

Agenda Item No. 8

**D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY**

**6 September 2018**

**BUSINESS RATES RETENTION – BID FOR 2019-20 PILOT STATUS**

- (1) **Purpose of Report** To seek approval to submit a bid for Derbyshire to become a business rates retention pilot area for 2019/20. Bids need to be submitted to the Ministry for Housing, Communities and Local Government by 25 September 2018.

**Discussion/Decision Required by the Meeting**

To support the bid for business rates retention status from 1 April 2019 on the basis that 75% of the business rates income collected during 2019/20 will be able to be retained for the benefit of the Councils in Derbyshire rather than 50%.

- (2) **Information and Analysis**

**Background**

Derbyshire is currently a 100% business rates retention pilot area for 2018/19, following a successful bid to government last year. One of the added values of the current pilot is that there can be 'no detriment' to any of the Councils should their business rates income fall short of the forecasted amount in 2018/19.

D2 Joint Committee decided that 30% of the forecasted business rates income in 2018/19 should be pooled and be used as a regeneration fund to receive bids from the respective Councils for the benefit of business growth and job creation projects throughout the county. The estimated value of the Regeneration Fund is £8 million.

The remaining 70% of the forecasted business rates income in 2018/19, amounting to an estimated value of £19 million, is being retained by the ten Councils in Derbyshire for the benefit of Council tax payers in their areas. The income can be spent on revenue services or capital projects.

The Fire and Civil Defence Authority also benefit from the 2018/19 pilot and would continue to do so should the 2019/20 bid be successful.

All Chief Finance Officers in Derbyshire Councils have provisionally agreed to support a further bid for 2019/20 and will be finalising this decision at a meeting in Erewash Council Offices today (6 September 2018).

The conditions of the 2019/20 bidding round are less favourable than the current pilot in that successful bidders will be able to retain 75% of the business rates income collected and the 'no detriment' protection will not apply.

A successful bid would still benefit the area by over £20 million and the removal of the 'no detriment' is considered to be a minimum risk and one that is worth taking.

If successful, the Committee may wish to continue to support the Regeneration Fund where the forecasted income would be around £6 million. The remaining £14 million would be retained by the ten Councils for the benefit of their respective areas.

### **Next Steps**

Should the Committee support the bid, the proposal would be for the Derbyshire Chief Finance Officers to commission the support of 'Pixel Consultancy' who supported our successful bid last year.