

AGENDA

Title: C&IoS LEP EZ Board

Time/Date 2pm Thursday 23rd April 2018

Venue Chi Gallos, Hayle Marine Renewables Business Park, North Quay, Hayle TR27 4DD

Membership	Represented by	Attendees	Organisation
C&IoS LEP	Gavin Poole (GP) Chair Mark Duddridge (MD) Adam Wilkinson (AW)	Miles Carden (MC) Mandy Cosgrove (MCe) Matt Hodson (MH) Mike King (MK) Melissa Thorpe (MT) Nicola Lloyd (NL) Iain Mackelworth (IM) Jordan Whaley (JW) Al Titterington (AT) Jonathan Eddy (JE)	CDC CDC CDC CDC CDC CDC CC CC CAN MHCLG
Cornwall Council	John Betty (JB)		
Goonhilly Earth Station Limited	Ian Jones (IJ)		
A&P	Drystan Jones (DJ)		

AGENDA		Lead
1.	Welcomes and Introductions	
2.	Apologies for Absence	
3.	Housekeeping a) Conflict of Interest declaration b) Approval of Minutes of last meeting 15 th January 2018 c) Action Summary d) Risk Register	GP GP GP GP
4.	Governance a) LEP Assurance Framework	IM
5.	EZ Incentives & Investment a) 31ten Rate Modelling b) Rates Reliefs Renewals & Approvals c) Rates Growth Fund – Financial Report d) Aerohub Rates Relief Options e) EZ Growth Fund f) EZ Commercial Support Fund (Marine Hub)	31ten IM/MH/MC IM IM IM IM
6.	Investment Pipeline and Marketing Strategy a) Investment Pipeline b) Marine Hub website	IM/MK MH

7.	<p>Site Updates</p> <p>Aerohub+</p> <ul style="list-style-type: none"> a) Work Plan Review b) Aerohub+ c) Goonhilly <p>Marine Hub Cornwall</p> <ul style="list-style-type: none"> d) Work Plan Review e) Hayle f) Tolvaddon g) Falmouth Docks 	<p>MC/IM MC IJ</p> <p>MH/IM MH MH DJ</p>
8.	Budget Update	IM/MC/MH
9.	Skills	CH
10.	<p>Projects Update</p> <ul style="list-style-type: none"> a) Spaceport 	MC
11.	Any other business	GP
12.	<p>Dates of next EZ Board Meetings</p> <p>11am Wednesday 6th June, Trelawny Room, NCH, Truro</p>	

MINUTES

Title: C&IoS LEP EZ Board

Time/Date: 9am Monday 15th January

Venue: Chairman's Dining Room, NCH, Truro

Membership	Represented by	Attendees	Organisation
C&IoS LEP	Gavin Poole (GP) Chair Mark Duddridge (MD) Sandra Rothwell (SR)	Al Titterington (AT) <i>absent</i> Iain Mackelworth (IM) Jordan Whaley (JW) <i>absent</i> Clare Harris (CH) <i>part</i> Miles Carden (MC) Mandy Cosgrove (MCe) Matt Hodson (MH) Mike King (MK) Melissa Thorpe (MT) Nicola Lloyd (NL) Tim Bagshaw (TB) Jonathan Eddy (JE) <i>absent</i> Piran Trezise (PT) Steve Jones (SJ)	CAL CC CC CC CDC CDC CDC CDC CDC CDC CIoS LEP DCLG GES GES
Cornwall Council	John Betty (JB) <i>part</i>		
Goonhilly Earth Station Limited	Ian Jones (IJ)		
A&P	Drystan Jones (DJ)		

AGENDA ITEM & NOTES		ION
1.	Welcomes and Introductions	
2.	Apologies for Absence Jonathan Eddy, Al Titterington, Jordan Whaley; the board was advised that John Betty and Mark Duddridge would be joining later.	
3.	<p>Housekeeping</p> <p>a) Conflict of Interest declaration None declared</p> <p>b) Approval of Minutes of last meeting Approved</p> <p>c) Matters Arising It was noted that most actions points were to be covered in the agenda except for:</p> <ul style="list-style-type: none"> MK reported that a new resource had started at CDC who will also cover property at the airport and that outstanding enquiries will be handed over by MC and the EZ team soon. <p><i>Drystan Jones joined the meeting.</i> MH confirmed there is an ongoing conversation with Caroline Carroll at CC regarding Wave Hub and he will report back as this evolves.</p>	MH

	<ul style="list-style-type: none"> SR requested an Action Summary be re-instated for the next meeting to make it easier to review the minutes and this was agreed. MCe/IM to prepare. <p>d) Risk register IM reviewed the Strategic Risk Register and highlighted: <i>Ian Jones joined the meeting.</i></p> <ul style="list-style-type: none"> Risk 7 Rates Relief: See board paper comments below. Risk 9 Market Failure: This is the biggest barrier to development on the EZs. IM reported that CC was developing proposals for Commercial Development Programme to support workspace development in Cornwall. This is on the Council’s Cabinet Agenda for May as part of the wider Investment Programme. <i>Mark Duddridge joined the meeting.</i> The EZ Growth Fund and the Investment Growth Programme could be an issue if the CC Initiative does not happen. MK suggested that Matthew Vowels be asked to join the Operational Board and this was agreed. IM to action. Risk 14 Resourcing: IM reported that CC now have more staff in place to support the EZ programme, the Marine Hub is fully resourced and CDC has a new resource in place to help impact this. GP queried the appointment of Vickery Holman and IM responded that instructions are nearly in place. Risk 1 EZ Governance: IM reported that a great deal of progress had been made but the Collaboration Agreement still needs finalising. IM to report back. Risk 5 Brexit: Still a major uncertainty. Risk 10 Cash Flow: IM stated that he was investigating if it was possible for the EZ Board to borrow against future Rates Growth Fund. IM will go over the options in the next couple of months and report back at May Board. 31Ten are developing a rates model which can be used to forecast rates growth. 	<p>MCe/IM</p> <p>IM</p> <p>IM</p> <p>IM</p>
4.	<p>Governance</p> <p>a) Collaboration Agreement IM reported this is not yet finalised and signed. A meeting needs to be held with A&P/GES to go through to ensure it is acceptable to all parties and get this signed. IM to action.</p>	<p>IM</p>
5.	<p>EZ Incentives & Investment IM reported that the Operational Board (OB) met last week and confirmed that the programme of meetings are to coincide with the EZ Boards; the OB will be scheduled around 10 days before the EZ Board going forward. The OB will review Rates Reliefs applications, EZ Growth Fund application and issues that are acting as a barrier to development. He confirmed that he chairs the OB and attendees include MC/MH/2 from property team/JW. He stated that a representative from A&P and GES would be welcome if</p>	

	<p>they wished to participate. Alternatively, A&P and GES can feed questions or issues into the OB via MC/MH and points can be escalated up to this board as required. MC suggested that wider discussions need to take place at this meeting and Skills should be on the agenda on a regular basis as well as be on the OB which was agreed. IM to action.</p> <p>GP queries if the OB had a TOR and whether it was in the Implementation Plan which IM confirmed. It was agreed that this Board should receive a report on operational items from the OB and to provide strategic feedback to the OB under the heading of Governance. IM/MCe to action.</p> <p>a) Rates reliefs & ECA approvals</p> <p>IM reported no new applications for either zone this month. MC requested more time on the agenda next time for this as all applications for rates renewal need to be submitted by then and these will need to be reviewed. This was agreed. IM/MCe to action.</p> <p>GES were asked to leave the room while their report in relation to Empty Property RR for the visitor centre was reviewed. It was agreed that the report met the required standard of information and the Empty Property RR on the Visitor Centre could be granted. GES were called back in and GP advised them of the decision.</p> <p>b) Rates Growth Fund – financial report</p> <p>IM reported no further update available on the EZ RGF which is taking time to assess. Total value of the fund was £583K and £30K has been spent or committed so the latest balance is c £550K. IM will continue to chase and advise the exact figure by email.</p> <p>SR stated that this item and the next one should go through the OB first and a paper needs to come back from them with some recommendations. MC stated that it is important to see how the cash flow works.</p> <p>c) Aerohub Rates Relief Options</p> <p>IM referred to the report sent with the papers and reported that although EZ Applications which created the Aerohub+ EZ included the extension of rate relief at the Aerohub and the MOU with DCLG signed on this basis. It has now been confirmed that there will be no extension of Government funded RR at the Aerohub which will come to an end in March 2018.</p> <p>IM took the meeting through the report. A discussion followed. In particular IM explained that there are a small number of ongoing negotiations that have been conducted in good faith on the basis that the rate relief period at the Aerohub had been extended.</p>	<p>IM</p> <p>IM/MCe</p> <p>IM/MCe</p> <p>IM</p>
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	<p>It was agreed that we wait until the modelling work currently being undertaken by 31Ten is complete and make a decision once we have that information but the companies could still be invited to make their applications in the meantime.</p> <p>d) EZ Growth Fund Investment No applications.</p> <p>e) Commercial Support Fund (Marine Hub) IM explained that this is Government money to support the development within the Marine Hub EZ and was only available for zones that were created at that moment in time. He reported that funding need to be committed by 10th March and requested that A&P and the Council bring forward proposals to commitment the remaining funding approx. 40K. However, this needs to be matched £ for £ by other funding. DJ stated that he was meeting with IM to go through this and they will report back at next meeting.</p>	<p>DJ/IM</p>
	<p>Skills Update SR reported that Clare Harris had only just come back from leave this morning but would be making the presentation. SR also explained that it was very much a work in progress.</p> <p>SR stated that CH has reviewed the LEP’s Employment and Skills Board that links to skills and the membership has been refreshed. There has been engagement with Skills and DWP and looking at productivity in Cornwall. Priority areas have been identified and work is being done on STEM.</p> <p><i>John Betty joined the meeting</i></p> <p>CH stated that we need to make this review happen. First opportunity is on Wednesday this week when there is a policy decision for the first time from the Department For Education (DFE) to learn what life is like on the ground.</p> <p>CH continued with the presentation which will be circulated to all members. Some points were made by members:</p> <ul style="list-style-type: none"> • PT stated that we have an opportunity to make a change and we need more employment and more growth to create this. He suggested that not enough money is going into skills in Cornwall and we have an opportunity to make this sustainable. • TB suggested considering what could be done through apprenticeships etc., and start to think about who will benefit from this on the sites. • JB made the point that we need to consider where the blanks are and who is going to commit to do what. He suggested there should be an MOU between the EZ and Skills board so that we work together on this. This should cover where we are to date and how we move forward. • IJ stated that one of the current blanks are universities and 	

	<p>he felt they need to spend more on outreach since whenever any science project is funded there is much more interest and a possibility would be public engagement which could help make it easier for the universities.</p> <ul style="list-style-type: none"> • PT suggested that there be a physical place on site/sites which would change it from just being the universities who need to work to make sure the right skills are created in order to address the correct job opportunities for Cornwall. • CH confirmed that the Skills Board are looking to drive forward anything coming out of this Board. She confirmed that Paul Massey chairs the Employment and Skills Board (ESB) and that any request from the EZ Board will be given priority particularly relating to STEAM. • MC suggested a Space Skills Show be held in 2018 in view of the impending announcement which received support. • JB suggested this Board needs a Business Plan and that work needs to be done to align it with the ESB going forward. <p>CH to follow up all comments with assistance from TB. GP thanked Clare for her work and the report and she left the meeting.</p>	<p>CH/TB</p>
<p>6.</p>	<p>Investment Pipeline and Marketing Strategy</p> <p>a) Investment Pipeline MK stated there are currently no common proposals for the EZ which captures everything that is available to anybody who wants to relocate here to Cornwall. This should be promoted and it was suggested this should be delegated to the OB to make sure the EZ information can be put forward. IM to action.</p> <p>b) Lead Conversion MK referred to the Inward Investor leads document sent with the papers which links mostly to AeroHub and Marine Hub and suggested that GES and A&P need to be included which was agreed. Information to be sent from them to IM to add to the Investor Pipeline which should be delegated to the OB. MK suggested that asset owners should agree a common proposition for displacement and inward investors. Proposed next steps are:</p> <ul style="list-style-type: none"> • Cornwall EZ Marketing required • Competitor Analysis required • Economic Impact Analysis required <p>He suggested this be developed by CDC in consultation with CC, CIoS LEP and the asset owners. Discussions took place and some points noted as follows:</p> <ul style="list-style-type: none"> ▪ The EZ Board needs to have a clear understanding of what it can offer financially and discussions about what and how we can make offers to new companies coming into Cornwall need to take place without further delay. <p>IM to take forward at OB and come back with recommendations at next meeting.</p> <ul style="list-style-type: none"> ▪ SR stated the Board needs to understand whether the 	<p>IM</p> <p>GES/A&P</p> <p>IM</p>

	<p>EZ sites are able to cover the overall Cornwall offer and to be really clear about this and how we market it within Cornwall.</p> <ul style="list-style-type: none"> GP questioned whether the process could be marketed in such a way that it highlighted other aspects going on at the different sites. NL responded that IiC has spent quite a lot of time targetting what Cornwall could offer a business. She stated that there is a marked approach that captures everything and we should push this out to every business so they know what we can offer and that it is an active process. <p>It was agreed that MK/NL should move forward with these recommendations and make contact with GES and A & P to ensure they are included.</p> <p>c) Marketing & Comms Strategy MC stated that we need a link on the CC website which directs inward investors through to the right places which does not exist currently. IM to take offline and investigate. MT presented the objectives of this plan and stressed its main function was to give a joined up presence to the EZ offer in Cornwall. She reported that this document was designed to provoke discussion about whether the EZ Board were happy to develop this and move forward. MT stated that there is a problem currently on how we promote the EZ in Cornwall compared to in the past when we used to let everybody know what Cornwall offered. Discussions took place and GP stated that we should be clearer on the outcomes of the previous agenda item (Lead Conversion) prior to settling related marketing and comms. This was agreed. IM to follow up with MK/NL and take this offline.</p>	<p>MK/NL</p> <p>IM</p> <p>IM/MK/NL</p>
7.	<p>Site Updates GP requested these be kept as brief as possible due to time constraints and just cover anything urgent/important.</p> <p>Aerohub</p> <ul style="list-style-type: none"> a) Work Programme Review 2017/2018 As distributed with the papers. b) Aerohub+ MC reported that Apple have a new contract and are looking at a new larger facility to cope with the increased workload. c) Goonhilly IJ agreed he was happy to leave anything to the next meeting but that a pipeline of interest would be supplied to IM. <p>Marine Hub Cornwall</p> <ul style="list-style-type: none"> d) Work Programme Review 2017/2018 As distributed with the papers. e) Hayle Update next meeting 	<p>IJ</p>

	<p>f) Tolvaddon Update next meeting</p> <p>g) Falmouth Docks IM reported that the work programme on Marine-i is gathering some momentum and he will get a Business Plan in place over the next couple of months. He stated that we want to try to get ahead on the capital investment side. NL pointed out that some of the potential investors on the IiC pipeline are not relevant to the EZ. GP requested that the OB should take this on board when they look at the investment as a whole.</p>	
8.	<p>Budget Update Discussions are ongoing and will be covered in more depth at next meeting.</p>	
9.	<p>Major Projects Update Spaceport MC confirmed there is a steering group for this held on a weekly basis and GP chairs this. He reported that processes for the grant approval are complete in terms of Due Diligence and 81 documents were submitted. He reported that Jo Johnson is no longer the minister and they are hoping to get this through the new Science and Universities minister Sam Gyimah. MC reported that a meeting took place last week with Simon Sweetinburgh from DIT and they reported significant investor interest in Spaceport.</p>	
11.	<p>Any other business MCE asked that attendees respond to meeting requests as early as possible as some are not responding at all and this makes catering/room booking difficult. GP requested everyone to please respond to the meeting requests.</p>	ALL
12.	<p>Date of next EZ Board Meetings 2pm Thursday 1st March, Conference Room, Weston Aviation Cornwall Airport Newquay 2pm Monday 23rd April, Chi Gallos 1st Floor Meeting Room, Hayle MRBP</p>	

Title: EZ Board Action Summary from Previous Meeting
15th January 2017

Meeting

Date: 23 April 2018

Venue: Weston Aviation, Cornwall Airport Newquay, TR8 4RQ

Summary of Action		Responsibility	Completed
1.	Finalise Collaboration Agreement	IM	
2.	EZ Operations Board: a. Invite Matthew Vowels b. Add Skills to OB Agenda c. Add Investment Pipeline common proposals & recommendations to Agenda	IM IM IM	
3.	Update on EZ RGF	IM	
4.	Aerohub Rates Relief Options	IM	
5.	Obtain Inward Investor information from GES & A&P	IM	
6.	Include GES and A & P potential Inward Investors on Investor Pipeline & associated documents	NL/MK	
7.	CC Website Inward Investor pointer	IM	

Cornwall Enterprise Zones – Strategic Risk Register

1 Introduction

The Cornwall Enterprise Zone Strategic Risk Register captures the risks that are common to both Aerohub and MarineHub and are of strategic importance. The register is reviewed on a regular basis at the Enterprise Zone Operational Board. This paper summarises the key risks that are scored at 12 or above.

2 Key Risks (High to Low)

Risk Ref 7:	Rate Relief @ Aerohub Business Park - Loss of EZ Rates reliefs in March 2018 for Aerohub impacts on demand.	Current Risk Rating: 20
Mitigation:	Options paper to EZ Board meeting in January 2018. Proposal to address through localised Business Rate Relief. Aerohub Team to mitigate through the marketing of assets and the offer of other incentives. Adopt proposals to create locally funded EZ or alter marketing material to reflect the fact that rate if relief is not offered.	
EZ Board Action:	EZ Board Agenda Item 5d	
Risk Ref 9:	Market Failure in the Commercial Property Market restricts and limits the pace and scale of development impacting on retained rates income into the EZ Growth Fund, in some instances withdrawal of interest.	Current Risk Rating: 20
Mitigation:	More substantial support to businesses to encourage interest and location to EZs. Accelerate the use of EZ Growth Fund to bridge investment gap and CC to develop Commercial Workspace Programme (CWP) to plug the gap on commercial investment - to be presented to CC Cabinet in May 2018. MK will present a paper to the June 2018 EZ Board.	
EZ Board Action:	EZ Board Agenda Item 6a	

Risk Ref 14:	Resourcing - insufficient resourcing impacts on ability to handle enquires and managed deal flow leading to loss of investment	Current Risk Rating: 12
Mitigation:	CC are to appoint agents Vickery Holman to handle business park enquiries. CC have completed recruitment to provide additional capacity to support Programme Management including EZ. CC have asked CDC to bring forward proposal to mitigate impact on EZ delivery of resourcing the spaceport bid. Consider funding additional resource from EZ Growth Fund.	
EZ Board Action:	To note future EZ Growth Fund Application.	

Risk Ref 1:	EZ Governance - lack of clarity over roles & responsibilities impedes decision making resulting in loss of potential investment.	Current Risk Rating: 12
Mitigation:	Implementation Plan Agreed. Rates relief process and policy agreed. EZ Growth Fund investment policy agreed and application process and award process established. Finalise MoU in consideration of the recommendations of the Mary Ney LEP Review	
EZ Board Action:	No action required.	

Risk Ref 5:	Brexit - Uncertainty regarding access to European market and to European funding streams undermines investor confidence in Cornwall - potentially stalling EZ development and delivery of outputs. Risks include, (a) challenges to the market by lack of investment and (b) licensing or regulatory issues.	Current Risk Rating: 12
Mitigation:	Plan for post EU Exit legacy being developed by LEP/CC.	
EZ Board Action:	No action required.	

Risk Ref 10:	Cash Flow - There is a time lag between investment in zones and retained rates income. In the absence of a facility to borrow against future retained rates income the scale of investment will be limited to funding immediately available within the EZ Growth Fund pot.	Current Risk Rating: 12
Mitigation:	Review of options by CC to consider investment up front borrowed against future business rates income. 31Ten appointed to complete rates modelling. IM to follow up with CC Finance.	
EZ Board Action:	No action required.	

**CORNWALL ENTERPRISE ZONES
STRATEGIC RISK REGISTER**

Last Update	10-Apr-18
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REF	RISK CATEGORY	SITE	RISK DESCRIPTION	IMPACT (Score 1-5)	LIKELIHOOD (Score 1-5)	CURRENT RISK RATING APR 18	PREVIOUS RISK RATING FEB 18	CURRENT MITIGATION IN PLACE	ADDITIONAL MITIGATION REQUIRED	RISK OWNER
R1	Governance	All	EZ Governance - lack of clarity over roles & responsibilities impedes decision making resulting in loss of potential investment.	4	3	12	12	Implementation Plan Agreed. Rates relief process and policy agreed. EZ Growth Fund investment policy agreed and application process and award process established.	Finalise MoU in consideration of the recommendations of the Mary Ney LEP Review	Iain Mackelworth
R2	Governance	All	MOU - EZ delivery and management does not meet requirements of the MOU leads to loss of EZ status.	5	1	5	5	Implementation Plan submitted in line with requirements of MOU. Governance structure in place. CDC collecting and reporting data on Aerohub & Marinehub EZ. GES have provided monitoring data.	LDO Feasibility & Options to be commissioned.	Iain Mackelworth
R14	Governance	All	Resourcing - insufficient resourcing impacts on ability to handle enquiries and managed deal flow leading to loss of investment	4	3	12	12	CC are to appoint agents Vickery Holman to handle business park enquiries. CC have completed recruitment to provide additional capacity to support Programme Management including EZ.	CC have asked CDC to bring forward proposal to mitigate impact on EZ delivery of resourcing the spaceport bid. Consider funding additional resource from EZ Growth Fund.	Iain Mackelworth
R3	Reputational	All	EZ Growth Fund - Inappropriate investment from EZ Growth Fund does not deliver growth leading to adverse publicity.	3	3	9	9	Draft investment policy reviewed by EZ Board. Application process established. Decision making by EZ Board.	EZ Investment Policy to be formalised through approval of Collaboration Agreement. All investment to be independently appraised. Detail of appraisal to be appropriate to scale of investment. Secure Board approval for written procedures process for EZ Growth Fund.	Jordan Whaley
R4	Strategic	Aerohub & GES	Spaceport Policy - Bid unsuccessful or commercial partner is not secured resulting in loss of spaceport status for Newquay Airport with the loss of significant high value investment.	3	3	9	9	Bid made and submitted; now with HM Government for decision. Loss of opportunity significant.		Mile Carden
R15	Strategic	Marine Hub	Energy Policy - Government policy does not support development of next generation of marine renewables technology which is undermining development of the sector and the EZ.	3	3	9	9	CC/LEP and CDC working with regional partners and stakeholders to put together the case for government support. Strong support in the Industrial Strategy.		Matt Hodson
R5	Strategic	All	Brexit - Uncertainty regarding access to European market and to European funding streams undermines investor confidence in Cornwall - potentially stalling EZ development and delivery of outputs. Risks include, (a) challenges to the market by lack of investment and (b) licensing or regulatory issues.	4	3	12	12	Plan for post EU Exit legacy being developed by LEP/CC.		Sandra Rothwell
R6	Strategic	All	Competition from other regions - Lack of visibility of Aerohub+ by potential investors and relocating companies / competition from other regions with larger resources and funding offers - opportunities to attract businesses to the EZ sites are missed / businesses attracted to locate elsewhere.	3	3	9	9	Competitor analysis undertaken for Aerohub. Marketing and branding proposition developed based upon Cornwall's unique offer. Collaboration with other regions through WEAF and UKSA where appropriate.	Review package of local incentives available to support inward investment and growth and ensure that these are presented as part of the offer and that the EZ teams are fully briefed on support available.	Mike King
R7	Strategic	Aerohub	Rate Relief @ Aerohub Business Park - Loss of EZ Rates reliefs in March 2018 for Aerohub impacts on demand.	4	5	20	20	Options paper to EZ Board meeting in January 2018 and considered proposal to address through localised Business Rate Relief. Aerohub Team to mitigate through the marketing of assets and the offer of other incentives. EZ Board requested information on the financial impact. Presentation from 31Ten on rates modelling at March Board.	Adopt proposals to create locally funded EZ or alter marketing material to reflect the fact that rate relief is not offered.	Iain Mackelworth
R8	Commercial	All	Demand - Lack of demand for space resulting in slow pace of development.	4	2	8	8	Marketing by CDC and partners generating investment leads. Strong pipeline in certain sectors. Conversion is the main challenge (see Risk 9)	Stimulate demands through targeted campaign. MarineHub pipeline needs further work and refocus.	All Partners
R9	Commercial	All	Market Failure in the Commercial Property Market restricts and limits the pace and scale of development impacting on retained rates income into the EZ Growth Fund, in some instances withdrawal of interest.	4	5	20	20	More substantial support to businesses to encourage interest and location to EZs. Accelerate the use of EZ Growth Fund to bridge investment gap and CC to develop Commercial Workspace Programme (CWP) to plug the gap on commercial investment - to be presented to CC Cabinet in May 2018.	MK will present a paper to the June 2018 EZ Board.	All Partners
R10	Commercial	All	Cash Flow - There is a time lag between investment in zones and retained rates income. In the absence of a facility to borrow against future retained rates income the scale of investment will be limited to funding immediately available within the EZ Growth Fund pot.	4	3	12	12	Review of options by CC to consider investment up front borrowed against future business rates income. 31Ten appointed to complete rates modelling.	IM to follow up with CC Finance.	Iain Mackelworth
R11	Commercial	Aerohub	Business Park - legacy issues associated with the construction phase lead to adverse publicity and impact on marketing and disposals and retained rates income	3	4	12	9	Work with CC Property and Capital Projects to resolve any construction issues in the EZs. CC Property are represented on the EZ Operational Board. Legacy issues re storm water and SW water. Result of percolation tests received and consultants to revisit drainage strategy with latest findings.		All Partners
R12	Reputational	All	Impact - EZ initiative fails to deliver significant economic benefits leading to adverse publicity.	3	1	3	3	Monitor impact of EZ initiatives and take appropriate action when required. Process in place to monitor growth of EZs.	Measures required to assess and monitor wider sector impact. PR strategy to be implemented.	All Partners
R13	Reputational	All	Displacement - Use of rate relief to displace investment for existing premises or other sites leads to complaints and adverse publicity	3	1	3	3	EZ Board to approve all applications for rate relief.	Rate Relief policy approved by EZ Board. Evidence of growth required for businesses relocating within Cornwall.	Iain Mackelworth

Date of Board Meeting:	23rd April 2018
Report Title:	Aerohub @ Cornwall Airport Newquay – Rate Relief
Author:	Iain Mackelworth
Contact:	01872 322803

Decision Required by the Board Y/N:	Y
For Information Only Y/N:	N

Recommendation(s)

- To extend Rate Relief (RR) at the Aerohub @ Cornwall Airport Newquay, to be funded from the EZ Growth Fund. It is further recommended that new rate relief grant is provided on a tapering basis, as set out below:

Year	Rate Relief
1	100%
2	100%
3	75%
4	50%

Or
- To cease offering Rate Relief at the Aerohub @ Cornwall Airport Newquay and amend all marketing material accordingly.

1. Executive Summary

- Businesses occupying the Aerohub Enterprise Zone can apply for 100% RR, up to a current maximum of £55,000 per annum, for 5 years and subject to State Aid limits.
- Government reimburses the full cost incurred in providing 100% business rates discount for a period of up to five years, to any business, which sets up in the EZ before the EZ rates relief period expires.

- 1.3. Rate growth within the EZ, above a pre-determined baseline, is paid into a ring fenced account held by the Council on behalf of the LEP and EZ Board; this is the EZ Growth Fund which is used by the EZ Board to support and accelerate investment within the EZ sites. The calculation which determines the payments into EZ Growth Fund assumes that EZ RR has been paid and therefore the granting of rate relief does not impact on the rates growth.
- 1.4. Following the end of the rate relief period the EZ continues to benefit from rates growth within the EZ with payments into the ring fenced account for a further 20 years.
- 1.5. The rate relief periods for the respective sites are as follows:

Table 1 – Date for end of Government Supported Rate Relief

Site	Date
Aerohub @ Cornwall Airport Newquay	31 st March 2018
Goonhilly Earth Station	31 st March 2022
Hayle	31 st March 2022
Tolvaddon	31 st March 2022
Falmouth Docks	31 st March 2022

- 1.6. For the EZ to benefit from government funded rate relief, business must occupy the zone prior to the end of the rate relief period shown in table 1.
- 1.7. The application and completed MOU for the Aerohub+ Enterprise Zone extended the rate relief at the Aerohub (which includes the operational airport and the Aerohub Business Park) from April 2018 to March 2022. However, Government has subsequently confirmed that there will be no extension of government funded rate relief at any of the Enterprise Zones. Therefore, business occupying the EZ at the Aerohub at Cornwall Airport Newquay will not be able to benefit from rate relief unless a decision is taken to fund rate relief at the site through locally held budgets.

2. Impact/Outcomes/Issues

- 2.1. The end of rate relief would impact on the marketing offer and attractiveness of the site. Whilst the sums are relatively modest and would not in their own right incentivise an inward investment or relocation to the EZ they are significant as part of a wider package which includes planning freedom, access to grants, business support and facilities and infrastructure available within the EZ. Rate relief also has an emotional value and as a marketing tool it makes for an eye catching headline.
- 2.2. As the largest of Cornwall Enterprise Zones, any impact on growth at the Aerohub Business Park will have a significant impact on future income into the EZ Growth Fund and therefore the amount available to re-invest in the development across all of the EZ sites. The rates model being developed by 31Ten can be used to model the impact of lost investment as well as use of the EZ Growth Fund to accelerate investment.
- 2.3. Rate relief is awarded as de-minimis aid and the financial benefits are capped at de-minimis levels, currently €200K over 3 consecutive years, or approximately £58K/year and 300K over a 5 year period. In Cornwall, where rateable values are lower, the vast majority of applications for rate relief are expected to be comfortably under these limits.
- 2.4. Whilst the MOU between CC and the LEP empowers the LEP to make decisions about the use of EZ funding, CC remains the accountable body for the funding and the S151 Officer must approve all decisions taken by the EZ Board.
- 2.5. The Council is taking a paper to its September 2018 Cabinet on LEP Governance, this will include clarifying the roles and responsibilities of the LEP and CC in relation to the use of the retained rates.

3. Options available and consideration of risk

Option	1. Do Nothing
Description	Rate relief is no longer offered as part of the incentive package at the Aerohub Business Park. All marketing material is amended accordingly.
Pros	No direct costs other than those associated with the updating the marketing material.
Cons	Weakens the Aerohub offer as an inward investment/business growth location and is considered to place the site at a significant competitive disadvantaged compared to other locations which continue to offer rate relief or similar incentives.

Option	2. Discretionary Rate Relief
Description	Under the Localism Act 2011 the Council has the power to grant discretionary rate relief although this would require a Cabinet decision. Therefore, subject to appropriate approvals the Aerohub could continue to offer rate relief to businesses with the award managed by the EZ Board through the existing process.
Pros	Maintains current inward investment offer and ensures that the Aerohub remains competitive as an inward investment and business growth location. No changes required to marketing material.
Cons	Will require change in policy and may require Cabinet approval which has time implications. Rate relief represents a cost/foregone income to/for the Council, for the rate relief period. However, if rate relief is used to encourage genuine growth which would not have otherwise happened it can be argued that there is no cost to the Council. Discretionary relief awarded by the Council would impact on rate growth within the EZ and therefore the payment of funding into the EZ Growth Fund.

Option	3. Rate Relief Grant
Description	Businesses locating into the Aerohub EZ would be offered a grant (equivalent to rate relief) to be funded from the EZ Growth Fund. The award of the grant could be managed by the EZ Board through the existing process. The grant would be paid in arrears.
Pros	Maintains current inward investment offer and ensures that the Aerohub remains competitive as an inward investment location. Can be delivered within the scope of the Business Rates Growth Agreement 2013. Would not impact on rates growth. Therefore, the cost of making the grant could be partially or fully offset by payments into the rate growth pot. No changes required to marketing material.

Cons	Although the costs could be offset with retained rates income into the EZ Growth Fund the relationship between grant award and income is complex and it could result in a net cost and depletion of the EZ Growth Fund.
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4. Financial Implications

- 4.1. Option 3 is the recommended option. The financial implication of future decisions for rate relief can be assessed, on a case by case basis, using the model produced by 31Ten, in conjunction with an assessment of financial risk i.e. the likely that the investment of EZ Growth Funding will be recovered through future rate growth following the end of the rate relief period. This assessment will be presented with all future applications for rate relief within the Aerohub @ Cornwall Airport Newquay EZ.

5. Appendices

- 5.1. None.

Section 151 (finance) Officer Commentary and sign off

Name:	Wayne Rickard
Date	18/04/18
Comments:	