



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, covering 150 hectares of land within Alconbury Weald.
- 1.3. The Enterprise Zone designation is for 25 years from the commencement date of 1st April 2012. **Appendix 1** details 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 4th April 2012, and is included under **Appendix 2**.
- 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 Enterprise Zone 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**.
- 2.1.4. The Enterprise Zone should contain no significant retail, nor “non B Class” uses, unless a business case is made through and agreed by all partners at the **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 measured by 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.
 - 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 relocating 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. The Secretary of State offered the LEP and HDC the right to set up and operate the Enterprise Zone, subject to the terms of this Memorandum of Understanding.
- 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. 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 over the next 3 years (for the period ending 31st March 2022);
- 4.3. 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 for review and approval by the CPCA.
- 4.4. The CPCA and HDC will only consider investments to support growth on the Enterprise Zone as identified in the Investment and Delivery Plan, subject to a full business case being submitted to the Programme Board. However, the final decision on an organisation's investment in a scheme will ultimately be within their own decision-making process taken by the respective organisations.

5. Business Rates Collection

- 5.1. 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. As the Collecting Authority, HDC shall continue to collect business rates from the Enterprise Zone in accordance with the applicable legislation.
- 5.3. 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).
- 5.4. After the collecting authority's financial audit of the business rates, HDC will confirm and administer agreed shares of retained income. 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.
- 5.5. The underlying principles which will underpin the allocation and distribution of retained business rates income are as follows:
 - 5.5.1. to ensure that the finances of the Collecting Authority is not disadvantaged by the development within the area;
 - 5.5.2. to earmark funds to accelerate the growth of the EZ and local area;
 - 5.5.3. to earmark funds to deliver jobs and growth across the CPCA area (including within the electoral areas of the Collecting Authority).
- 5.6. 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 better control the retained business rates from Enterprise Zone growth, HDC will introduce a suitable mechanism to establish the following **Funds** from Enterprise Zone business rate receipts up to 31st March 2038:
 - 6.1.1. **Fund A14** – both parties agree to commit a contribution to the Cambridge to Huntingdon A14 Improvement Scheme.
 - 6.1.1.1. This is based on **20 percent** (annually of cleared funds) from the Alconbury Weald Enterprise Zone retained business rates (from the previous business rates tax year). This is subject to the aggregate cap of £50m;
 - 6.1.1.2. Payments are due from 1st April 2019 and will be made directly to the Secretary of State for Transport in accordance with

the signed Funding Agreement and dated 7th October 2014
(Appendix 5).

- 6.1.2. **Fund EZ** – both parties agree to establish an investment fund to accelerate growth of the Enterprise Zone.
- 6.1.2.1. This is based on **20 percent** (annually of cleared funds) from the Alconbury Weald Enterprise Zone retained business rates (from the previous business rates tax year). This Fund is broken down further as follows:
- 6.1.2.2. **25 percent** of the Fund EZ is allocated to support delivery of an agreed list of investment priorities and projects (linked to the Investment & Delivery Plan) for enhance and expedite delivery of the Enterprise Zone;
- 6.1.2.3. **50 percent** of the Fund EZ will be used as match contribution to support Inward Investment activity and provide FDI resource;
- 6.1.2.4. **25 percent** of the Fund EZ is allocated for place-based investment priorities within Huntingdonshire, including Haddon (Logistics), Sawtry (Agri-tech), Alconbury & Huntingdon.
- 6.1.3. **Fund CPCA** – investment fund to support delivery of economic priorities across Cambridgeshire & Peterborough. This is based on **20 percent** (annually of cleared funds) from the Alconbury Weald Enterprise Zone retained business rates (from the previous business rates tax year).
- 6.1.4. **Fund HDC** – investment fund to support delivery of economic priorities in Huntingdonshire. This is based on **40 percent** (annually of cleared funds) from the Alconbury Weald Enterprise Zone retained business rates (from the previous business rates tax year). Investment should consider joint proposals for development of both the Enterprise Zone and employment sites in Huntingdonshire between CPCA and HDC.

7. Fund Management and Projects

- 7.1. Both CPCA and HDC are tasked with developing project proposals in line with the principles of the Investment & Delivery Plan. The parties will agree individual projects on a case by case basis.
- 7.2. Potential projects to be funded out of EZ Funds include infrastructure or utilities investment on the Enterprise Zone, including access roads, funding for the building of business premises and marketing of the site.
- 7.3. For a project to be funded from Funds, it will need to meet the following criteria:
- 7.3.1. 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;

- 7.3.2. Projects must lead to the creation of jobs, business and/or commercial property in the Enterprise Zone. This will drive physical development and the generation of rateable income from the site;
 - 7.3.3. Requests for funding should primarily be in respect of capital for projects rather than revenue funding for programmes;
 - 7.3.4. 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.
 - 7.3.5. Funding needs to relate to the time frame within which it is generated or there needs to be a commitment from HDC to fund potential projects by borrowing against future allocations of EZ Funds EZ;
 - 7.3.6. Projects will need to show clear causal relationship in terms of benefit to the Enterprise Zone of local area. Benefits need to be proven rather than assumed or deduced. Projects may need to be ranked accordingly in terms of awarding funding;
 - 7.3.7. Funding will be prioritised for projects which accelerate development of the Enterprise Zone;
 - 7.3.8. Funding cannot be sought for projects or programmes that could be funded from alternative sources, but matched funded projects will be welcomed;
 - 7.3.9. Funding will principally be by way of grant or guarantee but may, in exceptional circumstances, be by way of loan or investment.
 - 7.3.10. 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;
- 7.4. Where funding from EZ Funds is used to fund a Project which directly generates revenue (such as rental income, fees or royalties) or is used to fund the purchase of a capital asset which has a residual value at the end of the project as set out in the project documentation (with such revenue and/or residual value being referred to as "Revenue"), the parties shall, as part of the project development process, agree how the Surplus will be shared.
- 7.4.1. "Surplus" is the Revenue less:
 - 7.4.1.1. all interest and borrowing costs and charges properly incurred by the funders of the relevant project; and
 - 7.4.1.2. all maintenance, operational and similar costs properly incurred by the operators of the relevant Project.
- 7.5. For the avoidance of doubt, the arrangements relating to the sharing of surplus above will only apply to projects which generate revenue. The parties acknowledge that many of the projects funded from EZ Funds will not be intended to generate Revenue or could generate revenue. However, where the parties believe that a project might generate Revenue, they shall put in place, as part of the funding arrangements for that project:

7.5.1. measures to ensure that costs and Revenue are properly recorded and monitored; and

7.5.2. provisions in respect of the reporting and payment of Surplus shares.

7.6. CPCA Board consent is required before any party prematurely terminates any revenue generating project.

8. Administration Costs

8.1. EZ Funds can 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 Enterprise Zones can be covered from each parties' respective pot of EZ Fund. This includes all project management, additional marketing or inward investment requirements, consultancy advice and operational support to ensure smooth implementation of the Enterprise Zones.

9. Governance

9.1. The **Alconbury Weald Enterprise Zone Steering Group** will report to and be accountable to the CPCA Business Board. The parties will specifically report to the Board on the development of the Enterprise Zone site, overall business strategy.

9.1.1. The Alconbury Weald Enterprise Zone Steering Group membership will be comprised of the CPCA and The Local Authority, each will have 2 members (1 Officer and 1 Councillor).

9.2. At a working level, the **Alconbury Weald Enterprise Zone Programme Board** will support the Alconbury Weald Enterprise Zone Steering Group in relation to site issues, and address the wider issues related to development and delivery of the site.

9.2.1. The Alconbury Weald Enterprise Zone Programme Board membership will be comprised of CPCA, HDC, Urban & Civic (including BEIS local, Homes England or other specialists by invitation as required).

9.3. Where possible, day to day decisions over contentious business enquiries will be taken by the Programme Board, and where agreement cannot be reached on a case, this would then be escalated up to the Alconbury Weald Enterprise Zone Steering Group and ultimately the LEP Business Board for further review.

9.4. Terms of Reference ([Appendix 6](#)).

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 Programme Board. The developer will lead on the

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 and marketing should be used in addition use of DCLG and Enterprise Zone logos will be required within marketing communications and signage. The developer is expected to fund all site marketing.

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 will gain planning permission.
- 11.2. The District Council will seek to determine planning applications under delegated powers unless there are clear planning reasons that would require a decision by planning committee.

12. Monitoring

- 12.1. The developer agrees to provide details of enquiries and complete the return at quarterly intervals (Appendix 7).
- 12.2. At the beginning of each financial year the Local Authority is to report to the Alconbury Weald Enterprise Zone Steering Group:
 - 12.2.1. Level of Business Rates received on the Enterprise Zone;
 - 12.2.2. Level of Investment available for the Enterprise Zone;
 - 12.2.3. If Business Rates are not to be reinvested in the Enterprise Zone details of what the Local Authority are using funding for to be submitted.

13. Overall Commitment

- 13.1. Both parties share a commitment to do more 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.

In this regard,

13.3. Both parties are aligned to the objective of **working together to bring about inclusive growth across our sub-region to support growth and create healthy and prosperous communities and places:**

13.3.1. Collaborate on proposals for **future strategic planning;**

13.3.2. **Explore joint opportunities** for investment to enable growth, particularly in infrastructure or skills development;

13.3.3. **Provide joint investment** for initiatives that contribute to inclusive growth, including through new funding models;

13.3.4. **Build on the existing partnership working** for mutual benefit that improve the lives of residents and workers in the sub-region;

13.3.5. **Develop a coordinated approach** to invest Enterprise Zone retained business rates on specifically agreed projects;

13.3.6. **Share information, data and evidence** that informs the future development of the sub-region.

14. Term

14.1. The term of Enterprise Zone status runs to **31st 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 EZ Funds, 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 EZ Funds.

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. Intellectual Property

17.1. Subject always to any specific arrangements agreed in respect of the ownership of any intellectual property rights generated in connection with any Project, the parties agree that any intellectual property rights created in connection with this Agreement shall vest in the party whose employee created them.

17.2. Where any intellectual property right vests in any of the parties, that party shall grant an irrevocable, royalty-free licence to the other parties to use that intellectual property for the purposes of, or in connection with, this Agreement.

18. Termination

18.1. This Agreement shall terminate by Multilateral Termination:

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

18.1.2. 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;

18.1.3. if CPCA ceases to exist; or

18.1.4. on the 25th anniversary of the Enterprise Zone commencement date of 1st April 2012.

19. Change Control

19.1. 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 the Agreement. The Requester shall send notice of the proposed changes to all other parties, giving those parties a period of no less than 60 days (reducible to as low as 20 days in cases which the Requester, acting reasonably, deems to be urgent) to respond and comment.

20. General

- 20.1. No variation of this Agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.
- 20.2. 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.
- 20.3. 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.

21. Appendices

Appendix 1: Enterprise Zone Boundary Map

Appendix 2: MOU agreement between GCGP and U&C

Appendix 3: Investment and Delivery Plan (Template)

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

Appendix 5: Cambridge – Huntingdon A14 Improvement Scheme Funding Agreement

Appendix 6: Alconbury Enterprise Zone – Terms of Reference #

Appendix 7: 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: _____

Appendix 1: Alconbury Enterprise Zone Boundary Map



Alconbury Enterprise Zone
Enterprise Campus, Alconbury Weald, Huntingdon PE28 4XA

Appendix 2: MOU Agreement between GCGP LEP and Urban & Civic

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**Appendix 3: Alconbury Enterprise Zone - Investment & Delivery Plan
(Template)**

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Appendix 4: Alconbury Enterprise Zone - Business Rates Financial Profile (as of 31st December 2018)

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**Appendix 5: Cambridge to Huntingdon A14 Improvement Scheme
Funding Agreement**

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Appendix 6: Alconbury Enterprise Zone - Terms of Reference

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**Appendix 7: Alconbury Enterprise Zone – Quarterly Monitoring Return
(Template)**

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