

WRITTEN STATEMENT OF A KEY DECISION

CABINET MEMBER CORPORATE STRATEGY AND BUDGET

ITEM:	ENTERPRISE ZONE CAPITAL INTERVENTIONS PHASE 3
Date of Decision:	23 June 2017
Exempt:	No -
Confidential	No
This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.	
A notice was served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
Urgency/Special Urgency: (As defined in Constitution)	No
Purpose:	To agree the next phase of capital interventions to make zone land ready for investment.
Decision:	<p>THAT</p> <p>(a) funding from the EZ capital budget be invested on infrastructure at the Hereford enterprise zone as follows:</p> <p style="padding-left: 40px;">Deliver a ground raising solution to make plots on N4, 10, 11, 16-22, C1 and C22 meet the flood level requirements utilising spoil from the North Magazine (£900k)</p> <p style="padding-left: 40px;">Deliver a Sustainable Urban Drainage System (SUDS) solution for the whole of the South Magazine to replace the current inadequate provision (£800k)</p> <p style="padding-left: 40px;">Deliver a controlled access route from the South Magazine to the relief road (£200k)</p> <p style="padding-left: 40px;">Deliver a separate cycle and walk way down the Straight Mile (£600k)</p> <p style="padding-left: 40px;">Road access extension to open up plot N4 and install park and choose provision (£500k)</p> <p style="padding-left: 40px;">Utilities investment (£500k)</p> <p style="padding-left: 40px;">Groundworks (£300k)</p> <p style="padding-left: 40px;">General plot works (£200k)</p> <p>(b) Economic development manager be authorised to take all necessary operational decisions to implement the above projects.</p>
Reasons for the Decision:	This investment is to ensure the continued build out of the EZ.

	<p>The regulations relating to EZs mean that the Local Enterprise Partnership (LEP) will benefit from retaining 100% of the business rates on units built on the Zone for 25 years starting in 2013. These can be re-invested in economic growth in the LEP area. The LEP have signed up to a series of capital interventions being made to maximise uptake and business rates generation. The council will make the interventions, and will be paid back in full, including the costs of making these interventions, from business rates generated.</p> <p>A total budget for these interventions for the period up to 2019/20 has been approved by the council, draw down to be confirmed by decisions on cases submitted.</p> <p>Without this investment historical and recent market experience demonstrates that sales would either slow markedly or stop entirely, meaning the business investment will halt and the job creation and business rates income targets will not be met. These works will lead to 15 acres of land being sold, at an expected receipt value of £3.1m.</p>
<p>Options Considered:</p>	<p>Option 1 – no forward expenditure on the enterprise zone (EZ).</p> <p><u>Advantages</u> There would be no further capital outlay by the council.</p> <p><u>Disadvantages</u> This would result in applying a brake on or even end further sales of land on the zone, with consequent impact on sales receipts, business rate returns and the reputation of the council. Clients are expecting service-ready plots and the sale price reflects this.</p> <p>Option 2 – agree a reduced amount of expenditure</p> <p><u>Advantages</u> This would reduce the capital outlay by the council.</p> <p><u>Disadvantages</u> A lower capital outlay would serve to reduce the volume of sales, which would be confined to those plots which are made ready for development. This would change the nature of the zone’s approach which has been business like and responsive to the speed of client interest. Some clients would be turned away or asked to wait. This option would not be in the council’s interest as it would reduce the capital receipts received and severely reduce the total business rate retention figures over the 25 years life time of the EZ programme. Again it would impact negatively on the reputation of the zone – turning away a prospective client on lack of readiness grounds would become widely known.</p>
<p>Conflict of Interest ■ (See below):</p>	
<p>Date the key decision is due to take effect:</p>	<p>30 June 2017</p>

COUNCILLOR AW JOHNSONDate: 23 June 2017
Cabinet member corporate strategy and budget

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

And

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.