

DERBYSHIRE COUNTY COUNCIL

CABINET

21 October 2014

Report of the Chief Executive and the Director of Finance

BUSINESS RATES POOLING
(STRATEGIC POLICY & BUDGET)

1 Purpose of the Report

To inform Members of the contents and requirements of the Business Rates Retention, Pooling Prospectus 2015-16.

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 growth through collaborative effort and to smooth the impact of volatility in rates income across a wider economic area.

The effect of forming a pool will be different in each case depending on the membership of the pool, their individual circumstances (i.e. the balance of “top-ups” and “tariffs”) and the rate of growth in business rates income over the life of the pool. In April 2014 the Council, the Derbyshire Fire and Rescue Service, and the eight district and borough councils in the county, subscribed to Pixel Consultancy Services to assist in identifying the possible impact of joining a pool. This work has identified an initial estimate, based on currently known factors, that a pool arrangement in Derbyshire could generate a maximum potential gain of £2.9m across the whole county, depending on which authorities agreed to take part. It should be noted that the scale of benefit changes materially depending on which authorities are involved, the one constant is that the County Council needs to be involved in every case. Police and Crime Commissioners are not eligible to pool as they no longer receive business rates funding towards their costs.

Any proposals for a new pool must be made to the Government by Friday 31 October 2014, signed by the S.151 Officer for each authority that wishes to take part. The Secretary of State for Communities and Local Government will make a pooling designation before the publication of the draft Local Government Finance Report for that year (expected in December 2014). The designation will need to state:

- The likely benefits of the proposals for local authorities and the Government's wider objectives for growth, and improved strategic and service delivery
- The proposed governance arrangements
- The extent to which proposals are affordable in terms of the rates retention scheme as a whole.

In order to help the Government agree to a designation the authorities who are members of the pool will need to agree how the first two bullet points will be dealt with in Derbyshire.

The Council along with borough and district councils and the fire authority will need to determine, over the coming weeks, whether to proceed with submitting a designation pending the outcome of further discussions. Therefore, it is proposed that approval is given to the Chief Executive and the Director of Finance (in consultation with the Leader of the Council) to make a decision as to whether to submit a designation.

Local authorities can withdraw from a designated pool, if after seeing the draft Local Government Finance Report, they no longer believe that pooling provides the opportunities they had previously thought. To exercise this option a local authority must write to the Government within 28 days of the publication of the draft Report and before the final Report is laid before the House of Commons (usually early February). The Secretary of State will then revoke the designation.

Pools will continue from year to year until a designation is revoked.

3 Considerations

In preparing this report the relevance of the following factors has been considered: financial, legal, prevention of crime and disorder, equality and diversity, human resources, environmental, health, property and transport considerations.

4 Background Papers

Business Rates Retention - Pooling Prospectus 2015/16 - Department for Communities and Local Government

5 Key Decision

No.

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

No.

7 Officers' Recommendations

- (a) That Members note the contents and requirements of the Business Rates Retention, Pooling Prospectus 2015-16
- (b) That if the negotiations currently underway indicate a benefit from entering pooling arrangements then approval is given for the Chief Executive and the Director of Finance, acting as the S.151 Officer, (in consultation with the Leader of the Council) to submit an expression of interest to commence with a Business Rates Pool from 2015-16.

IAN STEPHENSON

Chief Executive

PETER HANDFORD

Director of Finance

26 September 2014