

## Decision under Delegated Powers

### Officer Making the Decision

Director of Finance Governance & Contracts (DCX and s151 officer)

### Recommendation

That the Forward Funding Agreement in respect of Building 28E on Charnwood Campus within the Leicester and Leicestershire Enterprise Zone, having been finalised in line with the Cabinet report of 9 March 2023, be sealed in accordance with the Council's constitution.

### Reason

To allow the legal arrangements to be completed, funds to be transferred and the project to be implemented.

### Authority for Decision

Authority is derived from minute 71 arising from the Cabinet report of 9 March 2023.

This gives delegated authority to the Director of Finance, Governance & Contracts, in conjunction with the Chief Executive and Lead Member for Finance, to finalise details of the grant agreement and other agreements associated with this transaction.

The Lead Member and Chief Executive have been consulted on this decision.

### Decision and Date



Director of Finance Governance & Contracts (DCX and s151 officer)  
2 October 2023

### Background

#### Context

1. Background details of the Enterprise Zone and forward funding mechanisms were set out in the Cabinet Report of 15 October 2020 (Charnwood Enterprise Zone – Request for Forward Funding). For convenience, this detail has been updated to reflect the subsequent completion of the overarching agreement between the Council, the

LLEP and Accountable Body and appended to the Cabinet report of 9 March 2023.

2. This relates to the second forward funding request relating to the Campus site within the Enterprise Zone. This initial request (for some £2m) was outlined within the Cabinet report of 15 October 2020.

#### Charnwood Campus – refurbishment of Building 28E

3. The formal title of the investment scheme is the Charnwood Campus - B28E/B21 - Small Molecule Research and Development Facility (Innovation Centre Phase 1). The business case for this scheme has been approved by the LLEP Board in line with the usual governance arrangements.
4. The principal objective of the scheme is the reactivation of currently unoccupied world-class bio-chemistry laboratory building to attract a strategically important research organisation from outside of the LLEP area. The project will upgrade existing building-part of Phase I Innovation Centre project, to comply with modern regulatory requirements providing specialised laboratories building resilient life sciences cluster in the Life Sciences Opportunity Zone.
5. The budgeted cost of the scheme per the approved business case – against which the grant will be awarded – is £4.649m. The Forward Funding provided, to be recovered through retention of business rates otherwise payable to the LLEP (or successor bodies) will be £4.161m (precisely £4,161,423) with the balance sourced from retained business rates in-hand at the LLEP.
6. Further details of the scheme can be found in the Cabinet report of 9 March 2023.

#### **Financial Implications**

The forward funding to be provided amounts to £4.1m. This will be recovered over a 15-year period by retention of business rates that would have otherwise been paid over to the LLEP (or successor body) in line with the overall Enterprise Zone Business Rate Agreement.

If repayments from business rates generated within the Charnwood Campus site proceed as planned, then this will result in a contribution to the General Fund over the term of the forward funding arrangement, based on notional borrowing costs at the date of the agreement (although 'internal' borrowing will be used to finance the forward funding) and the effective interest rate within the agreement (which is set at 2.9% above PWLB certainty rate at the date of the agreement).

## Risk Management

Risks recorded in the Cabinet report (considered unchanged) were as follows:

<i>Risk Identified</i>	<i>Likelihood</i>	<i>Impact</i>	<i>Overall Risk</i>	<i>Risk Management actions planned</i>
Business rate generation at the EZ site prove insufficient to repay the loan	Remote (1)	Major (3)	Low (3)	<ul style="list-style-type: none"><li>• Due diligence on project</li><li>• Site sponsor is required to underwrite the loan</li><li>• Pre-existing business rates can be diverted to support repayment of the loan</li></ul>

Key Decision: No

Date included on Forward Plan n/a

Background Papers: Cabinet report – 9 March 2023