

# DEVON BUSINESS RATES POOLING ARRANGEMENT

## 1. INTRODUCTION

1.1 This agreement relates to a business rates pool to cover all of the County of Devon. This will cover all local authorities in the county, namely:

- Devon County Council
- East Devon District Council
- Exeter City Council
- Mid Devon District Council
- North Devon District Council
- Plymouth City Council
- South Hams District Council
- Teignbridge District Council
- Torbay Council
- Torridge District Council
- West Devon Borough Council

1.2 The designated lead authority for the purposes of administering the 'Devon Pool' (the pool) will be Plymouth City Council.

## 2. AIMS AND OBJECTIVES

2.1 The main aim of the pool is to maximise the retention of locally generated business rates and to ensure that it further supports the economic regeneration of the wider County of Devon. The modelling work that has been undertaken by the pooling authorities demonstrates that financially the County of Devon would retain a greater share of business rates revenue through pooling than it would otherwise do, as long as it experiences economic growth. This will act as a further incentive for all the pooling authorities to proactively work together to drive economic growth within Devon.

2.2 The pool will also aim to manage, as far as possible, the volatility that the partner authorities would otherwise face through the business rates retention scheme and to prevent potential cross boundary arguments over growth.

2.3 If at all possible no authority within the pool should be worse off than if it were not in the pool.

2.4 All transactions between parties within the pool will be made in a timely manner to minimise cash flow consequences between Member Authorities.

## 3. GOVERNANCE

3.1 The governing Board for the pool will consist of the following representatives from each authority within the pool:

Leader or other Cabinet Member if delegated by the Leader  
Chief Executive or nominated delegate

- 3.2 The Board will nominate a Lead Authority.
- 3.3 The Board will meet at least twice a year, but a meeting can be called at any time by mutual agreement. The Board will meet at the beginning of the financial year to determine the initial allocation of resources. The Board will also meet at an appropriate time in the year subject to any statutory requirements to re-affirm membership of the pool for the following financial year, or to agree to dissolve the pool. At the same meeting it will also agree any changes required to the governance arrangements of the pool including reviewing the arrangements for the distribution of pooled funds. It is anticipated that the Board can form part of the Devon Local Government Steering Group meeting that is held quarterly and attended by Devon Chief Executives and Leaders, with two of the meetings each year including pool business.
- 3.4 The Board will be served with appropriate Legal and Financial support as required.

#### **4. POOLED FUND**

- 4.1 The 'Devon Pool' proposes to distribute pooled funds using a "no worse off" basis. Funds will be distributed to each member authority to a position no worse than it would have been had the pool not existed. Clearly this will only be possible if the pooling arrangements result in an aggregate financial position that is no worse than would have been the case had the pool not existed. The annual Local Government Finance Review is expected to make available figures for the level of business rates revenue that each local authority is able to retain. Where those authorities are in a pool, this is expected to demonstrate both the revenue retained by the pool as a whole and the amount that each individual authority could expect to gain if it were not a member of a pool.
- 4.2 Where pooling generates a net gain the additional resources (above and beyond the "no worse off" basis) will be distributed in the following proportions:-
- i) 50% of the gain will be distributed using each authority's baseline funding level and
  - ii) 50% of the gain will be distributed using NDR baseline.
- 4.3 Similarly where pooling generates a net loss the reduced resources (below the "no worse off" basis) will be apportioned in the following proportions:-
- iii) 50% of the loss will be distributed using each authority's baseline funding level and
  - iv) 50% of the loss will be distributed using NDR baseline.

- 4.4 The Lead Authority can allocate all reasonable and agreed costs of administration to the pool (including initial set up costs). These will be first priority call on the pool before any other distributions are made.
- 4.5 The distribution mechanism will remain in place for the duration of the pooling agreement.

## **5. ADMINISTRATION OF THE POOL**

- 5.1 The Board will nominate a Lead Authority.
- 5.2 The Lead Authority will be responsible for all accounting and administration of the Pooled Fund including all auditing and financing requirements as set out in relevant legislation.
- 5.3 The Lead Authority will be the designated body through which payments from and to the Pooled Fund are made. Each Member Authority will transfer the relevant funds to the Lead Authority enabling that Authority to transfer such funds to the Government or top up authorities as appropriate. All payments to and from the pool will be in accordance with the dates as agreed by the lead officer for each member authority.
- 5.4 Where any Member Authority (including the Lead Authority) fails to make payments on due dates resulting in financial consequences (fines, interest payments, etc) then such costs will be borne by the Member Authority concerned and not the pool.
- 5.3 The Lead Authority will be accountable to the Board and shall produce an annual account report in a timely manner to allow member authorities to reflect any relevant amounts and issues in their own annual accounts. In addition interim statements will be shared with all member authorities on a quarterly basis.
- 5.4 The Lead Authority will act as the point of contact with central government on behalf of the pool.
- 5.5 Each Member Authority will maintain its own business rates collection fund.

## **6. DISSOLUTION OF THE POOL**

- 6.1 Membership of the pool is on a voluntary basis and all Member Authorities will be able to leave the pool if they choose to. Pool members will need to have due regard to the pool's rationale and the impact on remaining members and should give notice no later than 30 September (or earlier if required by statute) and will take effect in the following financial year.
- 6.2 Notwithstanding any statutory requirement to do otherwise, the Board will meet by no later than 30 September each year to consider the continuation or dissolution of the pool. If it is determined that the pool will be dissolved any surplus/unallocated

resources held by the pool will be distributed to member authorities based on the distribution described in section 4 above.

**7. UNFORESEEN CIRCUMSTANCES**

7.1 As these arrangements are new it is possible that circumstances may arise that have not been considered. Where such situations arise these matters will be considered by the Board and additional agreements agreed. Unless there is legal constraint otherwise, such new arrangements may be applied retrospectively, if agreed by the Board.

**8. APPROVAL**

8.1 The pooling arrangements as set out in the agreement above are approved by the Chief Executive and section 151 Officer below.

Signed on behalf of .....

Name

Name

Position

Position

Date

Date