

Agenda Item No 6(e)

DERBYSHIRE COUNTY COUNCIL

CABINET

5 October 2017

Report of the Director of Finance & ICT

BUSINESS RATES POOLING
(STRATEGIC LEADERSHIP, CULTURE AND TOURISM)

1 Purpose of the Report

To provide Cabinet with details of the Government's invitation to local authorities to pilot 100% Business Rates Retention in 2018-19.

2 Information and Analysis

Under the Business Rates Retention Scheme, local authorities are able to come together, on a voluntary basis, to pool their business rates, giving them scope to generate additional business rates growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area. Further details were reported to Cabinet on 21 October 2014. The Council worked together with the eight district/borough councils in the county, Derby City Council and Derbyshire Fire and Rescue Authority, to form a Derbyshire Business Rates Pool which has been in operation since April 2015. This has helped to secure additional income for the county of approximately £4m per annum.

The Government has previously announced the expansion of pilot programmes for 100% business rates retention for 2018-19. These will run alongside the five current 100% pilots which have been in operation since 1 April 2017. The pilots are deemed as an opportunity for the Government to test more technical aspects of the 100% business rates retention system, such as tier-splits. It will provide the opportunity to evaluate how collaboration between local authorities works in practice.

The Government is interested in exploring how rates retention can operate across more than one authority to promote financial sustainability and to support coherent decision-making across functional economic areas.

A proposal for a pool must be in the form of a business case with supporting analysis, which must set out the following:

- **Membership details** – including an explanation of relevance to the economic geography of the area, that each member fully supports the application and confirmation of the lead authority;
- **Governance arrangements** – details of how the additional business rates income will be utilised, how risk is managed, proposals for sharing additional growth and how the pool will work together in the longer term;
- **Additional supporting evidence** – benefits to the area of participation in the pilot and proposals for the tier-split;
- **Membership** – the identity of all local authorities in the pool;
- **Benefits** – details on how participation in the pilot scheme will benefit the area;
- **Lead Authority** – the pool must nominate a lead authority who will be responsible for receiving payments from and to Government on behalf of the entire pool;
- **Governance agreement** – setting out how the pooling arrangements will work in terms of financial distribution and service provision, evidencing how business rates income growth will be shared.

All proposals will need to be submitted to Government by 27 October 2017 and must be signed off by the s.151 officer of each authority in the pool.

Successful pilots will be announced in December 2017 and launched in April 2018. Between these dates the Government will support authorities in preparing for implementation.

The Council has had preliminary discussions with the current members of the Derbyshire pool, who have, in the main, expressed an interest in forming a 100% pool for 2018-19.

Given the technical and complex nature of submitting a proposal in a short timeframe, the local authorities in the pool will initially seek specialist support to draft the business case, the costs of which are estimated to be less than £0.020m. The costs will be shared between the pool members with the Council's share being met from Earmarked Reserves.

It is proposed that the Director of Finance & ICT, in consultation with the Cabinet Member for Strategic Leadership, Culture and Tourism, be authorised to submit an expression of interest on behalf of the Council.

3 Financial Considerations

The cost of external support to enable the bid to be made is expected to be around £15,000 with part of the cost being borne by district and borough councils.

4 Other Considerations

In preparing this report the relevance of the following factors has been considered:- human resources, legal and human rights, equality of opportunity, health, environmental, transport, property, crime and disorder and social value considerations.

5 Background Papers

Invitation to Local Authorities in England to pilot 100% Business Rates Retention in 2018-19 and to pioneer new pooling and tier-split models – Department for Communities and Local Government.

6 Key Decision?

No.

7 Is it necessary to waive the call-in period?

No.

8 Officer's Recommendations

That Cabinet:

- i Notes the contents and requirements of the invitation to pilot 100% Business Rates Retention in 2018-19;
- ii Grants approval for the Director of Finance & ICT, in his capacity as the Council's S.151 Officer and in consultation with the Cabinet Member for Strategic Leadership, Culture and Tourism, to submit an expression of interest to proceed with a 100% Business Rates Pool pilot in 2018-19.

PETER HANDFORD

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