

Cabinet Report



Report of Strategic Director

Author: Simon Hewings

Telephone: 01491 823583

Textphone: 18001 01491 823583

E-mail: simon.hewings@southandvale.gov.uk

Wards affected: All

Cabinet member responsible: Matthew Barber

Tel: 07816 481452

E-mail: councillor@matthewbarber.co.uk

To: CABINET

DATE: 6 December 2013

Science Vale Enterprise Zone: accountable body

Recommendation(s)

That cabinet:

- (a) agrees that Vale council acts as accountable body for the Science Vale Enterprise Zone; and
- (b) agrees that the leader of the council, as cabinet member for finance, will make an individual cabinet member decision to agree a memorandum of understanding with the Oxfordshire Local Enterprise Partnership and Oxfordshire County Council, in consultation with the Strategic Director, Head of Legal and Democratic Services and the Head of Finance.

Purpose of Report

1. To request that cabinet agrees that the Vale council acts as accountable body for the Science Vale Enterprise Zone (SVEZ). Cabinet is also asked to agree that the leader of the council, as cabinet member for finance, will make an individual cabinet member decision to agree the Memorandum of Understanding (MoU) with Oxfordshire Local Enterprise Partnership (LEP), and Oxfordshire County Council (OCC), in consultation with the Strategic Director, Head of Legal and Democratic Services and the Head of Finance.

Corporate Objectives

2. The council's work on the SVEZ supports the council's objective of building the local economy.

Background

3. In 2011, following a competitive process, government named Science Vale Oxford as an enterprise zone, based on Milton Park and Harwell. The Oxfordshire Local Enterprise Partnership (LEP) made the bid for enterprise zone status, and has overall responsibility for the delivery of the zone. Enterprise zone status brings a number of advantages for businesses locating to the zone, such as business rate discounts.
4. All business rate growth within an enterprise zone for a period of 25 years will be retained locally for reinvestment in the local area, in accordance with the LEP's economic priorities. A local authority must be nominated to be the accountable body for the retained business rates for audit and accounting purposes. The accountable body would also be expected to undertake the following tasks:
 - Prepare and revise estimates of additional business rates income generated in the enterprise zone for the LEP;
 - Report actual additional business rates income to the LEP;
 - Agree with the LEP, and Oxfordshire County Council (OCC) as the LEP's accountable body, mechanisms to disburse the retained business rates income, in accordance with LEP priorities;
 - Perform, as required, due diligence on projects to be funded from retained business rates, and report progress on those projects to the LEP.
5. At its meeting on October 1 2013, the LEP agreed that the Vale council would assume the accountable body role, subject to the agreement of cabinet. If cabinet agrees to Vale council being the accountable body, then a Memorandum of Understanding (MoU) will be agreed between the council, OCC and the LEP, covering the points above.

Options

6. The cabinet could decide that Vale council should not be the accountable body for the enterprise zone. However, the zone is wholly within the council's area, and the council is heavily involved in managing and promoting the enterprise zone. As billing authority, the council will in any event have to account for the retained business rates, and it is well placed to forecast future receipts.

Financial Implications

7. As part of the work in agreeing the MoU with OCC and the LEP, officers will quantify those costs that we can reasonably recharge to the LEP. We anticipate this will cover the bulk of our work. Any other costs incurred by the council, we will meet from existing resources. This is in line with the LEP's expectation that all local authorities will support the LEP in delivering its objectives.

Legal Implications

8. The Non-Domestic Rating (Designated Areas) Regulations 2013 provide Vale council, as billing authority, with the power to retain additional business rates generated in the enterprise zone area over and above a baseline quoted in those regulations for use by the LEP.
9. An MoU will be needed between Vale council, the LEP and OCC that determines the arrangements for managing the retained business rates earned in the enterprise zone area. The council is required to act properly in the expenditure of such funds and in accordance with statute and the principles of democratic and financial accountability.

Risks

10. There is a risk that the LEP will commit retained business rates income that does not materialise. This will be managed through ensuring that estimates of business rates income are robust and prudent. It will also be managed by agreeing with the LEP that the accountable body will not pay out monies to any organisation unless there is sufficient in the SVEZ retained business rates account to cover the outgoings.
11. There is a risk that Vale council will pay over retained business rates to a third party for a project that does not deliver the agreed outcomes. We will mitigate this risk by ensuring thorough due diligence checks are carried out on all proposed projects. It will also be managed by making staged payments as projects reach agreed milestones. In the event that a project has progressed but ultimately does not deliver, the LEP could expect that the council, as accountable body, takes all reasonable steps to recover the funds already spent, although there would be no guarantee that this would be successful.

Conclusion

12. Cabinet are asked to agree to Vale council being the accountable body for the SVEZ.

Background Papers

- None