

4. ALCONBURY ENTERPRISE CAMPUS - BUSINESS RATES RETENTION (NB)

FOR DECISION

Summary – for decision:

1. **CLG is advised that Huntingdonshire District Council is the nominated organisation body to retain the Business Rate Discount Funding on behalf of GCGP.**
2. **The Board endorses a similar process to Growing Places Fund where the Investment Sub Group reviews any bids or proposals, making recommendations to the Board.**
3. **CLG be advised that the LEP will support the front loading of support interventions to secure the successful implementation of the EZ subject to the approval of a Business Plan. Moreover, and again subject to a Business Plan the LEP would support interventions to support the implementation of the EZ across Huntingdonshire and then over time to the wider LEP geography.**

Business Rate Retention

4. Government policy is that 100% of any growth in business rates achieved in Enterprise Zones (above the 31st December 2011 baseline) will be retained locally for a 25 year period from April 2012. Government policy also states that these retained funds should be available for the GCGP to direct towards its economic priorities. The Business Rates will continue to be collected by local authorities and therefore there needs to be a system in place for these funds to be made available so that the LEP can invest them.
5. Modelling would suggest that if Alconbury Enterprise Campus is developed to its fullest potential it could raise £150m over the 25 year period. The levels of funds are dynamic and depend upon the type of business locating on the site.
6. The Local Government Finance Bill 2011 will provide the legal framework for the new system of local business rate retention and it is hoped that it will gain royal assent in Autumn 2012. CLG will then prepare regulations which support the Bill. Huntingdonshire District Council as billing authority will continue to collect all rates due in the zone. This means that they will collect any rates arising from growth but will not be required to pay any share of them into the centre.
7. CLG have asked that the LEP provides them with assurance that it has local arrangements in place for managing these retained rates. CLG comment that these mechanisms should have been agreed by the LEP and the local billing authority, Huntingdonshire District Council before the regulations are made that support the Bill. However, CLG would like sight of these agreements before the end of July together with a map showing the boundary of the zone for retention purposes. At a recent workshop CLG have also indicated that they would also prefer to see some indication of how and where the funds will be allocated. An example includes:
8. *For the first 5 years, any retained rates from the EZ will be held by Local Authority X and reinvested in the zone. After 5 years, retained rates will be passed to Local Authority Y, which is the accountable body for the LEP for Growing Places Fund. From this point onwards Authority Y will manage the funds on behalf of the LEP and pay them out according to the LEP's instructions'*

Holding Organisation for the Retained Funds

9. There are 3 organisations that could be considered appropriate to hold the retained funds:
- Huntingdonshire District Council who are the billing authority who would release funds in accordance with LEP instructions;
 - transferred to the LEP; or
 - transferred to another accountable body or authority to hold on the LEP's behalf. An example would be that funds could be transferred to Cambridgeshire County Council to combine with the Growing Places Fund.
10. As with the Growing Places Fund, the LEP as a company limited by guarantee is not an appropriate accountable body to hold public funds.
11. Currently the Growing Places Fund is held by Cambridgeshire County Council as accountable body and there may be advantages in the longer term of pooling the GPF resources and EZ funds to support wider projects beyond the EZ itself.
12. Following initial discussions at the EZ Steering Group and the agreement of the Huntingdonshire District Council itself, it is considered appropriate, for the funds to be held by Huntingdonshire District Council who would release the funding in accordance with the LEP instructions.

Initial Priorities for Funding

13. CLG have indicated that they would welcome an indication of where and how the funds would be allocated. This can only set out principles because rate retention starts in 13/14 (following Local Government Finance Bill) so in 12/13 any growth in the EZ is **not** retained, but is paid into the central pool. From 13/14, the LEP is entitled to direct all growth (an accumulated figure from 12/13 and 13/14) in rates collected in the zone above the baseline.
14. It is critical for the success of the Enterprise Zone and the future funding stream to the LEP that interventions and investments are made early in the life of the EZ to support its implementation and growth. Many of these investments are of course being made by Urban&Civic. However, it is considered pertinent to consider front loading investment to support Huntingdonshire District Council and its partners in terms of identified and agreed interventions which add value to the Enterprise Zone as a first principle. This could include project management, additional marketing or inward investment requirements, consultancy advice and support to ensure smooth implementation of the EZ. Any requests for interventions would need to be submitted to the Board to consider and approve. An assessment process similar to the Growing Places Fund which includes the Investment Sub Groups could be used.
15. It is anticipated that in the first planning period this should amount to no more than 10% of the funding and would decrease over time as project gains momentum.
16. The second principle would be to support the wider implementation of the EZ. This could include a broader innovation initiative, employment interventions, inward investment team, skills brokerage and employment team across Huntingdonshire. It is anticipated that this would require an infrastructure / implementation plan for the board to consider and approve. Thereafter the funding would be used to support wider proposals which support the economic priorities of the LEP developed through the LEP Prospectus.

Recommendations

17. Based upon the principles in this paper:

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