

Title: Update on West Midlands Investment Zone

Lead Officer: Chris Elliott, Chief Executive,
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Portfolio Holder: Councillor Ian Davison

Wards of the District directly affected: All (but especially Leek Wootton and Cubbington)

Approvals required	Date	Name
Portfolio Holder	28.05.24	Councillor Ian Davison
Finance	28.05.24	Andrew Rollins
Legal Services	28.05.24	Ross Chambers
Chief Executive	28.05.24	Chris Elliott
Director of Climate Change	28.05.24	Dave Barber
Head of Service(s)	28.05.24	Andrew Rollins
Section 151 Officer	28.05.24	Andrew Rollins
Monitoring Officer	28.05.24	Graham Leach
Leadership Co-ordination Group	28.05.24	Cllrs Davison, Harrison, Boad, Day and Falp
Final decision by this Committee or rec to another Cttee / Council?	No Some parts are recommendations to Council	
Contrary to Policy / Budget framework?	Yes	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	Yes Appendix 2 the draft MoU is confidential at the stage by virtue of Paragraph 3	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	Yes, Forward Plan item 1447 – scheduled for 6 th March 2024 – deferred for special Cabinet on 20 th March 2024 and then withdrawn. An exemption notice has been provided for this report due to the timescales placed upon the Council through the ongoing discussions with the West Midlands Combined Authority	
Accessibility Checked?	Yes	

Summary

This report seeks to provide an update after the decision of Cabinet and Council in November 2023 about the establishment of the West Midlands Investment Zone (WMIZ) and this Council's involvement with it. Further discussions and negotiations have been underway since then and some are to a degree outstanding, but a conclusion is within reach and this report seeks support to proceed to completion of agreements. The report addresses:

The progress since the last report in November 2023

- The benefits of participation
- The challenge
- The solution
- Making the WMIZ happen

Recommendation(s)

- (1)** That Cabinet notes the progress made thus far on the recommendations to Council and resolutions agreed in November 2023 as set out in this report and in Table 1 as well as progress more generally on the West Midlands Investment Zone scheme as set out in Appendix 1, to this report.
- (2)** That Cabinet agrees to confirm the Council's involvement in the West Midlands Investment Zone (WMIZ) and to the principle of completing a Memorandum of Understanding (MoU) with the West Midlands Combined Authority (WMCA), Coventry City Council (CCC) and Warwickshire County Council (WCC) provided that:
 - a. the agreed financial envelope of business rates to be retained in the MoU is £90.2m;
 - b. that the definition of what constitutes a "local growth initiative", is for WDC to decide;
 - c. following review by this Council the MoU is acceptable in all other respects;
 - d. the other parties also agree the MoU on the above basis.
- (3)** That Cabinet delegates authority to the Chief Executive, in consultation with the Head of Finance, Head of Governance, and the Leadership Co-ordinating Group (i.e. Cabinet and Group Leaders), following the advice from Trowers, to agree and sign off the proposed MoU in respect of business rates retention.
- (4)** That Cabinet delegates authority to the Chief Executive, in consultation with the Head of Finance, Head of Governance, and the Leadership Co-ordinating Group (i.e. Cabinet and Group Leaders), to agree and sign off the subsequent legal agreement that will embody the MoU in respect of business rates retention.
- (5)** That Cabinet delegates authority to the Chief Executive, in consultation with the Head of Finance, Head of Governance, and the Leadership Co-ordinating Group (i.e. Cabinet and Group Leaders), to agree and sign off the proposed Collaboration Agreement relating to the work on the West Midlands Investment Zone as a whole.
- (6)** That Cabinet recommends to Council participation in the Coventry & Warwickshire WMIZ Board, as set out in the terms of reference included in

Appendix 3, and includes it within its Constitution as a Joint Committee, subject to clarification from WMCA that:

(a) a representative of the Overview & Scrutiny Committee of Warwick District Council can attend and speak at the meetings if they so wish.

(b) a nominated representative of each political Group at Warwick District Council may attend each meeting and with agreement of the Chair of the meeting address it directly.

(c) the WMCA providing clarity on the process of the call in process of the decisions taken by the Board in the Terms of Reference.

(7) That:

(a) Cabinet recommends to Council that as the Council has been accepted as a non-constituent member of the WMCA, that Councillor Davison be appointed as the Council's representative on the WMCA Board.

(b) Cabinet appoints Councillor Davison as its representative to the WMIZ Board.

(8) That Cabinet supports the officer arrangements at the local partnership delivery vehicle for the Coventry and Warwick Giga Park as set out at Appendix 4.

(9) That Cabinet receives further reports on progress of the WMIZ where necessary, but at least annually, and relevant for decision making purposes on the implications of the Investment Plan and Annual Delivery Plan and any of its components that require the consent of this Council including the site management of tax incentives and planning.

(10) That Cabinet agrees to delegate to the Chief Executive in consultation with the Leader of the Council on any issue that might arise from the Investment Zone Annual Delivery Plan or other issue arising from the West Midlands Investment Zone Board's business that requires a decision/response from this Council that cannot wait until a Cabinet meeting. Any such decisions to be reported back to the next available Cabinet meeting.

(11) That Cabinet agrees for a further report to be brought forward as soon as possible on the local growth initiatives the Council should pursue under the auspices of this MoU and legal agreement.

(12) That Cabinet notes the estimated financial implications of the MoU on business rates retention and that these are incorporated into the next iteration of the Council's MTFs.

1 Reasons for the Recommendation

Progress since the last Cabinet Report in November 2023

1.1 On 15th November 2023 both the Cabinet and the Council considered a report on the proposed West Midlands Investment Zone (WMIZ). There was a recommendation to Council (subsequently agreed) and Cabinet resolutions that were also agreed. These hyper-links contain the November 2023 report and minutes for reference, [15 November 2023 Cabinet](#) and [15 November 2023 Council Minutes](#). Those decisions are all set out in Table 1 attached to this report along with progress/position set out against each one and which indicate appropriate agreement to the points/caveats made by the Council except for the without detriment issue.

- 1.2 To get the WMIZ proposal overall to the stage of being implemented from 1st April 2024, 5 gateways have had to be negotiated with the Government. Appendix 1 sets out background information on the WMIZ proposal and where the scheme has currently got to in overall terms to date. The Government has laid the appropriate orders relating to the business rates retention areas and the tax incentive areas for the West Midlands Investment Zone, including the Coventry and Warwick Giga Park.

Benefits of Participation

- 1.3 The WMIZ proposal is a regional/local implementation of a national government policy. This policy proposal aims to boost key economic sectors in particular localities by offering some financial aid up front and offering the opportunity of future business rates to be retained 100% locally for 25 years. Such business rates can be reinvested in the sites to be redeveloped/regenerated and in the chosen economic sector more generally in that locality. The Government expects such proposals to have strong ties with local Universities. So far only the 8 mayoral Combined Authorities have been offered this opportunity. WDC is the only District Council in the country directly involved with an Investment Zone proposal that is not also a Constituent Council of a Combined Authority.
- 1.4 In respect of the West Midlands Combined Authority's (WMCA) Investment Zone proposal, the identified sector is Advanced Manufacturing though this has been widened to allow for intersections with some other economic sectors. More specifically, the sites identified to help this sector develop, (in this case the Wolverhampton Green Innovation Corridor; the Birmingham Knowledge Quarter; and the Coventry and Warwick Giga Park) are to benefit from the upfront investment available from the Government (all 3) and business rates retention (Birmingham Knowledge Quarter and Coventry and Warwick Giga Park only).
- 1.5 This means that the 4 sites around and including Coventry Airfield are proposed to be included with emphasis on delivering the Gigafactory for battery production and enhancing the economic sector around energy and green industries. Internationally such facilities are only being built with respective Government financial support. An international investor has advised in writing that should the Coventry Airfield site be confirmed with in the Investment Zone that this is their chosen site for a Gigafactory. Therefore, whilst the IZ designation does not offer a guarantee of securing the implementation of a Gigafactory it does significantly increase its chances of happening.
- 1.6 Such an investment is anticipated to be significant, estimated by the WMCA of being more than £1billion, and generating thousands of jobs directly and more indirectly through expansion of the supply chain. The expectation would be that securing such an investment would attract other investors to that sector and location. It would help to create a cluster of advanced manufacturing companies around Coventry Airfield and develop links to the two local Universities.
- 1.7 As well as the economic benefits, helping to deliver a Gigafactory is important as part of the process of decarbonisation of the economy and indeed of our way of life. Transport is one of the largest contributors to CO2 emissions and being able to transfer our vehicles to another fuel base would be very a significant benefit to offsetting/mitigating Climate Change impacts. In these broad terms the proposal would support the Council's own strategy for Climate Change and of moving to a low carbon-based economy and way of life.

The Challenge

- 1.8 The focus of effort in the intervening time since November 23 has been one of ensuring an appropriate balance between the Council's strategic ambitions with its fiduciary duty to its residents and businesses, i.e.:
- *Supporting the principle of the WMIZ and especially the prospect of a Gigafactory on the Coventry Airfield site.
 - *Not severely disadvantaging the work of this Council in respect of business rates because of the implementation of the retention of 100% business rates element under the WMIZ scheme.
- 1.9 This scheme as intended by the Government would enable the West Midlands Combined Authority (WMCA) to retain all the business rates growth generated from the agreed sites for a period of 25 years. That growth is then ringfenced so that the funds can be re invested in:
- * Bringing the various Investment Zone sites forward.
 - * Subsequently for other investments within the WMCA and Warwick District Council (WDC) area, i.e. the West Midlands Investment Zone, into the priority economic sector, (Advanced Manufacturing with its various intersections).
- 1.10 This issue is of particular significance and potential detriment to the work of this Council. Plan A shows the proposed designation for the Coventry and Warwick Giga Park. Of the sites that make up the Coventry and Warwick Giga Park component of the WMIZ proposed to be included in the designated area for tax site incentives and business rates retention purposes, two of those 4 sites (Whitley South and Segro Park) are already allocated as employment sites in this Council's Local Plan and have planning permission. Indeed, they already have the infrastructure in place and some development is already underway on the Segro Park scheme.
- 1.11 Ordinarily these sites would result in a yield to the Council of 40% of any business rate growth (and WCC 10%) above the agreed baseline until there is a reset and then 40% (and WCC 10%) of any further growth in the business rates above any new reset baseline. The discussions/negotiations since November 2023 on the "without detriment" issue have been how this Council can retain that 40% (and WCC its 10% share) from those two sites share as if the IZ proposal had not been implemented. Whilst the principle of without detriment had been agreed in November 2023, what that meant and how it would work was not.
- 1.12 Of the other two sites in the Coventry and Warwick Giga Park, one is Whitley East which is in the Coventry City Council area and the other is Coventry Airfield in the WDC area. It is recognized that to bring forward the airfield site as a Gigafactory will require public sector financial assistance. The Gigafactory is the "prize" for the local, regional, and national economy. It would represent a multi-billion £ investment in the district and would be of a scale able to create thousands of jobs directly and indirectly through the supply chain. The intention of the wider area being designated is to encourage the co-location of a cluster of companies involved in that sector who would also benefit from the connections with the two local Universities. The airfield is not currently a Local Plan allocated site, though it does have planning permission for a Gigafactory. The site will require public sector financial input for the Gigafactory to come forward so the Council has not sought the 40% of the business rates growth from that site. This alone arguably leaves the Council at considerable potential financial detriment.

- 1.13 Discussion has focused on trying to agree principles that would address the “without detriment” issue in more detail. The discussions/negotiations initially sought that WDC and WCC would continue to retain their current share of the business rates growth originating from the Whitley South and Segro Park sites. This is a negotiated proposed exemption from the national scheme and would need to be incorporated within a Memorandum of Understanding that is necessary to allow for the movement of business rates. The proposed exemption, however, initially also required that this business rate income must be reinvested in locally agreed growth initiatives up until a business rates reset and then after that in the main economic sector – Advanced Manufacturing with its various intersections. What constitutes a local growth initiative is to be determined by this Council and examples could be Abbey Fields Swimming Pool, or the Fusiliers Way Community Stadium or Housing Retro fit, or all 3, or others. However, as examples it cannot be used to: directly address the Council’s underlying financial deficit; to go into reserves; or to support a future Council Tax policy.
- 1.14 Under this exemption the Council could choose to use the business rates income to borrow against. However, this Council had sought to negotiate that that borrowing would be protected from a reset. That is, that any borrowing incurred would continue to be funded after a business rates reset towards the costs of those agreed capital schemes. This would be better than in the scenario of what would happen if the IZ did not take place. In this scenario the Council would have had the opportunity to maximise the potential of its 40% share over a longer period by being within the Investment Zone than would be the case if it were not part of the Investment Zone proposition.
- 1.15 However, clarification from the WMCA, in March 2024, has made it clear that this was not on offer. It is this position that created the issue for this Council. In the scenario of not being within an Investment Zone then the Council could use the yield from its share of business rates growth towards any legitimate Council expenditure including supporting the general fund revenue position. Because it would not be exempt from a business rates reset it is an unreliable revenue stream to use for any significant borrowing purposes. A business rates reset effectively will change the baseline above which any business rates growth is calculated and so it materially affects whether there is anything of which to have a 40% share. Nor is it known how a reset would work in terms of when it might happen or the degree of change in the baseline or whether there would be any transitional arrangements. Given this national framework, WDC prudently uses such revenue to support short term non-recurrent activity and not for borrowing over a longer-term period given its uncertainty.
- 1.16 The Investment Zone designation mitigates that risk by exempting the designated areas from a reset for 25 years. That means business rates growth become a more reliable revenue source upon which to borrow longer term; hence using it to reinvest in regeneration or developing sites or other forms of investment. This opportunity was not to be offered to this Council in respect of the use of its 40% share from the two sites that it would still receive, as if it were outside of the IZ. This meant that revenue was still prejudiced from longer term use because a reset would apply.
- 1.17 This scenario put the Council in a cleft stick position. In the case of being within the WMIZ, the proposal would have still given the Council its 40% share of the business rates from the two sites (Whitley South and Segro Park). However, it would have prevented the revenue generated from being used as the Council choose. It equally only allowed the Council to use such revenue to invest in

local growth initiatives. Yet, it cannot realistically borrow for them without creating a significant financial risk to the Council. This is an exemption that is not practical for the Council to use and so is not beneficial. The consequence therefore was that in this scenario participation in the WMIZ was not without detriment to the Council.

- 1.18 In contrast, being outside of the WMIZ, would give the Council the freedom to spend the business rates income effectively as it chooses but it would still be subject to a reset and so not able to invest such revenue over a longer-term period. In addition, the Gigafactory is much less likely to occur without the investment from the WMIZ proposal. This impact though might be mitigated if the Airfield site remains within the IZ proposal. It is though uncertain that the WMIZ remains a viable proposition if the WMCA loses its share of business rates from the Whitley South and Segro Park sites.

The Solution

- 1.19 The resolution to this conundrum is what has been the focus of discussion over the period since mid-March when reports were deferred and then withdrawn as a conclusion had not been reached.
- 1.20 WDC would agree to the following key points:
- £90.2m of the business rates generated from the Segro Park and Whitley South sites will be available for WDC to call upon to invest in local growth initiatives in the WDC area.
 - WDC would need to outline its chosen projects by end of March 2026, and provide indicative financial profiles within the agreed financial envelope. WDC would have flexibility on the projects selected.
- 1.21 The compromise here is a trade between certainty and volume. This proposal does not guarantee the same volume of funds as might occur outside of the WMIZ, though it is also the case that it may receive more. This uncertainty arises because of the possibility of a business rates reset but not knowing when or how it will arise. This proposed arrangement effectively gives the Council protection against a reset and so gives certainty to both this Council and indeed to the WMCA. This is valuable as it enables the Council to borrow against business rates receipts for local growth initiatives with certainty. Likewise, for the WMCA it knows the limit of its liability to WDC for its financial planning purposes.
- 1.22 Taking account of the progress on all of the other points identified in the November 23 report and bearing in mind the conclusion reached regarding the without detriment issue it is proposed that the Council can now confirm its involvement in the WMIZ and the WMIZ Board and other arrangements provided that the following provisos are in place:
- the agreed financial envelope in the MoU is £90.2m.
 - that the definition of what constitutes a "local growth initiative", is for WDC to decide.
 - The MoU is acceptable in all other respects.
 - the other parties (WMCA, CCC, WCC) also agree the MoU on the above basis.
- 1.23 WCC officers have delegated authority to approve the MoU for its purposes and CCC has also agreed its elements. The WMCA will formally consider the matter at its Board meeting on 14th June. There is a risk therefore that the envelope of

£90.2m might not be agreed. This would inevitably delay the commencement of the WMIZ in practice.

Making the WMIZ happen

- 1.24 To realise the ambition of the WMIZ several other steps will need to be taken if Cabinet agrees to proceed with the WMIZ. These are as follows:
- 1.24..1 Agreement to a Memorandum of Understanding with the WMCA. CCC and WCC would also have to be signatories for their elements of the MoU as they also have roles in business rates for the Coventry and Warwick Giga Park. A draft has been received and discussed and is still in more detailed negotiation and if agreed in time will be brought as an addendum to this report – as confidential Appendix 2 to the report. However, it is likely as not that it will require further work so it is proposed to delegate authority for completing this MoU to the Chief Executive in consultation with the LCG and Heads of Finance and Governance.
 - 1.24..2 An agreement will be needed to turn the MoU then into a legal agreement so the terms of the MoU are binding.
 - 1.24..3 To enter a Collaboration Agreement regarding the wider work of the WMIZ. The Collaboration Agreement sets out the grant conditions and procedural steps to be taken in relation to grants received from WMCA. It will set out information requirements and monitoring requirements and will pass on to grant recipients the grant conditions which DLUHC impose on WMCA. The proposal is that WMCA will follow the example of the Enterprise Zones and have one Collaboration Agreement with all the participating Authorities rather than requiring a new grant agreement in relation to every project.
 - 1.24..4 There are no new obligations in relation to BRR sites or tax sites and the Collaboration Agreement will only be required in relation to grants from the IZ to WDC. It is also proposed to delegate completion of this to the Chief Executive in consultation with the LCG and Heads of Finance and Governance.
 - 1.24..5 Given the scale and importance of this initiative there is a proposed governance framework with a specific Board being set up upon which WDC will have a place. The terms of reference for that Board are set out at Appendix 3 which have been negotiated and are ready to be agreed. It is also proposed that the Leader of the Council Cllr Davison be nominated as WDC's representative on both the overall WMCA Board, as WDC is now a non-constituent member, and on the WMIZ Board.
 - 1.24..6 Local delivery arrangements have been set up to help ensure the proposals for the Coventry and Warwick Giga Park are enacted effectively. These arrangements involve officers from the 3 local authorities, the WMCA and the 2 Universities. The terms of reference are attached at Appendix 4. These are already in play but need formal sign off.
 - 1.24..7 The WMIZ will have an Annual Delivery Plan backed up by an overall Investment Plan. Progress on these and anything more specifically to do with the Coventry and Warwick Giga Park should be reported as necessary to the Council, but in any case, at least once a year, to allow for effective report on performance and scrutiny. For information purposes a Tax Site Management Policy has been devised and will be required by the local delivery arm to oversee. This is attached at Appendix 5. As the major

business rates collector for the Coventry and Warwick Giga Park, WDC will have to register (already registered to do so) the incidence of incentives given on business rates relief above £100,000 per organization.

- 1.24..8 It is also proposed that should any decisions arise that need to be taken in respect of the WMIZ at the Board meetings but that cannot wait for a Cabinet decision that they are delegated to the Chief Executive in consultation with the Leader of the Council.
- 1.24..9 WDC would need to outline its chosen projects by end of March 2026, and provide indicative financial profiles within the agreed financial envelope. WDC would have flexibility on the projects selected.
- 1.24..10 The Council should update its MTFS at its next iteration to incorporate the financial implications of the proposal as this Council is now prepared to accept.

2 Alternative Options

- 2.1 The Council has considered several possible options. In short these were as follows:
 - 1. Accept the proposition where the without detriment position continues the Council's 40% share of business rates on the Segro Park and Whitley South sites but offers no protection from business rates resets.
 - 2. Agree a modified proposition which if this is agreed to then WDC would agree to sign up in full to the WMIZ proposal. The modified proposition is as now set out in this report.
 - 3. Continue to support the Gigafactory on the airfield site but that the Segro Park and Whitley South sites be completely withdrawn from the IZ proposal.
 - 4. Walk away completely from the WMIZ.
- 2.2 Of these options the first was considered not to sufficiently resolve the Council's conundrum set out earlier in this report. The third and fourth options were not felt to enable the strategic outcome of helping to deliver the Gigafactory to be achieved. Option two was pursued and although what is now at the point of a conclusion is a compromise position between WDC and WMCA.

3 Legal Implications

- 3.1 The most significant legal implication of this proposal relates to the orders connected with the business rates retention which have been put in place by the Government.

4 Financial Implications

- 4.1 Within a £90.2m financial envelope of retained business rates, WDC would be able to decide upon which schemes it wished to take forward as Local Growth Initiatives (LGI's). The Memorandum of Understanding (MoU) will also enable WDC to decide on the most cost-effective approach to funding such schemes which provide greatest value for money for Warwick District residents. These cost profiles will then be shared with the WMCA to ensure that they remain in line with the conditions of the MoU.
- 4.2 Eligible costs that can be funded using generated Business rates from the Segro Park and Whitley South sites will comprise of both actual expenditure and borrowing costs. In addition, where borrowing is agreed, provision for Minimum Revenue Provision (MRP) will also be deemed an accepted associated cost.

- 4.3 The business rates generated from the Segro Park and Whitley South uplift will need to be sufficient to cover WDC eligible costs. WDC would have to meet any deficit until such time that cumulative business rates uplift is achieved.
- 4.4 The Medium Term Financial Strategy (MTFS) last approved in February 2024 contained prudent assumptions for forecast Business Rates growth for the Segro Park site from 24/25, with occupation expected to commence from the second half of the year. These values would need to be removed from the MTFS due to the business rates being generated being passed to the WMCA (with WDC acting as the collecting authority), from which we will receive the annual cost of LGI's within the overall £90.2m financial envelope over 25 years.
- 4.5 The budgetary and financial implications of Local Growth Initiatives will be appraised both on an individual basis (with future reports brought to Cabinet), while also ensuring that they work within the principles to be established through the MoU.

5 Corporate Strategy

- 5.1 Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation.
- 5.2 **Delivering valued, sustainable services** – Compared with no investment zone, there is certainty over the financial impact upon the Council. However, as set out in this report, the proposed approach would have minimal risk of unfunded borrowing in the event of a business rate reset.
- 5.3 **Low cost, low carbon energy across the district** – By helping to bring forward the Gigafactory the Investment Zone proposal will help with the overall transition to a low carbon economy and way of living. The local growth initiatives may also support this strategic aim.
- 5.4 **Creating vibrant, safe, and healthy communities of the future** – the Investment Zone proposal is expected to attract business investment, create jobs, and better paid jobs at that, and via the local growth initiatives it could ensure that some community and wider wellbeing needs are also addressed.

6 Environmental/Climate Change Implications

- 6.1 The Investment Zone proposal does not envisage more development than already has planning permission or is in a Local Plan. This Council sought reassurance on the commitment to achieving net zero carbon in developments and in respect of Biodiversity Net Gain which has been confirmed by the WMCA. The delivery of a Gigafactory can help to transform the country to a net zero carbon economy and way of living.
- 6.2 In the light of the Council's adoption of its net zero carbon DPD, the delivery of new development in the identified sites also represents a significant opportunity to achieve a high standard of development in respect of environmental implications.

7 Analysis of the effects on Equality

- 7.1 Not applicable.

8 Data Protection

- 8.1 Not applicable at this stage though issues may arise subsequently that will need to be managed regarding business rates information and tax site incentives.

9 Health and Wellbeing

- 9.1 The development of a Gigafactory will have an impact on air quality if it ensures

the continued changeover of vehicles and other mechanisms to a less air polluting transport mode. This will have a beneficial impact as respiratory illness is a priority for the South Warwickshire area.

- 9.2 There are potential health consequences arising from battery manufacture connected with the chemicals used which this Council will need to consider separately. Such a large plant will also bring health and safety issues that will require consideration in the event of an emergency incident.

10 Risk Assessment

- 10.1 The main risk when previously reported was around the 'no detriment' principle and this remains the case. The other risk was around governance which has been addressed.
- 10.2 A risk register will need to be prepared and then managed once the MoU negotiations are completed and the Council's final position is agreed.
- 10.3 Other identifiable risks of the scheme – though not necessarily to WDC, include:
- Giga Park investment to enable development of the site is likely to be significant and beyond the financial capacity of any council. The site is a strategically significant national asset and external funding will likely be required to develop the site.
 - Were investment to be secured, there is a risk that the £80m Government allocation (or part thereof allocated to this site) coupled with the BRR uplift would not be sufficient to meet the development and financing costs.
 - Whilst the intention is for the business rates within the designated BRR sites to be retained at 100% for 25 years, free from re-sets, it is not possible to bind the authorities forming the IZ Joint Committee to do so for the same period and even if they did, ensuring a decision by consensus approach would not be guaranteed. There could therefore be a gap in the governance structure for the reinvestment of the retained business rates that are to be allocated by the WMIZ board, which is a risk which would need to be recognised and managed.
- 10.4 More directly, the business rates set out as part of the proposal are based upon modelling completed by AMION Consulting. One of the risks is that the business rates presented in the model are overly optimistic, and that the rates delivered take longer or are of a lower value. To mitigate this, the Council's MTFS as agreed in February 2024 takes a prudent approach to these values, building in some tolerance for respective delays in business rates coming forward.
- 10.5 Another risk would be delays in receiving the confirmed rateable values from the Valuation Office Agency (VOA), used by local councils to work out the business rates bill for the properties. It will be essential for the Council, in conjunction with the partners as part of the IZ including the WMCA and Central Government, to ensure that this work is prioritised by the VOA.
- 10.6 Over a 25 year period it is likely that there will be changes of Government and with a change of Government policy changes and this may impact on proposals like the Investment Zone. It is not possible to mitigate this risk other than to be aware that generally if Government policy leads to a financial impact on Councils this is discussed and picked up under the additional burdens approach.

11 Consultation

11.1 The proposal is in effect a national one but has been subject to many discussions with many organisations including this Council. It is not though a matter which has or can easily be put to wider public consultation.

Background papers:

None

Supporting documents:

[15 November 2023 Cabinet](#)

[15 November 2023 Council Minutes](#)

Government Guidance on Investment Zones

WMCA papers on the WMIZ