

Essex Region Business Rates Pooling Proposal

1. Geographic coverage of the Pool

This Pool is to be formally known as the 'Essex Region Pool' and its membership is open to all local authorities that operate within the County of Essex.

2. Membership and Benefits

2.1. Membership

The following local authorities would like to confirm their intention to form a business rates pool under the arrangements set out in the Pooling Prospectus issued by the Department for Communities and Local Government in July 2013.

Braintree District Council
Castle Point Borough Council
Chelmsford City Council
Colchester Borough Council
Epping Forest District Council
Essex County Council
Essex Fire Authority
Harlow Council
Rochford District Council
Tendring District Council

2.2. Benefits

Local Authorities in the Essex region recognise that by pooling together we can retain a greater proportion of any business rate growth within the Pool area. This will provide us with an opportunity to promote and encourage further economic growth within this area.

The proposal commands wide political support and is entirely consistent with the Localism Agenda.

3. Lead Authority

The Authorities within the Essex Region Pool have agreed that Essex County Council will act as the Lead Authority for the Pool.

Essex County Council
County Hall
Market road
Chelmsford
CM1 1QH

4. Governance Agreement

The proposed Governance Agreement for the Essex Region Business Rates Pool is attached as Appendix A.

Appendix A

Essex Region Business Rates Pool

Governance Agreement

1. Purpose

- 1.1. This Governance Agreement sets out arrangements that are to be followed by all member authorities of the Essex Region Pool. The member authorities of the pool have agreed to enter into this arrangement to formalise their commitment and to set out their respective roles and responsibilities within the Pool.
- 1.2. The Purpose of this agreement is to show expression of interest and agreement to the general principles of the Pool by the member authorities. It will be followed by a more detailed legal agreement stating all the principles that are to apply to the operation of the Pool.

2. Pool Membership

- 2.1. The following local authorities are predicting their business rates income remain above the Government set safety net level for their authority and would therefore like to confirm their intention to form a Pool:

Braintree District Council
Castle Point Borough Council
Chelmsford City Council
Colchester Borough Council
Epping Forest District Council
Essex County Council
Essex Fire Authority
Harlow Council
Rochford District Council
Tendring District Council

3. Lead Authority and their Responsibilities

- 3.1. The Lead Authority for the purposes of administering the Essex region Pool will be Essex County Council.
- 3.2. The Lead Authority is to act as a point of contact for communications with the Government with regards to matters relating to the Pool, and will be the designated body through which

all payments due to or from the Pool will be paid to the Government at the agreed timetable as stated in the relevant legislation.

3.3. The Lead Authority is responsible for administration of the Pool and will be refunded subject to prior agreement by the Governing Board, any reasonable costs incurred for this function by the other member authorities from the Pool's funds, after producing a statement detailing the costs incurred.

3.4. The Lead Authority will notify all the other members of the Pool of the dates when transfers of any funds from and to each member authority are due.

3.5. Any surplus funds held by the Lead Authority are to be invested in a DMO or similar account until they are due to be reimbursed to the member authorities.

4. Governance

4.1. A Governing Board will be set up meeting at least once a year to determine amongst other things the allocation of resources (see below section 5) and agree membership of the Pool, or at any such occasion when, by mutual agreement there is a need to arrive at a critical decision.

4.2. Any issues requiring a decision to be made by the Board will be based on a majority vote, where each member authority has one vote. A minimum two thirds of the board members must be present for any such vote.

5. Distribution of the funds

5.1. It is proposed that the Essex Region Pool distributes its funds on a 'no worse off' basis. Each member authority will receive the same payments it would have received as if it were not in the Pool, subject to available resources within the Pool. (This includes the treatment of growth in enterprise zones and new renewable energy schemes.)

5.2. All member authorities are required to fund any reduction in their Business Rates income up to the level of their safety net (currently set as a 7.5% reduction in an authority's baseline funding level). Funds from the Pool will not be allocated until the audited NDR3 is available. At this stage any safety net payments will be made prior to the distribution of any remaining surplus of the Pool to member authorities.

5.3. The balance of the Business Rates income after the payment of the administration costs to the Lead Authority and any safety net payments will be distributed as follows:

5.3.1. Any surplus remaining after payment of the pool levy, will be distributed as follows:

- 50% of the net gain will be distributed using each authority's baseline funding level, and

- 50% of the net gain will be distributed using each authority's local share of Business Rates income (based on the audited NDR3)

5.3.2. Where the pooling of the Business Rates income results in a net loss, this will be funded by the member authorities as follows:

- 50% of the net loss to be funded using each authority's baseline funding level, and
- 50% of the net loss will be funded using each authority's local share of Business Rates income

5.3.3. If the Pool runs a cash deficit the Pool members in deficit will reimburse the banker any lost interest at the Bank of England base rate.

6. Dissolution of the Pool

6.1. The membership in the Pool is on a voluntary basis and any member authority will be able to leave the Pool at the end of the financial year.

6.2. A member authority that wishes to leave the Pool must notify the other Pool members of their intent no later than six months prior to the beginning of the next financial year to allow remaining members sufficient time to reconsider continuation of the Pool or the Pool dissolution.

6.3. If it is determined that the pool will be dissolved, any accumulated funds will be distributed on the basis of the net gain distribution as described in section 5.

Signed on behalf of:

Braintree District Council	

Castle Point Borough Council	

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Chelmsford City Council	

Colchester Borough Council	

Epping Forest District Council	

Essex County Council	

Essex Fire Authority	

Harlow Council	

Rochford District Council	

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Tendring District Council	