5,000
EZ contribution to A14 Cambridge-Huntingdon Improvement Scheme Funding Agreement (based on 30% of CPCA 20% share of Alconbury NNDR income)	£61,198	£61,198	£61,198	£183,593
EZ contribution to mobilisation of Local Industrial Strategy Delivery Plan		£230,000	£279,000	£418,000
CUMULATIVE BALANCE	£468,485	£319,402	£631,403	£1,139,992

6.0 FINANCIAL IMPLICATIONS

6.1 There are no direct financial implications.

7.0 LEGAL IMPLICATIONS

7.1 The Combined Authority share of Enterprise Zone NNDR income is based on a Memorandum of Understanding held with each managing local authority.

8.0 IMPLICATIONS FOR NATURE

8.1 No implications

9.0 OTHER SIGNIFICANT IMPLICATIONS

9.1. None.

10.0 APPENDICES

10.1 Appendix 1: Enterprise Zones Programme – Terms of Reference

<u>Source Documents</u>	<u>Location</u>
DCLG EZ Prospectus (March 2011)	https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/549603/Enterprise_zones_prospectus_archived.pdf