

**BUSINESS RATES RETENTION SCHEME
SUFFOLK BUSINESS RATES POOL**

THIS POLICY AGREEMENT IS MADE BETWEEN

- (1) Ipswich Borough Council**
- (2) Waveney District Council**
- (3) Babergh District Council**
- (4) Mid Suffolk District Council**
- (5) Forest Heath District Council**
- (6) St Edmundsbury Borough Council**
- (7) Suffolk Coastal District Council**
- (8) Suffolk County Council (SCC)**

The members of the Suffolk Pool, 2017-2018

Introduction and Purpose

The Suffolk pool is 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 July 2014 CLG issued a revised pooling prospectus for 2015/16 which should be read in conjunction with this agreement.

Suffolk intends to use additional resources made available through growth in the business rates yield to benefit the wider communities within Suffolk led by the Suffolk Leaders’ group vision for a “Better Suffolk”, be it countywide or in more specific locations to:

- support infrastructure development;
- encourage further business development;
- facilitate additional housing; and / or,
- supplement resources from the LEP for previously identified projects and aspirations to bring them to fruition more quickly.

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).

Governance arrangements

The policy agreement acts as the governance policy and is signed by each authority Chief Executive and S151 Officer. Central Government no longer require confirmation of a continuing Pool. If anyone of the members of the Pool wish to remove themselves then it is the responsibility of that authority to notify Communities and Local Government (CLG) by 31 October at which point the pool dissolves.

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

Termination of Policy

In any year, any Council must inform the other pool members by 30 September, if they wish to leave the pool for the following financial year. This would enable the remaining pool members to submit a new pooling application should they wish.

The pool would dissolve at 31 March and monies would be transferred as per the existing pooling arrangement.

Any council that believes it will be in a safety net position for a future year will be expected to withdraw from the pool, and therefore give notice by 30 September. This will ensure that the maximum benefit is gained by the pool, and the expected safety net payments are funded by central government. The monthly business rates monitoring template produced by ARP and SRP will provide the basis for this.

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 the funds for Suffolk Public 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 if required.

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 authorities accounts.

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 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.

The financial benefit gained through pooling would be split on the following bases:-

- i. In 2013/14 only, the first £1m will be retained to establish a reserve to fund potential future safety net payments. This level will be maintained in future years.
- ii. The second £1m per annum will be split 50% to Borough / District Councils and 50% to Suffolk Public Sector leaders.
- iii. Any benefit above (i) and (ii) will be split 40% to Borough/District Councils, 40% to Suffolk Public Sector leaders, and 20% to Suffolk County Council.
- iv. 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.
- v. In the unlikely event that agreement cannot be reached in (iv) above any unspent money in the pool will be divided 60% to Borough/District Councils and 40% to Suffolk County Council.
- vi. Where money is distributed to Borough / District Councils (under (ii), (iii) and (v)), 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.

- vii. In the event that one or more Boroughs/Districts leave the pool, the committed/unspent balance of the Public Sector Leader's money remains in the pool but if the pool is totally dissolved the remaining balance is shared out as in (v) above. Any deficit on the pool is also shared as in (v) above.
- viii. In the event that one or more Boroughs/Districts leave the pool, the balance of money remains within the safety net reserve for the benefit of the continuing pool but if the pool is totally dissolves the remaining balance is shared out as in (v) above.
- ix. SCC to calculate on an annual basis the average interest rate of the lead authority on balances held and retain those in the balance with the Public Leaders balance.

Summary - Annual calendar of events and actions

April – District/Borough authorities to submit to SCC completed CIPFA model so that the pool can be accounted for within SCC statement of accounts.

May - submission of NNDR3 by District/Borough authorities to CLG and make a copy available to SCC

July - District/Borough authorities to submit quarterly monitoring to SCC and SCC to provide an updated forecast to all members of the pool.

September – submission of amended (if applicable) NNDR3 by billing authorities to CLG and make a copy available to SCC

October – Each authority to sign policy agreement to remain in the pool

October – Deadline for a new pool to be submitted to central government (required if original pool collapses and new one proposed)

October - District/Borough authorities to submit quarterly monitoring to SCC and SCC to provide an updated forecast to all members of the pool.

January – Authorities have a final option to remove themselves from the pool (if previously signed in October) – if allowed by CLG

January – submission of NNDR1 by billing authorities to CLG and make a copy available to SCC

January - District/Borough authorities to submit quarterly monitoring to SCC and SCC to provide an updated forecast to all members of the pool.