

BABERGH DISTRICT COUNCIL

From: Cabinet Member for Investment and Commercial Delivery	Report Number: BCa/17/33
To: Cabinet	Date of meeting: 7 December 2017

BABERGH ENTERPRISE ZONE SITE – SPACE TO INNOVATE

DISCRETIONARY BUSINESS RATES RELIEF POLICY MEMORANDUM OF UNDERSTANDING – SPROUGHTON ENTERPRISE PARK

1. Purpose of Report

- 1.1 To obtain approval from Members at Babergh District Council Cabinet to proposed Discretionary Business Rates Relief Policy associated with Sroughton Enterprise Park
- 1.2 To obtain approval from Members to continue to negotiate with Ipswich Borough Council to agree a Memorandum of Understanding to enable passporting of Fund B monies to the Borough Council to contribute towards site development in accordance with Schedule 2 of the site legal agreement.
- 1.3 To ask Members to amend their approval regarding legal sign off delegation recommendation (BMSDC Council meetings July 2016) from Deputy Chief Executive to appropriate Assistant Director of either Babergh or Mid Suffolk District Council.

2. Recommendations

- 2.1 Members approve Babergh District Council Discretionary Business Rates Relief Policy for Sroughton Enterprise Park (Enterprise Zone site)
- 2.2 Members approve Assistant Directors as alternative delegation for signature on legal documentation in respect of Enterprise Zone site delivery within the Districts
- 2.3 Members approve continued negotiations between BDC and IBC to agree Memorandum of Understanding regarding passporting of Fund B monies in respect of Sroughton Enterprise Park (Enterprise Zone site)

Reason – To encourage the development of employment sites and other business growth in appropriate locations. To encourage investment in infrastructure.

3. Financial Implications – Business Rates Relief Policy and Sroughton MoU

- 3.1 As an incentive to businesses to occupy new premises on an Enterprise Zone (EZ) site the Government, DCLG, will fund any business rates relief by 100%, for eligible businesses who take occupation of premises on or before 31 March 2021. The Collection Authority has the discretion to pass on this incentive to business occupiers by means of an appropriate policy. The Policy will identify eligibility and relevant terms and conditions.

- 3.2 This Policy could be used as a tool by the Collection Authority to encourage preferred industry sectors to locate to an Enterprise Zone site. See paragraph 4 of the BR Relief Policies.
- 3.3 A concern for the Districts is that the incentives will encourage relocation within the District. Some business relocations could free up smaller business premises for new occupiers wishing to locate to the District. The EZ site application process will enable Economic Development Team to assess potential economic impacts as applicants have to provide former business address. Usually business expansion, additional employees and/or increased productivity/turnover as a result of relocation will not prevent access to BR Relief, and not be displacement.
- 3.4 The Business Rates Relief incentive is balance-sheet neutral for the Collection Authority, although there will be a delay to receipt of appropriate central government funding.
- 3.5 The Economic Development Team have taken advice from various sources in the compilation of the BR Relief Policy documents, see consultations below.
- 3.6 BMSDC Finance Team advice was taken when drafting the proposed Policy documents. Once a final draft of the Memorandum of Understanding has been agreed between the Borough, Babergh DC and the LEP, Economic Development will seek comments from Finance Team as well as sharing final draft with appropriate Strategic Director and Assistant Director, Planning and Growth.

4. Legal Implications

- 4.1 Sproughton Enterprise Park MoU – this has been requested by Ipswich Borough Council, landowners of the Sproughton site. This primarily because the Borough Council are not signatories to the tripartite site legal agreement (signed by BDC, New Anglia LEP and SCC, please see paragraph 11.3 below) that defines allocation of Fund B monies for site infrastructure and future development. The MoU once agreed will reflect all relevant obligations contained within the earlier agreement.
- 4.2 Ipswich Borough Council have already invested in site Masterplanning and their instruction for planning consultants David Lock to deliver OPP for the whole site was validated by Babergh District Council Planning DM on 20 November 2017.
- 4.3 The Borough have several businesses interested in locating on Sproughton Enterprise Park and are currently undertaking site investigations, silo demolition and other infrastructure work as well as site investigations. The site preparatory work and associated contracts represent a significant capital investment in site delivery by Ipswich Borough Council.
- 4.4 Legal advice from Suffolk Shared Service has been requested throughout the MoU drafting and will continue to completion of MoU.
- 4.1 Shared Legal Services have also been engaged within the drafting process for the Discretionary Business Rates Relief Policies. Comments are as follows:
- 4.2 The proposed scheme is within the Babergh District Council's powers under section 47 of the Local Government Act 1988. Moreover, the Localism Act 2011 provides local government with greater flexibility with regards to discretionary relief and exemptions for Business Rates.

5. Risk Management

- 5.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No.2c "Failure to establish employment site allocations of right types, in right places" Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Enterprise Zone sites are not delivered	Unlikely, this has not happened before (1)	Disaster/Bad (3/4)	BMSDC Economic Development Team working closely with New Anglia LEP, site developers/owners and other agencies to monitor progress with mitigation measures in place if required.
The EZ sites do not attract the preferred business occupiers	Unlikely, the Discretionary Business Rates Policy should ensure that appropriate businesses locate to the EZ sites (1)	Could result in sites remaining vacant (3)	Stakeholders will review business occupiers at regular meetings terms of discretionary BR policies will be relaxed if necessary
Established local businesses apply to relocate to the new EZ sites to gain from Business Rates incentives	Unlikely, as relocation impacts upon business continuity and is very costly (1)	Could result in empty business premises elsewhere in the Districts (3)	BR policies refer to displacement as a factor that could prevent eligibility If relocation is for expansion this will release premises for occupation by smaller businesses BMSDC EDOs to keep situation under review. BR application form asks for details of former business premises

Insufficient funds to deliver site infrastructure required prior to development	Unlikely as Fund B monies will support these costs in the long term (1)	Sites remain undeveloped (4)	Regular meetings between stakeholders have identified potential funding shortfalls and mitigation if required i.e. additional investment from stakeholders, bidding for additional public sector funds (soon to be launched EZ Accelerator Fund)
Reduction in the amount of public sector funding available to support this type of project	This could be possible if public sector spending cuts are imposed in the future	As above, site will remain partially developed with limited Fund B income available for site development	<p>a) ensure that Sproughton Enterprise Park remains a priority for New Anglia LEP via their Economic Strategy</p> <p>b) ensure that the EZ site acquires appropriate share of Fund C monies from NALEP to enable complete site development</p> <p>c) continue to collaborate with site owners, Ipswich Borough regarding full site build-out</p>

6. Consultations

- 6.1 In addition to consultation with BMSDC Finance and Audit Teams and Suffolk Shared Legal Services, Economic Development Team has consulted with Shared Revenue Partnerships, Ipswich Borough Council, Suffolk County Council and New Anglia LEP when drafting the Policy documents, application forms and other information for applicants.
- 6.2 BMSDC Planning Strategic Sites Team have also been consulted extensively with regard to the Enterprise Zone sites project – please see update below at Section 11.

7. Equality Analysis

- 7.1 There are no equality and diversity implications arising directly from the content of this report.

8. Shared Service / Partnership Implications

- 8.1 There will be a need for ongoing advice and input from Shared Service providers – Legal and Business Rates Teams as the delivery methodology for the BMSDC EZ sites is being established. This is in addition to continuing input from BMSDC Finance Team, Comms Team and Planning Strategic Sites Team.
- 8.2 The Economic Development Team will continue to manage District Delivery Team meetings on a bi-monthly basis, to attend Sproughton Liaison Group meetings, to attend New Anglia EZ Development meetings (bi-monthly) and to engage with other delivery partners as and when required to ensure successful development of both EZ sites within the Districts.

9. Links to Joint Strategic Plan

- 9.1 This Item aligns with
- 9.2 2.1 Increased understanding of our local business needs
- 9.3 2.2 Engage and support our businesses to thrive
- 9.4 2.3 Further develop the local economy

10. Enterprise Zone Sites Updates

- 10.1 SPACE TO INNOVATE – BABERGH MID SUFFOLK EZ SITES
- 10.2 Memorandum of Understanding signed (end September 2016) by all District and County Councils working together to deliver 10 Enterprise Zone sites within the brand. This document defines basic principles behind delivery of the brand. The Under Secretary of State for Local Growth signed the MoU on behalf of the Government on 18 October
- 10.3 The site legal agreements for delivery of each of BMSDC Enterprise Parks were signed by stakeholders (District Council, New Anglia LEP and Suffolk County Council) in May this year. BMSDC were advised by Freeths.
- 10.4 Individual Site Development Plans (SDP) have been approved by New Anglia. These documents, that have a 5 year shelf-life, outline delivery timeframes, site aspirations, preferred business occupiers and investment strategy for individual Enterprise Zone sites. At this point in time these documents remain flexible and identify broad aspirations for site development.
- 10.5 Communications Plan is currently in draft and will be finalised, in consultation with other delivery stakeholders, by end 2017 to dovetail with New Anglia LEP communications protocol.

11. Appendices

Title	Location
(a) BDC Draft Discretionary Business Rates Relief Policy – Sproughton Enterprise Park	Attached
(b) EZ Application Form	Attached
(c) EZ Business Rates Relief FAQs	Attached
(d) Draft Memorandum of Understanding BDC/IBC	Attached

12. Background Documents

- 12.1 Reports to Babergh District Council – Strategy (14.07.2016), Council (26.07.2016)
- 12.2 Reports to Mid Suffolk District Council – Executive (11.07.2016), Council (28.07.2016)

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