



**CABINET**

This meeting will be recorded and the sound recording subsequently made available via the Council's website.

Please also note that under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, other people may film, record, tweet or blog from this meeting. The use of any images or sound recordings is not under the Council's control.

To: Councillors Barkley (Deputy Leader), Bokor, Harper-Davies, Mercer, Morgan (Leader), Poland, Rollings, Smidowicz, Taylor and Vardy (for attention)

All other members of the Council  
(for information)

You are requested to attend the meeting of the Cabinet to be held in The Preston Room, Woodgate Chambers, Woodgate, Loughborough on Thursday, 11th April 2019 at 6.00 pm for the following business.

Chief Executive

Southfields  
Loughborough

29th March 2019

**AGENDA**

1. APOLOGIES
2. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS
3. LEADER'S ANNOUNCEMENTS
4. MINUTES OF PREVIOUS MEETING

4 - 13

To approve the minutes of the previous meeting.

5. QUESTIONS UNDER CABINET PROCEDURE 10.7

The deadline for questions is noon on Wednesday, 3rd April 2019.

6. LOUGHBOROUGH AND LEICESTER SCIENCE AND INNOVATION ENTERPRISE ZONE 14 - 19

A report of the Chief Executive to consider approval to the key elements of the proposed agreement with Leicester City Council and the Leicester and Leicestershire Enterprise Partnership to deliver the Loughborough and Leicester Science and Innovation Enterprise Zone.

*Key Decision*

7. EXEMPT INFORMATION

It is recommended that members of the public be excluded from the meeting during the consideration of the following item on the grounds that it will involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 and it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

8. REVENUES AND BENEFITS - FUTURE SERVICE DELIVERY OPTIONS

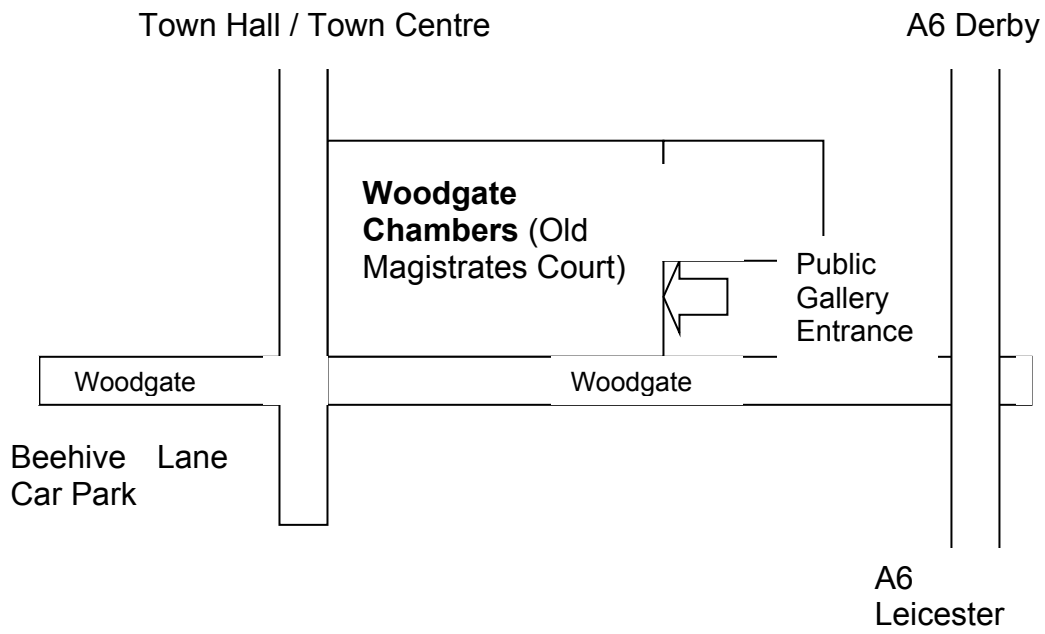
An exempt report of the Head of Customer Experience to review the future service delivery options for the Revenues and Benefits Service and approve a final option to be implemented, circulated to members.

*Notification was given on 13th March 2019 that the public could potentially be excluded during this item since exempt or confidential information could be considered. No representations regarding considering this item in exempt session have been received.*

*Key Decision*

## WHERE TO FIND WOODGATE CHAMBERS AND PUBLIC ACCESS

Woodgate Chambers  
70 Woodgate  
Loughborough  
Leics  
LE11 2TZ



## CABINET 14TH MARCH 2019

PRESENT: The Leader (Councillor Morgan)

Councillors Bokor, Harper-Davies, Mercer,  
Poland, Rollings, Smidowicz, Taylor and Vardy

Councillor Capleton

Chief Executive  
Strategic Director of Corporate Services  
Head of Strategic Support  
Strategic Director of Neighbourhoods and  
Community Wellbeing  
Head of Landlord Services  
Head of Neighbourhood Services  
Head of Planning and Regeneration  
Democratic Services Manager  
Corporate Improvement and Policy Officer  
Democratic Services Officer (LS)

APOLOGIES: Councillor Barkley

The Leader stated that this meeting would be recorded and the sound recording subsequently made available via the Council's website. He also advised that, under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, other people may film, record, tweet or blog from this meeting, and the use of any such images or sound recordings was not under the Council's control.

89. DISCLOSURES OF PECUNIARY AND PERSONAL INTERESTS

No disclosures were made.

90. LEADER'S ANNOUNCEMENTS

No announcements were made.

91. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 14th February 2019 were confirmed as a correct record and signed.

92. QUESTIONS UNDER CABINET PROCEDURE 10.7

No questions had been submitted.

93. BUSINESS PLAN 2019-20

Considered a report of the Chief Executive to consider the Council's Business Plan for 2019-20 (item 6 on the agenda filed with these minutes).

The Corporate Improvement and Policy Officer assisted with consideration of the report.

The Leader wished to thank officers and scrutiny for their work in respect of the Plan, the result of which was a succinct and focused document.

**RESOLVED**

1. that the 2019-20 Business Plan, appended to the report of the Chief Executive, be approved;
2. that delegated authority be given to the Chief Executive, in consultation with the Leader, to make minor amendments to the Business Plan.

Reasons

1. To identify the Council's key activities and performance indicators for 2019-20 that support the objectives set out in the Corporate Plan (2016-2020).
2. To allow minor corrections and amendments to be made in a timely manner prior to publication and throughout the 2019-20 Business Plan.

94. HOUSING INCOME AND FINANCIAL INCLUSION POLICY 2019-2024

Considered a report of the Head of Landlord Services to consider a Housing Income and Financial Inclusion Policy 2019-2024 (item 7 on the agenda filed with these minutes).

The Head of Landlord Services assisted with consideration of the report.

The Cabinet considered that the Policy was easy to read and accessible and might reasonably be put forward for a Plain English Award.

**RESOLVED** that the Housing Income and Financial Inclusion Policy 2019-2024, attached at Appendix 1 to the report of the Head of Landlord Services, be approved.

Reason

To set out a policy on the Council's approach to maximising Housing Revenue Account rental income whilst also providing appropriate support to vulnerable tenants.

95. HOUSING CAPITAL PROGRAMME 2019/20

Considered a report of the Head of Landlord Services to consider the Housing Capital Programme for 2019/20 (item 8 on the agenda filed with these minutes).

The Head of Landlord Services assisted with consideration of the report.

**RESOLVED** that the housing capital programme for 2019/20 amounting to £8,361,190, detailed in Appendix 1 to the report of the Head of Landlord Services, be approved and the Capital Plan be amended to reflect this.

#### Reason

To improve the Council's housing stock, in line with the Charnwood Standard, thus delivering the priorities set out in the Housing Revenue Account (HRA) Business Plan approved by Cabinet in September 2014.

#### 96. CHILDREN AND YOUNG PEOPLE'S STRATEGY 2019-2024

Considered a report of the Head of Neighbourhood Services to consider a Children and Young People's Strategy 2019-2024 (item 9 on the agenda filed with these minutes).

Councillor Capleton, Chair of the Overview Scrutiny Group, presented a report detailing the Group's pre-decision scrutiny of the matter and recommendation (copy filed with these minutes).

The Head of Neighbourhood Services assisted with consideration of the report. Further to the report, she set out some minor corrections, these removed references to Appendix 1 in the Strategy and corrected its page numbers. It was also proposed to have a more front-facing, shorter summary to the Strategy.

#### **RESOLVED**

1. that the Children and Young People's Strategy 2019-2024 at Appendix A to the report of the Head of Neighbourhood Services and the 2019/20 Action Plan at Appendix B to the report of the Head of Neighbourhood Services be approved;
2. that delegated authority be given to the Head of Neighbourhood Services, in consultation with the Cabinet Lead Member for Communities, Safety and Wellbeing, to make the changes set out by the Head of Neighbourhood Services above and any further minor typographical/graphical amendments required to the approved documents;
3. that the report of the Overview Scrutiny Group be noted.

#### Reasons

1. To enable the Children and Young People's Strategy 2019-2024 and associated 2019/20 Action Plan to be approved.
2. To enable the timely publication of the documents.

3. To acknowledge the work undertaken by and the views of the Overview Scrutiny Group.

97. CHARNWOOD GRANTS - ROUND FOUR 2018/19 - COMMUNITY FACILITIES AND COMMUNITY DEVELOPMENT AND ENGAGEMENT GRANT APPLICATIONS

Considered a report of the Head of Neighbourhood Services to consider applications received for funding in additional round four of the Community Facilities and Community Development and Engagement Grants schemes for 2018/19 (item 10 on the agenda filed with these minutes).

The Head of Neighbourhood Services assisted with consideration of the report.

**RESOLVED**

1. that the following Community Development and Engagement Environmental Grants be awarded:
  - £9,840 to The Exaireo Trust towards a re-use project;
  - £4,500 to The Crop Club towards a Growing urban communities in small spaces project, subject to final CIC documents and CIC bank statements being provided;
  - £6,000 to Little Bird SOS towards a Grow Loughborough project (£3,000 to be funded through Community Development and Engagement Environmental grants, and £3,000 through the Loughborough Community grants scheme);
2. that the Head of Neighbourhood Services be given delegated authority to finalise the terms and conditions of the awarded Community Development and Engagement Environmental Grants.

Reasons

1. To provide financial support to organisations which meet the criteria of the Community Development and Engagement Environmental grant schemes in terms of community and organisational need and to use funding provided through the Loughborough Grants scheme to support projects in Loughborough.
2. To enable the grants awarded to be finalised and appropriate information to be supplied to the Council about the outcomes of the project.

98. ANNUAL PROCUREMENT PLAN 2019/20

Considered a report of the Head of Finance and Property Services to consider the Council's Annual Procurement Plan for 2019/20 (item 11 on the agenda filed with these minutes).

The Strategic Director of Corporate Services assisted with consideration of the report.

**RESOLVED**

1. that the contracts, over £25,000 and up to £75,000, listed in Appendix A to the report of the Head of Finance and Property Services be let in accordance with Contract Procedure Rules;
2. that the contracts, over £75,001 and up to £500,000, listed in Appendix B to the report of the Head of Finance and Property Services be let in accordance with Contract Procedure Rules.

Reason

- 1 & 2. To allow contracts of the Council to be let in accordance with contract procedure rules.

99. CAPITAL PLAN AMENDMENT REPORT

Considered a report of the Head of Finance and Property Services to consider changes to the current Capital Plan and its financing (item 12 on the agenda filed with these minutes).

The Chief Executive and the Strategic Director of Corporate Services assisted with consideration of the report.

**RESOLVED**

1. that the current Capital Plan for 2018/19 - 2020/21, as amended by the changes shown in Appendix 1 to the report of the Head of Finance and Property Services, in the sum of £32,852,390 be approved;
2. that **it be recommended to Council** that the Acquisition of Affordable Housing to meet housing need HRA scheme be increased by the sum of £415k, be added to the Capital Plan in 2020/21 and that it proceeds;
3. that **it be recommended to Council** that the Disabled Facilities Grant budget of £448k slippage from 2018/19 to 2019/20 be approved;
4. that **it be recommended to Council** that the HRA Bathrooms budget of £426k slippage from 2018/19 to 2019/20 be approved;
5. that all the slippages detailed in Appendix 1 to the report of the Head of Finance and Property Services be approved;
6. that it be noted that £25k budget for Hardware Replacement has been brought forward from 2019/20 to 2018/19;
7. that it be noted that the Old Rectory Museum Toilet scheme totalling £12k has been added to the Capital Plan in 2018/19;
8. that the Bell Foundry Pocket Park phase 2 scheme to the sum of £22k be added to the Capital Plan in 2019/20;



9. that the Disabled Facilities Grants scheme be increased by £110k to allow for the Disabled Facilities Grants from the Ministry of Housing, Communities and Local Government to be spent;
10. that the virement of £210k to the HRA Central Heating and Boiler installation scheme from the HRA Major Structural Works scheme be approved.

### Reasons

1. To enable the Capital Plan to be the basis for capital spending by the Council and so that schemes may proceed.
  2. To confirm that the Acquisition of Affordable Housing to meet housing need HRA scheme, should be increased to the sum of £415k, and that the cost be funded 30% from retained 141 capital receipts and 70% from HRA Reserves.
  3. To enable the scheme budget to be available in 2019/20.
  4. To enable the scheme budgets to be available in 2019/20.
  5. To enable the schemes budgets to be available in 2019/20
  6. To enable additional work to proceed in 2018/19 ahead of schedule. This has been approved by the s151 Officer. The budget has already been approved by Cabinet and it has just been brought forward. It is fully funded.
  7. To enable the installation a toilet in the Old Rectory Museum, Loughborough before the Museum opens in April. This has been approved by the s151 Officer. This is to be funded from virements, then RCCO and then capital receipts.
  8. To allow works at the Bell Foundry Pocket Park to be done to spend S106 monies.
  9. To confirm that the Disabled Facilities Grants scheme be increased and funded by an external grant.
  10. To enable more HRA Central Heating Systems and Boilers to be installed.
100. LOCAL DEVELOPMENT SCHEME

Considered a report of the Head of Planning and Regeneration to consider a revised Local Development Scheme, so that the programme for the preparation of planning documents for Charnwood is agreed (item 13 on the agenda filed with these minutes).

Councillor Capleton, Chair of the Overview Scrutiny Group, presented a report detailing the Group's pre-decision scrutiny of the matter and recommendation (copy filed with these minutes).

The Head of Planning and Regeneration assisted with consideration of the report.

## RESOLVED

1. that the revised programme for the preparation of local development documents, as set out in the Local Development Scheme attached to the report of the Head of Planning and Regeneration, be approved;
2. that the Local Development Scheme comes into effect and is published on 1st April 2019;
3. that authority be delegated to the Head of Planning and Regeneration in consultation with the Lead Cabinet Member for Planning, Inward Investment and Tourism Strategy to make any minor typographical/graphical amendments to the Local Development Scheme prior to its publication;
4. that the report of the Overview Scrutiny Group be noted.

### Reasons

1. To ensure that the Local Development Scheme provides a realistic programme for the preparation of development plan documents.
2. To meet the requirements of Section 15 of the Planning and Compulsory Purchase Act (2004), as amended by the Localism Act 2011 and the Town and Country Planning (Local Development) (England) Regulations 2004 (as amended by the Town and Country Planning (Local Development) (England) (amendment) Regulations 2008, 2009 and 2012.
3. To enable the timely publication of the revised Local Development Scheme.
4. To acknowledge the work undertaken by and the views of the Overview Scrutiny Group.

101. REVIEW OF CONSERVATION AREA BOUNDARIES - BEEBY, BARKBY, QUENIBOROUGH, HATHERN AND THURCASTON

Considered a report of the Head of Planning and Regeneration proposing formal adoption of revised Conservation Area boundaries and requesting delegated authority to update Character Appraisals and Management Plans identified in the Barkby and Barkby Thorpe, Beeby, Hathern, Queniborough and Thurcaston Conservation Area Review reports (item 14 on the agenda filed with these minutes).

The Head of Planning and Regeneration assisted with consideration of the report.

## RESOLVED

1. that the revised conservation area boundaries, as set out in Appendix A to the report of the Head of Planning and Regeneration, be adopted;

2. that the Conservation Areas Boundary Review reports, as set out in Appendix A to the report of the Head of Planning and Regeneration, be approved for the purpose of updating the appraisals and management plans, with delegated authority given to the Head of Planning and Regeneration, in consultation with the Lead Member for Planning, Inward Investment and Tourism Strategy, to undertake that update.

### Reasons

1. To provide adopted guidance that identifies the special character and creates a sound basis for the management of the Barkby and Barkby Thorpe, Beeby, Hathern, Queniborough and Thurcaston Conservation Areas.
2. To allow the Head of Planning and Regeneration to publish up to date Conservation Area Character Appraisals and Management Plans, in accordance with the approved report.

## 102. BUDGET VIREMENTS IN PLANNING AND REGENERATION SERVICE

Considered a report of the Head of Planning and Regeneration requesting approval of budget virements to meet forecast expenditure on agency staff to year end (item 15 on the agenda filed with these minutes).

Councillor Capleton, Chair of the Overview Scrutiny Group, presented a report detailing the Group's pre-decision scrutiny of the matter and recommendation (copy filed with these minutes).

The Leader wished to thank the Overview Scrutiny Group for its valuable work in undertaking pre-decision scrutiny.

The Head of Planning and Regeneration assisted with consideration of the report. Further to the report, he corrected the amount stated in paragraph 6 of Part B of the report from the stated £149k to the correct amount of £138k.

### **RESOLVED**

1. that a transfer of budget (virement) of £36,000 from Planning Growth Capacity Support Grant/ring fenced reserve (X157) be made to cover Planning agency costs (P330 A0153 Local Plans) up to 31st March 2019, leaving a balance of £79,000 in this reserve;
2. that a transfer of budget (virement) of £102,000 from Planning Delivery Grant Reserve/(not ring fenced) (X449) be made to (P499 A0153 Development control) to cover agency costs up to 31st March 2019, leaving a balance of £208,000 in this Reserve;
3. that a transfer of budget (virements) of £12,000 be made from P299 Conservation A0101 Salary underspend to P299 A0153 agency Costs to 31st March 2019;

4. that the report of the Overview Scrutiny Group be noted.

#### Reasons

- 1-3. To meet the current and forecast expenditure in cost centres P499 A0153, P299 A0153 and P330 A0153 to year end and to comply with the financial procedure rules 1.3, 1.7 and 1.8.
4. To acknowledge the work undertaken by and the views of the Overview Scrutiny Group.

Note: The Cabinet also resolved to delegate to the Head of Planning and Regeneration, in consultation with the Cabinet Lead Member for Planning, Inward Investment and Tourism Strategy, authority to make any minor typographical/graphical amendments required in respect of the above matter. However, this is not required in relation to the above decisions.

#### 103. REVIEW OF THE CONSTITUTION

A report of the Monitoring Officer to consider amendments to the Constitution following the annual review, for recommendation to Council (item 16 on the agenda filed with these minutes).

The Head of Strategic Support and the Democratic Services Manager assisted with consideration of the report.

**RESOLVED** that **it be recommended to Council** that the changes to the Constitution set out in Appendix 1 to the report of the Monitoring Officer be made, to be effective from 6th May 2019, but with the following amendment to those changes (amendment is underlined):

Appendix 1 to the report of the Monitoring Officer, Item 5 – Webcasting, Filming and Recording of Meetings (agenda page 297). Final sentence to be amended to read “Any filming, recording or reporting during meetings, including social media, should not be disruptive or intrusive”.

#### Reason

To ensure the Constitution is kept up to date and fulfils its intended purposes.

#### NOTES:

1. The decisions in these minutes not in the form of recommendations to Council will come into effect at noon on 22nd March 2019 unless called in under Scrutiny Committee Procedure Rule 11.7.
2. No reference may be made to these minutes at the Council meeting on 24th June 2019 unless notice to that effect is given to the Democratic Services Manager by five members of the Council by noon on 22nd March 2019.

3. These minutes are subject to confirmation as a correct record at the next meeting of the Cabinet.

## CABINET – 11TH APRIL 2019

### Report of the Chief Executive Lead Member: Councillor Jonathan Morgan

#### Part A

#### ITEM 6 LOUGHBOROUGH AND LEICESTER SCIENCE AND INNOVATION ENTERPRISE ZONE

##### Purpose of Report

The purpose of this report is to seek Cabinet approval to the key elements of the proposed agreement with Leicester City Council and the Leicester and Leicestershire Enterprise Partnership to deliver the Loughborough and Leicester Science and Innovation Enterprise Zone.

##### Recommendation

That the Leader and Chief Executive be authorised to enter into an agreement with Leicester City Council and the Leicester and Leicestershire Enterprise Partnership to deliver the Loughborough and Leicester Science and Innovation Enterprise Zone including the Loughborough Science and Enterprise Park and Charnwood Campus in accordance with the principles set out in Part B of this report.

##### Reason

To enable the Council, Leicester City Council and the Leicester and Leicestershire Enterprise Partnership to establish clear arrangements to fulfil their mutual obligation to the Secretary of State for Housing Communities and Local Government to jointly deliver the Enterprise Zone.

##### Policy Justification and Previous Decisions

The Corporate Plan is broken down into three themes:

- Creating a Strong and Lasting Economy
- Every Resident Matters
- Delivering Excellent Services

The Loughborough and Leicester Science and Innovation Enterprise Zone is particularly relevant to the first theme.

The Corporate Plan contains the Council's specific objective to encourage new jobs to the Borough through promoting the delivery of the Science and Enterprise Park and encouraging new businesses to towns and villages.

The Council's Business Plan approved in March 2019 sets out a specific action to establish the governance mechanism and investment plan for the delivery of the Charnwood Campus and Loughborough University Science and Enterprise Park as

part of the Loughborough and Leicester Science and Innovation Enterprise Zone and that this needs to be in place by 31st December 2019.

Previously, in September 2015, Cabinet authorised the Leader and Chief Executive to enter into an agreement with the Leicester and Leicestershire Enterprise Partnership and other local authorities as necessary to promote and deliver the Enterprise Zone.

Implementation Timetable including Future Decisions and Scrutiny

In May 2017 the Secretary of State for Housing, Communities and Local Government entered into a Memorandum of Understanding with the Council, Leicester City Council and LLEP regarding the implementation of the Enterprise Zone (EZ) following its designation in April 2017.

That Memorandum of Understanding (MoU) has duration of 3 years expiring in May 2020. The MoU, inter alia, requires the local partners to enter into a fresh agreement setting out the delivery arrangements for the entirety of the duration of the EZ i.e. until 2042.

The aim is therefore to conclude the terms of a fresh agreement as quickly as possible and before the expiry of the existing Memorandum of Understanding.

Report Implications

The following implications have been identified for this report.

*Financial Implications*

The total business rate product estimated over the life of the EZ for the sites within the Borough is estimated at £113,000,000 [being £52m Charnwood Campus and £61m LUSEP]. This is a very significant amount and therefore the financial implications arising out of the operation of a future agreement are potentially substantial.

*Risk Management*

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Overall Risk	Risk Management Actions Planned
Failure to reach agreement	Unlikely (2)	Serious (3)	Moderate (6)	Sustained effort will be directed towards the negotiations to secure a successful outcome
Delays in reaching agreement	Unlikely (2)	Significant (2)	Low (4)	Sustained effort will be directed towards the negotiations to secure a successful outcome

### *Comments of Section 151 Officer*

The matter of business rate retention, and in particular the proportions each party to the Enterprise Zone arrangement should retain, is a complex matter. Extensive financial modelling and discussions have taken place in order to negotiate the Council's share of the total business rate receipts, which should in theory leave the Council in a 'no worse off' position as compared to a situation where the Enterprise Zone had not been designated and business rates were retained in accordance with extant national retention rules. The negotiations culminated in a proposal from the LLEP in December 2018 that would allow 10% of all business rates arising from the Enterprise Zone sites in the Borough to be retained by the Council.

On the basis of the offer letter referred to above the opinion of the s151 officer is:

1. A retention rate of 10% in respect of both Charnwood sites within the Enterprise Zone can be construed as leaving the Council in a 'no worse off' position under the current business rate retention regulations (what might be described as the '50% retention' scheme).
2. The Council should reserve its right to reconsider this retention rate should the 50% retention scheme be superseded. A '75% retention scheme' is mooted by central government from 1st April 2020 and once the detailed calculation rules are understood it may be the case that a 10% retention rate for the EZ may no longer represent a 'no worse off' position for the Council.

It should be noted that as part of this proposal Leicestershire County Council and Leicestershire and Rutland Fire and Rescue Service would receive 2.5% of the business rates. This is outside the 10% retained by the Borough Council.

Key Decision:	Yes
Background Papers:	Cabinet report September 2015
Officer to contact:	Geoff Parker Chief Executive 01509 634600 <a href="mailto:geoff.parker@charnwood.gov.uk">geoff.parker@charnwood.gov.uk</a>



## Part B

### Background

#### Enterprise Zone Application

1. In September 2015 Cabinet considered a report from the Chief Executive which authorised the Leader and Chief Executive to commit the Council to enter into an agreement along with other partners to deliver an Enterprise Zone including two sites in the Borough and one in the City of Leicester.
2. At that stage designation of the Zone had not occurred. Rather, following Cabinet approval, the Council along with the City Council and LLEP submitted an application to the Secretary of State in September 2015 to seek designation of both sites plus the Leicester Waterside site.
3. This application was unsuccessful, but a re-application was submitted in July 2016. Again, the applicants were the Council, Leicester City Council and the LLEP. By submitting an application, the Local Enterprise Partnership and local authorities agreed to deliver the proposed Enterprise Zone together.
4. Various amendments were made to this application culminating in a revised version in September 2016. This was approved in early 2017 and the designation came into effect on 1st April 2017.

#### Memorandum of Understanding

5. Following designation, the applicants signed a memorandum of understanding in May 2017, authority for the Council to enter into this MoU having been delegated by Cabinet in September 2015.
6. This has subsequently been the subject of much discussion but over the last 21 months it has been established that:
  - The MoU has no legal substance and is practically unenforceable
  - There is no obligation on the Council or Leicester City Council as business rates collection authorities to pay any monies to the LLEP
  - The substantial obligation of the MoU is the requirement for the parties to develop further agreements, implicitly before its expiry in May 2020.
7. Since signing the Memorandum of Understanding the parties have sought to reach agreement on the long-term arrangements to deliver the Enterprise Zone beyond the expiry of the current MoU in 2020. Two sets of issues have emerged.
8. The first is the treatment of Business Rates generated in the EZ during its 25 year lifetime to 2042.
9. The second and more profound issue is the governance framework and key principles upon which investment and other key decisions regarding the delivery of the Enterprise Zone will be made.

## Business Rates Allocation

10. Many attempts have been made to establish a reasonable mechanism to allocate the business rates between:
  - Those that would have been generated had EZ status not been awarded
  - Those that would arise only as a consequence of EZ designation.
11. The former of these is counterfactual and so modelling has been based on the assumptions submitted in the EZ application to Government. That has been complicated by the fact that the assumptions were changed during the application process in very significant ways.
12. The other main complication is that there are many variables/unknowns in the actual business rate formula and, probably, the future business rates formula. These matters are referred to in the comments of the Section 151 Officer in Part A of this report.
13. However, in December 2018 the LLEP proposed that the billing authorities (i.e. Charnwood Borough Council and Leicester City Council) should retain 12.5% of the business rates which, for the Council, becomes 10% after adjusting for County and Fire Authority allocations.
14. Whilst the Council does not believe that this formula should apply equally across the 3 EZ sites, given their vastly different growth potential as set out in the EZ application, the Section 151 Officer considers that the proposed retention of 12.5% is in overall terms acceptable to the Council.

## Governance

15. There is as yet no agreement on the governance arrangements through which the Enterprise Zone will be delivered beyond 2020.
16. However, it has recently been affirmed by the LLEP that the EZ application was made by 3 parties who agreed by the act of applying to deliver the EZ together.
17. As a result, it is now possible to develop an agreement that enables the 3 parties to make collective decisions.

## Current Position

18. In January 2019 the Chairman of the LLEP made a proposal to the other two parties as follows:
  - The billing authorities retain 12.5% of the business rates generated on the Enterprise Zone sites within their area. For the Council this means that 10% of the Business rates would be retained and the other 2.5% would be paid over to the County Council and Fire Authority.
  - The other 87.5% is therefore available for investment. The LLEP proposed a minimum level of investment in the EZ sites of 37.5%.

- The decision making regarding that 87.5% is a matter for the 3 applicants acting jointly (and therefore not the LLEP).
19. It is notable that the other Enterprise Zone in the LLEP area, the MIRA Technology Park in Hinckley and Bosworth Borough Council, was designated 3 years prior to the designation of the Loughborough and Leicester Science and Innovation Enterprise Zone but as yet the LLEP has not concluded an agreement regarding its governance. It is therefore a matter of concern that satisfactory arrangements are put in place sooner rather than later so that the development of the Enterprise Zone sites is not further jeopardised.

### Proposals

20. Cabinet is requested to endorse the following parameters within which the Leader and Chief Executive must operate to secure a final agreement with Leicester City Council and the LLEP:
- A Governance Body with ultimate decision-making authority must be established comprising the 3 applicant parties.
  - Investment plans for each site in the EZ must be prepared and approved by all 3 parties.
  - The Council must retain the ability, as per the existing MoU, to invest EZ Business Rates (i.e. the 87.5%) directly into the EZ sites in the Borough.
  - Business rates in excess of the amounts required to fulfil the investment needs of the Charnwood sites in the Enterprise Zone will only be made available for alternative purposes once the investment needs of the EZ sites have been met.
  - Should there be a significant and material change in the national Business Rates Scheme then the basis upon which the Council retains its share of the business rates generated in the Enterprise Zone will be reviewed.
21. Recent discussions with the other parties have indicated that these principles provide an acceptable basis for agreement.

### Appendices

None.