

Sproughton Enterprise Zone

**Memorandum of Understanding for the transfer of
“Fund B” from Babergh District Council to Ipswich
Borough Council to support the development of the
Sproughton Enterprise Park**

Between
IPSWICH BOROUGH COUNCIL
And
BABERGH DISTRICT COUNCIL

A MEMORANDUM OF UNDERSTANDING

Dated: 2017

Between parties (**'the Parties'**):-

IPSWICH BOROUGH COUNCIL ('IBC')

Grafton House, 15-17 Russell Road, Ipswich, Suffolk, IP1 2DE

And

BABERGH DISTRICT COUNCIL ('BDC')

Address

1. Background

- 1.1. The Sroughton Enterprise Park (the '**SEP**') is one of 10 sites throughout Suffolk & Norfolk that comprise the New Anglia Space to Innovate Enterprise Zone.
- 1.2. SEP is located within the BDC area but is owned freehold by IBC.
- 1.3. The Sroughton Enterprise Zone (the '**SEZ**') site comprises 14ha and of the larger 52ha SEP site of which approximately 25ha is developable land allocated for employment use.
- 1.4. The policy of the UK Government states that all growth in business rates generated from Enterprise Zones should be retained by the Local Enterprise Partnerships (the '**LEP**') to enable the LEP to support their economic priorities for at least the next 25 years.
- 1.5. A tri-partite Agreement between BDC, Suffolk County Council and New Anglia Local Enterprise Partnership dated 2nd May 2017 (the '**Tri-partite Agreement**') sets out the agreed allocation of business rates generated in New Anglia Space to Innovate Enterprise Zones.
- 1.6. It is agreed in the Tri-partite Agreement that the retained business rates (the '**Fund**') from each of the 10 New Anglia Space to Innovate Enterprise Zone sites will be shared as follows:
 - 1.6.1. **Fund A1: 20%** to be retained by the business rates Collecting Authority (i.e. BDC in relation to SEZ).
 - 1.6.2. **Fund A2: 5%** to be retained by Suffolk County Council.

- 1.6.3. **Fund B: 35%** to be retained by the Collecting Authority and ring-fenced to accelerate the development of the Collecting Authority's Enterprise Zone Area.
- 1.6.4. **Fund C: 40%** to be retained by New Anglia Local Enterprise Partnership to create the 'New Anglia Challenge Fund'.
- 1.7. The Tri-partite Agreement is for the term of 25 years from 1st April 2016 date unless unilaterally or multilaterally terminated in accordance with the terms of that Tri-partite Agreement.
- 1.8. The Tri-partite Agreement is to be reviewed by 30 June 2020.
- 1.9. The Tri-partite Agreement is appended to this Memorandum of Understanding ('the **'MOU'**') (Annex 1).

Agreement

The Parties to this MOU hereby agree to the following:

Purpose and Scope

- 2. The purpose of this MOU is to:
 - 2.1. Provide assurance to IBC that capital expenditure incurred by IBC in the development of the SEP since 1st April 2016 will be reimbursed through the transfer of Fund B from BDC to IBC.
 - 2.2. Record the Parties agreed approach to support the development of the SEP through the transfer of Fund B from BDC to IBC.
 - 2.3. Enable IBC to invest in the development of the SEP through the Transfer of Fund B from BDC to IBC.
 - 2.4. This MOU will be in effect until the 25th anniversary of the Effective Date of the Tri-partite Agreement or until this MOU is superseded by a formal legal agreement between IBC and BDC .
 - 2.5. If this MOU is not superseded by a formal legal agreement by 30th June 2020 it will be subject to review by the Parties at the same time and in the same manner as the review in Schedule 2 of the Tri-partite Agreement.

3. Conditions and Arrangements

The parties acknowledge that BDC as the Collecting Authority under the Tri-partite Agreement is responsible in administering Fund B on behalf of New Anglia Local Enterprise Partnership in accordance with the terms and conditions of the Tri-partite Agreement. The Parties hereby agree that:

- 3.1. The first 14ha of development on the SEP will comprise the SEZ.

- 3.2. BDC will retain the business rates from the SEZ and transfer Fund B to IBC.
- 3.3. BDC will use best endeavors to ensure that IBC become party to any Project MOU as required under Schedule 3 Clause 4 of the Tri-partite Agreement .
- 3.4. If the Tri-partite Agreement is terminated for any reason, the terms agreed of this MOU will continue *pari passu* between BDC and IBC with regard to the transfer of Business Rates collected from the SEZ equivalent to Fund B from BDC to IBC.

4. BDC Commits to:

- 4.1. Transfer Fund B to IBC.
- 4.2. Transfer the payment of the monies within Fund B to IBC within 28 days of receipt.
- 4.3. Agree to the apportionment of all eligible costs across SEP to enable the development of the 14 ha designated enterprise zone.

5. IBC Commits to:

- 5.1. Utilise Fund B for the economic development of the SEP.
- 5.2. Report annually to BDC regarding the income and expenditure related to Fund B.
- 5.3. In the event that the monies received by IBC are not utilised within 5 years of receipt then the remaining funds will be transferred back to BDC for them to use in accordance with the Tri-partite Agreement

6. Timing

- 6.1. This MOU shall commence on the date hereof until the expiry on the 25th anniversary or earlier determination of the Tri-partite Agreement.

Signed for and on behalf of

Ipswich Borough Council

Signature:

Name:

Position:

Signed for and on behalf of

Babergh District Council

Signature:

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Name:

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Position:

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