

DATED

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**MEMORANDUM OF UNDERSTANDING**

**Between**

**THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT**

**AND**

**HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP**

**AND**

**HERTFORDSHIRE COUNTY COUNCIL**

**AND**

**DACORUM BOROUGH COUNCIL**

**AND**

**ST ALBANS CITY & DISTRICT COUNCIL**

## Enterprise Zone Memorandum of Understanding

THIS AGREEMENT is dated

2016

### PARTIES

1. **THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT** whose principal address is: 2 Marsham Street, London, SW1P 4DF (Secretary of State); and
2. The **HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP** whose principal address is : BioPark, Broadwater Road, Welwyn Garden City, Hertfordshire, AL7 3AX names and principal addresses are listed at Schedule 2; and
3. **HERTFORDSHIRE COUNTY COUNCIL** whose principal address is at County Hall, Pegs Lane, Hertford, Hertfordshire SG13 8DE (Accountable body on behalf of the Hertfordshire Local Enterprise Partnership) (Relevant Local Authority); and
4. **DACORUM BOROUGH COUNCIL** whose principal address is : Civic Centre, Marlowes, Hemel Hempstead, Hertfordshire, HP1 1HH (Relevant Local Authority); and
5. **ST ALBANS CITY & DISTRICT COUNCIL** whose principal address is : Civic Centre, St Peter's St, St Albans, Hertfordshire, AL1 3JE (Relevant Local Authority).

Each of the local authorities listed at 3, 4, 5, above are collectively termed the **Relevant Local Authorities** for the area of the Enterprise Zone, whose names and principal addresses are listed at Schedule 1

### BACKGROUND

- A The Secretary of State has the power to declare an area to be an Enterprise Zone.
- B. Enterprise Zones are single or multiple sites designated for business development which may offer business rate discounts or enhanced capital allowance for new businesses locating on the sites. Enterprise Zones are on sites which would ordinarily not be expected to generate significant business growth nor generate any business rates without incentives and /or dedicated local stakeholder support. Any increase from business rates income which arise from the development of an Enterprise Zone site will not be affected by business rates reform, reset or redistribution for a period of 25 years.
- C. The Hertfordshire Local Enterprise Partnership is a voluntary partnership between local authorities and businesses to help determine local economic priorities and lead economic growth within Hertfordshire. This includes arrangements for the establishment and operation of Enterprise Zones. As the Hertfordshire Local Enterprise Partnerships is not a corporate body, they enter into agreements through an accountable local authority acting on their behalf, namely Hertfordshire County Council.

D. In agreement with the Local Enterprise Partnership local authorities responsible for all or part or all of an Enterprise Zone use any increase in business rates they collect from each Enterprise Zone site to support the further development of the Enterprise Zone and neighbouring areas.

E. Taking account of the application included within the attached schedule and other representations made by the Local Enterprise Partnership, the Secretary of State with the agreement of the Chancellor of the Exchequer offers the **Hertfordshire Local Enterprise Partnership** and the **Relevant Local Authorities**, the right to set up and establish arrangements for the operation of the Enterprise Zone subject to the terms and conditions set out within the other paragraphs of this Memorandum of Understanding. To allow all parties to review their interests, in the first instance this Memorandum of Understanding extends to 2020.

## IT IS AGREED THAT:

### 1 DEFINITIONS

In this Memorandum of Understanding the following words and phrases shall have the following meanings:

**“Accountable Body”** means a local authority organisation(s) responsible for one or more aspects of the operation of the Enterprise Zone in line with plans agreed with the Local Enterprise Partnership.

**“Application”** means the application for enterprise zone status submitted to the Secretary of State by the Local Enterprise Partnership on 18<sup>th</sup> September 2015 (which may be amended from time to time after the date of this Memorandum of Understanding) and includes each of the representations at Schedule 3 of this Memorandum of Understanding (in the event of conflicting statements, Schedule 3 and then the latest validly made variation shall take priority).

**“Enterprise Zone”** means one or more sites which under the Regulations (as amended from time to time) are able to offer specific business incentives and permitted by the Secretary of State to market themselves as such.

**“Regulations”** means “Non-Domestic Rating (Designated Areas) Regulations 2016”, and “Non-Domestic Rating (Rates Retention) Regulations 2013”.

**“Relevant Local Authorities”** means a local authority on which all or part of an Enterprise Zone is situated and as a consequence collects business rates from businesses in operation on that site.

**“Term”** means the earlier of 31 March 2020 or the date of the Secretary of State, each of the Local Enterprise Partnership or each of the Relevant Local Authorities giving written notice to the other parties to this Memorandum of Understanding of its intention to terminate the Enterprise Zone status under clause 5.

## **2 AGREEMENT TO SET UP AND OPERATE AN ENTERPRISE ZONE**

Having relied upon the representations made by the Local Enterprise Partnership in the Application, the Secretary of State offers the Local Enterprise Partnership and the Relevant Local Authorities the right to set up and operate the Enterprise Zone for the Term, subject to the terms of this Memorandum of Understanding, including the right to benefit from the following business incentives:

- Permitting the Relevant Local Authorities to retain 100% of any business rate increase which accrues for a period of 25 years from the commencement date (this being 1<sup>st</sup> April 2017) of the Enterprise Zone, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities;
- Central government will reimburse the cost incurred by Relevant Local Authorities in providing a 100% business rates discount for a period of up to five years, to any business which sets up operations within the Enterprise Zone site before 31 March 2022, and is able to receive the support within the State Aid De Minimis threshold (or other limitation applicable by law);
- The Local Enterprise Partnership and Relevant Local Authorities can together agree to other local authorities benefitting from the benefits of the Enterprise Zone during the Term provided they have entered into an inter-party agreement as set out in 3.3 (b) and meet the relevant requirements in the regulations. In this situation, notice shall be given to the Secretary of State of the arrangement.

## **3. TERMS AND CONDITIONS**

- 3.1** The Relevant Local Authorities and the Local Enterprise Partnership agree, having undertaken due investigation, that at the date of this Memorandum of Understanding:
- (a) The statements within the Application are accurate;
  - (b) they are not aware of any information which is likely to materially undermine the ability of the Local Enterprise Partnership and the Relevant Local Authorities to deliver the Enterprise Zone in accordance with the Application and achieve the outputs, apart from the outcome of the St Albans City & District Council Draft Strategic Local Plan process. The parties will continue to monitor progress and report back to the relevant governance group if there are any implications arising from the Local Plan process.

**3.2** Subject to the continued review of the St Albans City & District Council Draft Strategic Local Plan process, the Relevant Local Authorities and Local Enterprise Partnership confirm, having undertaken due investigation, that:

- (a) 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 in accordance with the Application;
- (b) they have or will secure the expertise and capacity to set up and operate the Enterprise Zone in accordance with the Application;
- (c) 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); and
- (d) they will deliver the relevant incentives at Schedule 4 for the period set out in the Application and this Memorandum of Understanding.
- (e) The identified infrastructure delivery costs will be met from the retained business rates via borrowing arrangements as explained in the attached Project Plan (which must be approved by the Relevant Authorities and Local Enterprise Partnership finance departments).

**3.3** Subject to the Relevant Authorities/Local Enterprise Partnerships approval in accordance with their internal decision making process and right to exercise its powers accordingly, the Relevant Local Authorities and the Local Enterprise Partnership agree to, where approved:

- (a) organise and promote a governance group for the Enterprise Zone which is able to make strategic and operational decisions. This shall include representatives of each relevant local authority and shall meet at least quarterly (“**Governance Group**”); and
- (b) enter into Memorandum of Understandings with each other which set agreed objectives and priorities for the Enterprise Zone as well as terms necessary to give effect to this Memorandum of Understanding (for example, provisions covering the use of business rates retained by local authorities and how local authorities will use their general power of competence to support the Enterprise Zone, including but not limited to Compulsory Purchase Orders, simplified planning regimes, development orders, Joint Ventures and borrowing to support investment and arrangements for the provision of monitoring data). Where during the Term, new local authorities become involved in the Enterprise Zone or the legal status of Local Enterprise Partnerships and local authorities involved in the Enterprise Zone changes, the Secretary of State requires that the Local Enterprise Partnership uses all reasonable endeavours to enter into new Memorandum of Understandings under this clause. Copies of these

Memorandum of Understandings should be sent to the Secretary of State within 50 Working Days of execution.

- (c) to use government subsidies provided for the Enterprise Zone (including the subsidy provided under this Memorandum of Understanding and the Regulations) for the objectives of the Enterprise Zone and in compliance with relevant laws.

### 3.4 Implementation Plan

The Local Enterprise Partnership in consultation with the Relevant Local Authorities shall design and submit to the Secretary of State a 5 year implementation plan (which sets out the major steps and the individual(s) and organisation(s) who will be responsible to set up, operate and deliver the objectives and priorities which have been agreed for the Enterprise Zone) no later than 31st March 2017.

### 3.5 The Cities and Local Growth Unit shall support:

- (a) the set up and delivery of the Enterprise Zone (in particular through the contact for the Enterprise Zone, which is Andrew Lee (E-mail: Andrew.Lee@hertfordshirelep.co.uk, Telephone: 01707 356129) who shall advise on the procedures for establishing the zones and resolving issues, which may arise in relation to government funding or legal arrangements. The Local Enterprise Partnership and Relevant Local Authorities shall be informed if there is a change in the Cities and Local Growth Unit team contact.
- (b) Enterprise Zones by providing information on the Enterprise Zone to the market via press releases, its national Enterprise Zone website, Twitter account and other media; and
- (c) Collaboration, by inviting senior leaders from all England's Enterprise Zones to meet to discuss progress, challenges and good practice with senior government officials and Ministers

this support shall be provided up until 31 March 2020 and may be renewed or subject to alteration after that date.

### 3.6 The Relevant Local Authorities and Local Enterprise Partnership shall:

- (a) send the Cities and Local Growth Unit contact the details of the primary point of contact ("**Local Enterprise Zone Contact**"), a named representative agreed with the Local Enterprise Partnership) for the Enterprise Zone within 20 Working Days of entering into this Memorandum of Understanding. The Cities and Local Growth Unit contact shall be informed if there is a change in the Local Enterprise contact.
- (b) authorise the Local Enterprise Contact to discuss progress of the Enterprise Zone with the Cities and Local Growth Unit contact either in face-to-face or telephone meetings at least once a quarter. Such meetings shall be two-way enabling both parties to understand progress of the Enterprise Zone. Share information about the wider Enterprise Zone network and any issues which might adversely affect the planned progress of the Enterprise Zone.

- (c) take all reasonable steps to allow the Cities and Local Growth Unit team contact (or another team member in their place) to attend the Governance Group meetings (as mentioned at clause 3.5(a) including providing information on the date and location of meetings and sending papers which will be discussed. The Cities and Local Growth Unit team contact shall be entitled to decide whether they attend in an observer capacity or as a participant at the Governance Group meeting.

### **3.7 Marketing**

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to

- (a) promote the Enterprise Zone;
- (b) share with the Secretary of State a marketing plan for the Enterprise Zone within six months of entering into this Memorandum of Understanding; and
- (c) use DCLG and Enterprise Zone logos within marketing communications and signage.

### **3.8 Monitoring**

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to complete the management information at Schedule 5 within 21 Working Days of the commission from DCLG, which will be quarterly at the end of January, April, July and October.

## **4. CHANGES**

All changes to the text of the application or this Memorandum of Understanding must be approved by the Secretary of State in writing prior to the relevant change being deemed to be effective. Until such time as a change is made in accordance with this clause, the parties shall, continue to perform this Memorandum of Understanding in compliance with its terms before such change.

## **5. TERMINATION**

- (a) The Secretary of State shall be entitled to suspend or withdraw the right of any or all of the Local Enterprise Partnership and / or the Relevant Local Authorities to market an Enterprise Zone if, acting reasonably, the Secretary of State is of the view that a party has acted in a way which significantly damages the reputation of the Enterprise Zone Programme or if there has been a material breach of this Memorandum of Understanding.
- (b) The Relevant Local Authorities and Local Enterprise Partnership with the Memorandum of Understanding involved in delivering the Enterprise Zone is entitled to ask for the Enterprise Zone status to be rescinded by submitting notice in writing.

**6. GOOD FAITH AND COOPERATION**

Each party covenants with the others that they shall act with the utmost good faith towards the other, shall comply with reasonable requests for information in relation to the Enterprise Zone submitted from time to time and will not do anything which would deliberately put the other in breach of its obligations under this Memorandum of Understanding. However, it is recognised that this Memorandum of Understanding is not legally binding.

**7. MISCELLANEOUS**

Nothing in this Memorandum of Understanding shall constitute a partnership or joint venture between any of the parties.

DRAFT



**ACCEPTANCE**

This Memorandum of Understanding has been entered into on the date stated at the beginning of it.

Signed for and behalf of

**SECRETARY OF STATE FOR )  
COMMUNITIES )  
AND LOCAL GOVERNMENT )**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signed for and on behalf of

**HERTFORDSHIRE COUNTY COUNCIL**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signed for and on behalf of

**DACORUM BOROUGH COUNCIL**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signed for and on behalf of

**ST ALBANS CITY & DISTRICT COUNCIL**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

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The following parties are aware of the requirements of this Memorandum of Understanding (including the Application) and shall support and assist development and delivery of the Enterprise Zone throughout the Term, but do not have the required legal personality.

## **HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP**

**Authorised Signatory:**

**Print Name:**

## **SCHEDULE 1 - RELEVANT LOCAL AUTHORITIES**

1. **HERTFORDSHIRE COUNTY COUNCIL** whose principal address is at County Hall, Pegs Lane, Hertford, Hertfordshire SG13 8DE (Accountable body on behalf of the Hertfordshire Local Enterprise Partnership); and
2. **DACORUM BOROUGH COUNCIL** whose principal address is: Civic Centre, Marlowes, Hemel Hempstead, Hertfordshire, HP1 1HH; and
3. **ST ALBANS CITY & DISTRICT COUNCIL** whose principal address is: Civic Centre, St Peter's St, St Albans AL1 3JE.

## **SCHEDULE 2 – LOCAL ENTERPRISE PARTNERSHIP**

1. The **HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP** whose principal address is: BioPark, Broadwater Road, Welwyn Garden City, Hertfordshire, AL7 3AX

## **SCHEDULE 3 KEY INFORMATION ON HERTFORDSHIRE ENVIRO-TECH ENTERPRISE ZONE FROM HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP APPLICATION**

General	
Name of Enterprise Zone	Hertfordshire Enviro-Tech Enterprise Zone
Name of Local Enterprise Partnership	Hertfordshire Local Enterprise Partnership
Relevant local authorities	Dacorum Borough Council St Albans City & District Council Hertfordshire County Council

Fill out information from the application form Q C.8 What is the Local Enterprise Partnership's agreed approach, with the relevant local authorities, about how the retained rates will be used to support development on the Enterprise Zone? Briefly explain your financial or investment plan for how (for example, through borrowing or development of a recycling fund) and when the retained rates will be used.

In order to fully use the space, and to make the broader Maylands and East Hemel Hempstead effective, key investment will focus on:

- transport and access infrastructure
- utilities provision
- superfast broadband
- incubation and business support; and a rapid prototyping centre
- marketing / branding / place making / public realm / public art / programme activity
- enterprise and skills / training

In summary:

- With EZ designation over 75,000 sqm of employment floorspace will be delivered by 2020. Without EZ status this would be 21,000 sqm
- With EZ designation over 2,500 jobs will be delivered by 2020. Without EZ status this figure would be 1,100

Fill out information from the application form Q E 1. Please describe the governance arrangements for the proposed Enterprise Zone, clearly setting out the name and job title of the Senior Responsible Officer for delivery of the Zone, the governance structure and explain how progress will be owned by the Local Economic Partnership Board.

**Name of Senior Responsible Owner:** Neil Hayes

**Job title:** Chief Executive, Hertfordshire Local Enterprise Partnership

**Governance structure:**

A new partnership will be set up specifically to deliver the Hertfordshire Enviro-Tech Enterprise Zone.

The members of the Hertfordshire Enviro-Tech Enterprise Zone Partnership will be: the chair of the Maylands Partnership\*, Dacorum Borough Council, St Albans City & District Council, Hertfordshire County Council, the Hertfordshire Local Enterprise Partnership (LEP), the University of Hertfordshire, the Building Research Establishment (BRE), and Rothamsted Research.

[\*The Maylands Partnership was formed in 2008 and is supported by partners across both the public and private sector. It represents the combined interest of nearly 500 businesses]

The LEP will chair the Hertfordshire Enviro-Tech Enterprise Zone Partnership with Dacorum Borough Council providing the secretariat.

This Partnership will:

- produce an investment and delivery framework, building on the Local Plans and the LEP's Strategic Economic Plan (SEP).
- co-ordinate private-sector led initiatives currently being proposed.
- set out a shared vision for the Hertfordshire Enviro-Tech Enterprise Zone
- provide the necessary infrastructure to enable growth and sustainable development to be delivered.

**How will the LEP Board own and drive progress:**

The LEP will appoint a member of its Board to chair the delivery of the Hertfordshire Enviro-Tech Enterprise Zone Partnership.

The identified infrastructure delivery costs will be met from the retained business rates via borrowing arrangements as explained in the attached Project Plan.

Fill out information from the Application form from Q E.2 capacity and skills you will make available to deliver the Enterprise Zone on a day-to-day basis, including the job titles and names of each of the staff members in the Local Enterprise Partnership and the relevant local authorities and the total costs of this staff team.

The LEP will chair the Hertfordshire Enviro-Tech Enterprise Zone Partnership and provide the secretariat. The LEP will appoint a member of its Board to chair the main partnership.

Neil Hayes the Executive Director of the LEP, will take overall responsibility of the day to day running of the Hertfordshire Enviro-Tech Enterprise Zone.

He will be supported by Andrew Lee, the LEP's Enterprise Zone Programme Delivery Manager who will ensure effective governance structures and delivery frameworks are in place to meet the standards required by UK government.

Andrew will be supported by a dedicated Enterprise Zone Director who will be appointed in the autumn of 2016. This post will lead the delivery of development into and secure investment for the Hertfordshire Enviro-Tech Enterprise Zone. They will also be the lead technical 'ambassador' for the Enterprise Zone.

The LEP's transport and infrastructure input will come via Adam Wood, Hertfordshire LEP's Infrastructure Delivery Manager who will be the main link to the Maylands Growth Corridor group who are reviewing the transport infrastructure.

In addition:

- Dacorum Borough Council's input will come from Mark Gaynor (Corporate Director Housing and Regeneration), James Doe (Assistant Director – Planning, Development and Regeneration) and James Deane (Corporate Director Finance and Operations)
- St Albans City & District Council's input will come via Tracy Harvey ( Head of Planning and Building Control) supported by Maria Cutler ( Principal Policy and Economic and Development Officer).

Q E3 will you gather data that will allow the Local Enterprise Partnership and local authorities to monitor progress of the Enterprise Zone, for example this could include on delivering new jobs, business, and investment?

The Hertfordshire LEP, following the approval of its Growth Deal has in place a robust monitoring and evaluation procedure as set out in its Assurance Framework. The LEP has appointed Andrew Lee as its project manager. He will:

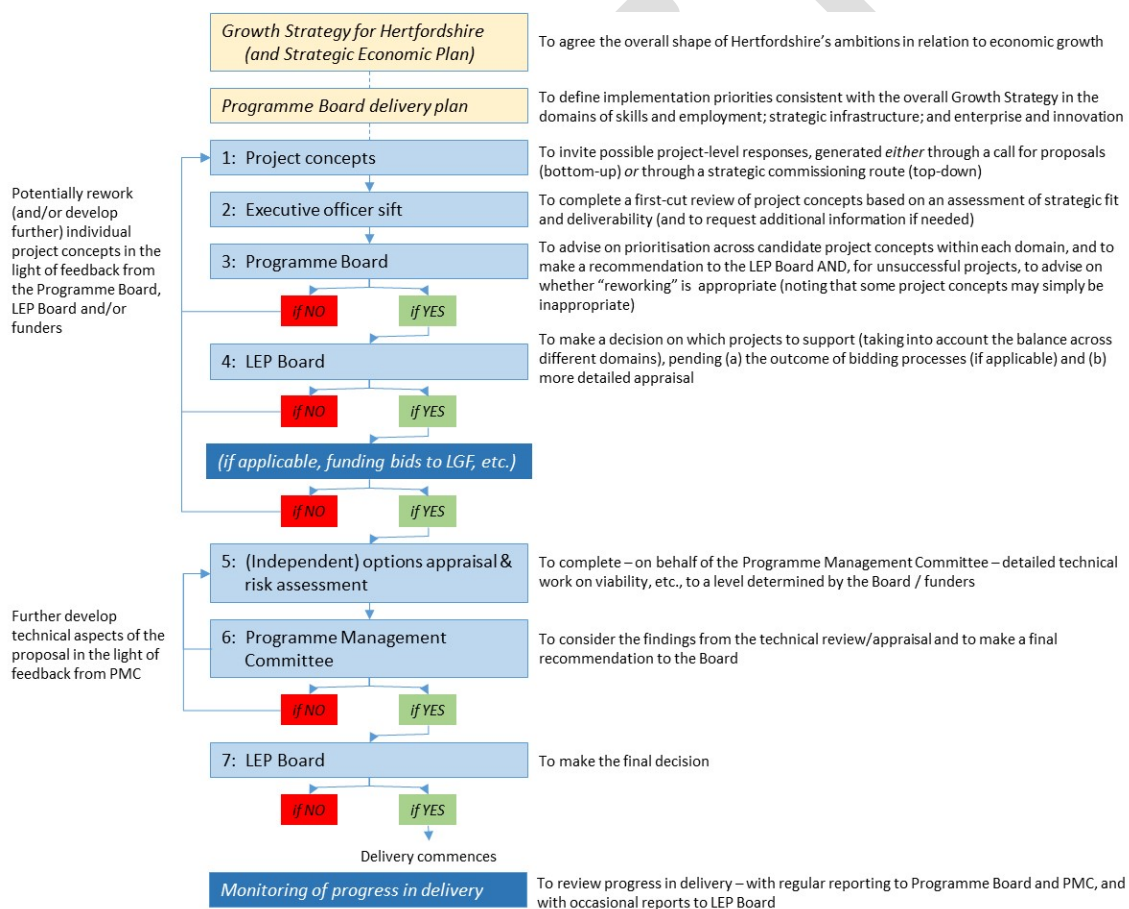
- monitor investment and delivery plans framework for each site
- receive and review regular commercial updates from local agents on each site

- liaise with each land owner

This builds upon the strong existing Local Authority Partnership working arrangements in Hertfordshire, and lists the following groups with which the LEP will work:

- Hertfordshire Leaders Group
- Hertfordshire Chief Executives Group
- Hertfordshire Infrastructure and Planning Partnership
- Hertfordshire Local Transport Body

The LEP will use the Assurance Framework process (summarised below) for the monitoring and evaluation of the Enterprise Zone:



**Q E5** Briefly set out your plan for marketing the sites to occupiers and/or investors, in the case of multiple site zones being clear if they will be marketed in clusters or in stages.

The marketing plan will be produced based upon the following assumptions:

- the Hertfordshire Enviro-Tech Enterprise Zone will be marketed as a single

entity.

- a marketing agent will be appointed with a joint duty of care to the Hertfordshire Enviro-Tech Enterprise Zone Partnership
- an office / marketing suite will be established within the Enterprise Zone to establish its identity and presence and offer a meeting point on site.

Close collaboration with:

UKTI (to target international business),  
the Green Triangle (to target businesses in the emerging environmental technologies sector); and  
education partners (in particular BRE, Rothamsted Research and the University of Hertfordshire)

## SCHEDULE 4 – SITES AND INCENTIVES

<b>Proposed Sites</b>	<b>EZ</b>	<b>District / Local authority Ward</b>	<b>ECA</b>	<b>BRD</b>	<b>BRR</b>
<b>Kier Site</b>		Dacorum Borough Council		Y	Y
<b>HCA site</b>		Dacorum Borough Council		Y	Y
<b>DBC site</b>		Dacorum Borough Council		Y	Y
<b>Crown Site</b>		St Albans City & District Council		Y	Y
<b>Spencers Park (Phase 2) site</b>		Dacorum Borough Council		Y	Y
<b>BRE site</b>		St Albans City & District Council		Y	Y
<b>Rothamsted Research site</b>		St Albans City & District Council		Y	Y



## **SCHEDULE 5 – DCLG'MANAGEMENT INFORMATION**

**Q1\*** What was the value of the retained rates that were reinvested in the Enterprise Zone in the last financial year?

**Q2\*** What was the value of the retained rates that were reinvested in the LEP area in which the Enterprise Zone is situated, including the amount in Q1, in the last financial year?

**Q3\*** What was the value of the borrowing against retained rates undertaken by the LEP accountable body or the EZ local authority in the last financial year?

**Q4** What was the change in the number of newly created jobs, excluding construction jobs, on the Enterprise Zone in this quarter?

**Q5** What was the change in the number of newly created construction jobs on the Enterprise Zone in this quarter?

**Q6** What was the change in the number of jobs that were safeguarded on the Enterprise Zone in this quarter?

**Q7** Was a Local Development Order introduced on the zone or a part of the zone this quarter?

**Q8** What was the change in the number of businesses that started trading on the zone this quarter?

**Q9** What was the value of any new public sector capital investment on the zone this quarter? Do not include borrowing against retained rates.

**Q10** What was the value of any new public sector revenue investment on the zone this quarter?

**Q11** What was the value of any new private sector investment on the zone this quarter (excluding non-monetary investment)?

**Q12** What was the value of any new private sector non-monetary investment on the zone this quarter, e.g. use of facilities, staff?

**Q13** What area of land was reclaimed and made ready for development on the zone this quarter?

**Q14** What commercial floorspace was constructed on the zone in this quarter?

**Q15** What commercial floorspace was refurbished on the zone this quarter?

**Q16\*** "What was the market rate for leasing commercial floorspace on the Enterprise Zone as of the current date?"

**Q17** What land sales were there on the zone this quarter?