

Cabinet Report



Listening Learning Leading

Report of Deputy Chief Executive - Partnerships

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To: CABINET

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Didcot Growth Accelerator Enterprise Zone Memorandum of Understanding

Recommendations

That cabinet agrees:

1. that South Oxfordshire District Council should enter into a new memorandum of understanding (MoU) with Oxfordshire Local Enterprise Partnership (OxLEP), Vale of White Horse District Council and Oxfordshire County Council (OCC) for the retention and distribution of business rates growth income from the Didcot Growth Accelerator Enterprise Zone, agreeing the roles of each party and specifically that Vale of White Horse District Council becomes sole Accountable Body.
2. that authority to finalise terms of the new MoU, including non-material amendments, and to enter into it, is delegated to the Deputy Chief Executive - Partnerships in consultation with the Cabinet Member for Partnership and Legal and Democratic.

Purpose of Report

1. To request that cabinet notes that the Didcot Growth Accelerator memorandum of understanding (MoU) with the Secretary of State for Communities and Local Government, Vale of White Horse District Council and Oxfordshire Local Enterprise Partnership (OxLEP) for the establishment of the Didcot Growth Accelerator Enterprise Zone (also known as EZ2), expired on 31 March 2020, and that a new MOU is required to provide governance for ongoing objectives and priorities for the Enterprise Zone.

2. To request that cabinet agrees that South Oxfordshire District Council should enter into a new memorandum of understanding (MoU) with OxLEP, Vale of White Horse District Council and Oxfordshire County Council for the retention and distribution of business rates growth income from the Didcot Growth Accelerator Enterprise Zone.

Corporate Objectives

3. Entering into a new MOU supports South Oxfordshire District Council's corporate objective: 'Partner with regional agencies to ensure economic recovery, quality employment, thriving businesses and vibrant communities, avoiding the blight of "dormitory towns"'.

Background

4. In 2016, following a competitive process, Government named Didcot Growth Accelerator as an enterprise zone, based on sites around Didcot, Milton Park and the Milton Interchange. OxLEP, with the support of South Oxfordshire District Council and Vale of White Horse District Council, made the bid for enterprise zone status, and has overall responsibility for the delivery of the zone. Enterprise zone status brought a number of advantages for businesses locating to the zone, such as business rate discounts.
5. Government legislation and policy allows all business rate growth within the Didcot Growth Accelerator Enterprise Zone to be retained locally until 2041, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards OxLEP's other identified growth priorities. A local authority must be nominated to be the accountable body for the retained business rates for audit and accounting purposes. As 95% of the Enterprise Zone lies in the Vale, Vale of White Horse District Council has been acting as de facto accountable body. The accountable body is also expected to undertake the following tasks:
 - Prepare and revise estimates of additional business rates income generated in the enterprise zone;
 - Report actual additional business rates income retained to OxLEP;
 - Agree with OxLEP, and Oxfordshire County Council (OCC) as OxLEP's accountable body, mechanisms to disburse the retained business rates income.
6. As the Didcot Growth Accelerator Enterprise Zone includes areas in both Vale of White Horse and South Oxfordshire, there is a need to codify the roles of South Oxfordshire District Council and Vale of White Horse District Council as billing authorities and Vale of White Horse District Council as accountable body. As such, a mechanism needs to be established for the enterprise zones business rates retained by South Oxfordshire District Council to flow to Vale of White Horse District Council for disbursement.
7. Therefore, there is a need for a new MOU to be put in place. Officers, in consultation with OxLEP and Oxfordshire County Council have drafted a proposed MOU. A copy of the proposed MOU is attached as appendix A.

Options

8. Enter into the proposed MOU - South Oxfordshire District Council, as billing authority for those areas of the enterprise zone which fall within its boundaries, will make retained enterprise zones business rates available to Vale of White Horse District Council for disbursement. Vale of White Horse District Council will become sole accountable body for the entirety of the Didcot Growth Accelerator Enterprise Zone and continue as billing authority for those areas of the enterprise zone which fall within Vale of White Horse District Council boundaries. South Oxfordshire District Council secure a commitment from OxLEP that business rates retained within the Didcot Growth Accelerator Enterprise Zone are directed towards the further development of the enterprise zone, where projects are available to be funded, before being made available to OxLEP's other identified growth priorities.
9. Not to enter into the proposed MOU – South Oxfordshire District Council, as accountable body for those areas of the enterprise zone which fall within its boundaries, will need to make separate arrangements for the disbursement of retained business rates to support OxLEP's identified growth priorities. Vale of White Horse District Council will continue as accountable body for those areas of the enterprise zone which fall within its boundaries.

Financial Implications

10. The proposed MOU sets out those costs that can reasonably be recharged to OxLEP. Any other costs incurred by the council, the council will need to meet from existing resources. This is in line with OxLEP's and Government's expectation that all Oxfordshire local authorities will support OxLEP in delivering its objectives.

Legal Implications

11. The Non-Domestic Rating (Designated Areas) Regulations 2021 provide South Oxfordshire District 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 OxLEP.
12. If Vale of White Horse District Council becomes sole accountable body, an MOU is needed between South Oxfordshire District Council, Vale of White Horse District Council, OxLEP and Oxfordshire County Council that determines the arrangements for managing the retained business rates collected in the enterprise zone area. All parties are required to act properly in the expenditure of such funds and in accordance with statute and the principles of democratic and financial accountability.
13. A memorandum of understanding provides this accountability and also provides clarity for all parties about how they can work together effectively. It is not a legally binding/enforceable document and can be terminated by one or all the parties without legal consequences.

Risks

14. There is a risk that OxLEP will commit retained business rates income that does not materialise. This will be managed through ensuring that estimates of retained business rates income are robust and prudent.

Timeline

15. Estimated timeline for MOU approval is as follows:

- 15/11/2022 - OxLEP Enterprise Zones Sub-Group
- 01/12/2022 – South Oxfordshire Cabinet
- 02/12/2022 – Vale of White Horse Cabinet
- 13/12/2022 – OxLEP Board

Conclusion

16. Cabinet are asked to agree that South Oxfordshire District Council enter into a memorandum of understanding (MOU) with the Oxfordshire Local Enterprise Partnership, Vale of White Horse District Council and Oxfordshire County Council for the retention and distribution of business rates growth income from the Didcot Growth Accelerator Enterprise Zone, and authority to finalise terms and enter into the agreement delegated to the Deputy Chief Executive - Partnerships in consultation with the cabinet member for Partnership and Legal and Democratic.

Appendices

- Draft Didcot Growth Accelerator MOU
- Signed Didcot Growth Accelerator MoU with Secretary of State for Communities and Local Government, 2nd December 2016