

**100% BUSINESS RATES RETENTION SCHEME
SUFFOLK BUSINESS RATES PILOT GOVERNANCE AGREEMENT**

THIS POLICY AGREEMENT IS MADE BETWEEN

Babergh District Council
Forest Heath District Council
Ipswich Borough Council
Mid Suffolk District Council
St Edmundsbury Borough Council
Suffolk Coastal District Council
Waveney District Council
Suffolk County Council

The members of the Suffolk Pool, 2018/19.

1. Introduction and Purpose

The Suffolk pool was established from April 2013 under the business rates retention scheme. Central government allows authorities to ‘pool’ and retain a higher level of growth of business rates than if each authority acts individually.

In September 2017, DCLG issued an invitation to local authorities in England to pilot 100% Business Rates retention in 2018/19. That invitation should be read in conjunction with this agreement.

Suffolk intends to use additional resources made available through growth in the business rates yield to deliver the best possible outcomes for Suffolk people and places. Suffolk Leaders responded to the Industrial Strategy Green Paper with a clear, joined up vision for inclusive growth across the public sector and businesses. This approach has also influenced the LEPs’ revised economic strategies and development of Suffolk’s Growth Delivery Plan. Against that framework, investment will focus on:

- Sites and infrastructure:
 - provide the largest gateway for UK plc trade through national and internationally significant ports
 - Lead the UK in energy technology delivering both significant generation from existing and new sources and innovative solutions to long term energy demand through renewable development
 - Deliver world leading research, development and implementation of ICT solutions building on the success of the existing cluster at Adastral Park
- Planning for growth
 - develop work on joint plans and better alignment of local plans across Suffolk
 - maintain regional/local plan networks to ensure full engagement on cross border developments (eg, with Cambridgeshire, Essex and Norfolk)

- collaborative work to deliver the Ipswich northern route – infrastructure that would promote further local investment, creating opportunities for growth, improving east-west links across Ipswich by reducing travel time, facilitating housing and employment growth and improving reliability of the Strategic Route Network, including the A14 Orwell Bridge.
- Business development and growth:
 - work with the Suffolk Chamber of Commerce to expand the business Ambassador Programme for businesses and leaders
 - support the Better Business for All programme
 - support Suffolk businesses to improve trade and export performance,
- Skills and Employment:
 - Deliver the New Anglia ‘Youth Pledge’ to support every young person (16-24) to get into an apprenticeship, training, work experience or job within 3 months of leaving education or employment.
 - Equip adults and young people with the skills needed for progression into work
 - work with employers and providers to equip our workforce with the skills needed to deliver inclusive growth
- Improving Housing Supply – working collaboratively across the public sector and with the private to improve housing supply and secure the ‘right homes in the right places’
- Funding for Growth – working collaboratively across the public sector to improve data, modelling and forecasting and explore innovative approaches to sustainable funding and unlocking investment

The development of this proposal is based on the premise that:

- each of the districts would retain more of the benefit of growth associated with its area;
- it will provide resources for any drop in business rate income beyond the safety net;
- Suffolk County Council will retain some of the benefit of growth across Suffolk; and
- it will create a pool of money, derived from a reduction in the monies to be paid to Government for growth, for Suffolk Leaders’ to determine how that might be best spent across Suffolk in accordance with an economic development strategy and criteria to be agreed over the coming year and an approved project list for Suffolk (to be agreed).

2. Governance Arrangements

The policy agreement acts as the governance policy and is agreed by each authority Leader, Chief Executive, and Section 151 Officer.

Pool members have approved this policy agreement in advance of the Secretary of State designating the Pool as a Pilot for the purpose of the Business Rates Retention Scheme. In

the event of the pool not being designated as a Pilot, then the current Suffolk Business Rates Pool will operate for 2018/19 under the Governance Arrangements of the current Policy Agreement.

3. Roles and Responsibilities of Lead Authority

- Suffolk County Council is the lead authority and banker.
- SCC will be responsible for all pooling financial records and returns as may be required by CLG within agreed timescales.
- SCC receives payments (monthly) from the districts/boroughs as per the CLG schedule of dates and amounts stated in demand letters issued by SCC to the billing authorities in March each year.
- SCC holds the safety net reserve (set at £1m in 13/14 and increased to £2m in 2018/19) and the funds for Suffolk Public Sector Leaders.
- SCC provides the pool members with a quarterly update on the forecast following receipt of monitoring data from the districts/boroughs.
- SCC to coordinate the annual review and refresh the policy agreement for subsequent years if required.

4. Roles and Responsibilities of Pool Members (Borough & District Councils)

- Borough and Districts are responsible for the completion of NNDR1 & 3 forms within timescales set by CLG and make these available to SCC.
- Making payments of rates to SCC Pool bank account, on a monthly basis, as stated in demand letters received annually in March.
- Monitoring rates collection, forecasting and submitting quarterly data to the lead authority.
- Complete the business rates CIPFA model at year end and make available to SCC in a timely manner, to allow for the correct accounting in the lead authority's accounts.

5. Accounting

The pool will operate at each individual council level as though the pool does not exist. This will result in:-

- a. Each council will receive and make the same SCC payments as though they had not pooled. This includes the treatment of growth in enterprise zones and new renewable energy schemes.
- b. Should a Borough / District experience a fall in business rates, they have to absorb that fall, up to the level of the Government's safety net (based on a fixed percentage of the council's spending baseline). This mirrors the Government's scheme.
- c. The banker will receive the money from the Boroughs / Districts. The retained balance will represent the net benefit of pooling.

6. Splitting the Financial Gain 2018/19

The financial benefit gained through being a Pilot in 2018/19 will be dealt with in two stages. Stage 1 deals with the first 50% of financial benefit, and replicates the current Pool Policy Agreement. Stage 2 deals with the second 50% of financial benefit income, effectively the gain from being a pilot over and above the current pooling arrangements.

Stage 1

- i. £1m will be split 50% to Borough / District Councils and 50% to Suffolk Public Sector leaders.
- ii. Any benefit above (i) will be split 40% to Borough/District Councils, 40% to Suffolk Public Sector leaders, and 20% to Suffolk County Council.
- iii. Suffolk Public Sector Leaders will agree how the money allocated to them should be spent. Each council agrees that the final decision will be delegated to their Chief Executive in consultation with their Leader or equivalent. Each Council to arrange for this delegation to be put in place.
- iv. In the unlikely event that agreement cannot be reached in (iii) above any unspent money in the pool will be divided 60% to Borough/District Councils and 40% to Suffolk County Council.
- v. Where money is distributed to Borough / District Councils (under (ii) and (iv) above), this will be done on the basis of 50% of their spending baseline and 50% of their share of growth. This ensures that every Borough / District will be in better position by pooling.
- vi. SCC to calculate on an annual basis the average interest rate of the lead authority on balances held and retains those in the balance with the Public Sector Leaders balance.

Stage 2

- i. The first £1m will be retained to increase the reserve to fund potential future safety net payments to £2m.
- ii. Additional business rates income above this level will be allocated on a place based distribution based on 50% business rates growth and 50% population, with the use of this funding to be determined by Public Sector Leaders with a remit in that geography. Appendix D of the proposal presents an illustration of this distribution.

- iii. In the unlikely event that agreement cannot be reached in (ii) above any unspent money in the pool will be divided 75% to Borough/District Councils and 25% to Suffolk County Council.

DRAFT