

REPORT TO	ON
CABINET	11 September 2019



TITLE	PORTFOLIO	REPORT OF
Lancashire Business Rates Pool	Finance, Property and Assets	Interim Section 151 Officer

Is this report a KEY DECISION (i.e. more than £100,000 or impacting on more than 2 Borough wards?)	No
Is this report on the Statutory Cabinet Forward Plan ?	No
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No
Is this report confidential?	No

PURPOSE OF THE REPORT

1. Cabinet are asked to approve the release of business rate growth funding prior to it being realised to support the funding of cross-county work on 'Repositioning Lancashire: The Greater Lancashire Plan'.

PORTFOLIO RECOMMENDATIONS

2. That Cabinet approve a contribution of £36,012 to the Strategic Economic Growth and Financial Sustainability Fund, being South Ribble's share of the £400,000 bid to fund work on the Greater Lancashire Plan. This is subject to all Lancashire councils who are in the business rate pool committing to fund their share of the total cost of the work.

REASONS FOR THE DECISION

3. The Lancashire BR Pool Executive Body have explored how £400k could be released from the Strategic Economic Growth and Financial Sustainability Fund (SEGFSF) in this financial year to fund work on the Greater Lancashire Plan, as requested by the Governing Body of the Lancashire Business Rate Pilot Pool. The proposal is that each authority provide a financial allocation towards the £400,000 in proportion to their total anticipated contribution to the Strategic Economic Growth and Financial Sustainability Fund.
4. This advance funding can be met from the council's business rate retention reserve. At the end of the financial year, when the actual outturn for business rates income is known, an adjustment can be made in relation to this payment.

CORPORATE PRIORITIES

5. The report relates to the following corporate priorities:

Excellence and Financial Sustainability	✓
Health and Wellbeing	
Place	✓

Projects relating to People in the Corporate Plan:

People	
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BACKGROUND TO THE REPORT

6. The Lancashire Business Rates Pool was formed in 2016/17. The benefit of the business rates pool is that the pool is treated as a single body for the purposes of the rate retention scheme, hence the Government calculates only one overall amount in respect of safety net or levy payments. In essence this means that members of the Lancashire Pool are not required to pay a levy to central government, instead this is retained by each member.
7. During 2018/19 the Government invited pools of authorities to pilot 75% rates retention in 2019/20. South Ribble Council approved the council's participation in a Lancashire pool pilot bid which was subsequently successful. Participation in the 75% pilot is financially advantageous for each pool member where they experience growth above their baseline funding level as they benefit from retaining a bigger share of that growth.
8. With regard to the governance arrangements for the Lancashire Business Rates Pilot Pool: it is administered by Ribble Valley who are the Lead Authority; has a Governing Body comprising of the Leaders of each local authority who belong to the pool; and an Executive Body which consists of the S151 Officers of the pool members. The Executive Body make recommendations, when required, on operational matters to the Governing Body.
9. The Lancashire Business Rates Pilot pool members signed a memorandum of understanding in which each pool member agreed that, at the end of the financial year, they would set aside 25% of their additional growth in a Lancashire wide fund to be used to target strategic economic growth and improve financial resilience and sustainability. The Governing Body make decisions regarding how the Strategic Economic Growth and Financial Sustainability Fund will be allocated.

PROPOSALS

10. At a meeting of the Governing Body in June, a case was presented for a Greater Lancashire Plan funded from the Strategic Economic Growth and Financial Sustainability Fund (SEGFSF). The estimated overall cost of producing the Greater Lancashire Plan is £400,000.
11. The £400,000 is to fund the initial work to develop the Greater Lancashire Plan. The key outputs expected arising from the Greater Lancashire Plan include:

- An independent whole place review of Lancashire, providing state of Lancashire analysis
 - A bold and ambitious vision for Greater Lancashire 2050
 - A strategic framework, capturing the Local transport Plan refresh, the Local Industrial Strategy and all the local plans
 - A business case for a Greater Lancashire Strategic Intelligence Unit and secretariat
12. The Lancashire Business rates pool Executive Body were asked to consider the options available for underwriting the early release of £400,000 from the SEGFSF and to report back to the Governing Body.
13. The Lancashire BR Pool Executive Body met on 14 June 2019 and 26 July 2019. They explored how £400,000 could be released from the Strategic Economic Growth and Financial Sustainability Fund (SEGFSF) in this financial year to fund work on the Greater Lancashire Plan i.e. prior to the BR growth income being realised and available in this fund.
14. The Executive Body considered 2 options:
- Option 1 - That the advance funding is provided by one authority, or;
 - Option 2 - That the advance funding is provided by pool members in proportion to their anticipated contribution to the fund based on NNDR1's.
15. The Executive Body members present were minded to agree Option 2 and, subject to the views of those authorities not present, would be recommending this option to the next Governing Body meeting.
16. The table below shows the initial contribution which would be required from each pool member in the final column:

Pool Member	Estimated Contribution to SEGFSF	All to underwrite pro rata to expected contribution to SEGFSF
	£	£
Blackburn with Darwen	445,648	65,669
Blackpool	0	0
Burnley	236,219	34,808
Chorley	177,840	26,206
Fylde	137,497	20,261
Hyndburn	26,500	3,905
Lancashire	773,067	113,916
Lancashire Fire Authority	53,363	7,863
<i>Lancaster</i>	<i>0</i>	<i>0</i>
Pendle	69,242	10,203
Preston	38,913	5,734
Ribble Valley	147,776	21,776
Rossendale	94,801	13,969
South Ribble	244,386	36,012
West Lancashire	120,961	17,824
Wyre	148,302	21,853
Total	2,714,515	400,000

17. This proposal is a one-off and a bidding process is being set up for accessing pooled monies from the SEGFS fund of the 2019/20 Lancashire Business rates pilot in the future.

CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

18. There has been no formal consultation.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

19. The Executive Body considered Option 1, but the collective view was that this was outside the current pooling arrangements for the Strategic Economic Growth and Financial Sustainability Fund.

FINANCIAL IMPLICATIONS

20. The £36,012 advance payment can be funded in 2019/20 from the Business Rate Retention Reserve.
21. At the end of the financial year, the council will complete the annual business rates return (NNDR3) which will be the basis for the calculation of the council's actual share of business rates income including growth retained and also the proportion of growth due to be paid into the Strategic Economic Growth and Financial Sustainability Fund. This is in compliance with the agreed business rate pooling arrangements.
22. It is proposed by the Lancashire BR Pool Executive body that an adjustment is carried out at the end of the year with regard to the advance payments requested.

LEGAL IMPLICATIONS

23. Clearly some kind of agreement/contract will need to be entered into setting out clearly the terms on which the advance payment of £36,012 will be made. Subject to this there are no legal concerns.

AIR QUALITY IMPLICATIONS

24. There are no direct air quality implications as a result of this decision.

HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT IMPLICATIONS

25. There are none.

ICT/TECHNOLOGY IMPLICATIONS

26. There are none.

PROPERTY AND ASSET MANAGEMENT IMPLICATIONS

27. There are none.

RISK MANAGEMENT

28. The key risks are set out in the financial implications.

EQUALITY AND DIVERSITY IMPACT

29. There are no Equality and Diversity implications.

COMMENTS OF THE STATUTORY FINANCE OFFICER

30. This funding request represents an advance payment of a proportion of expected business rate growth in 2019/20. The council has been asked to underwrite this amount as there is a potential risk that if the expected level of business rate growth in 2019/20 isn't achieved then the Council will need to fund it from its own resources, and also because this is a one-off request to release funds in advance of them being received.

31. The amount proposed is less than 15% of the total estimated contribution to the Strategic Economic Growth and Financial Sustainability Fund and therefore is not considered to be a significant risk.

COMMENTS OF THE MONITORING OFFICER

32. Please see Legal Implications above. There are no concerns from a Monitoring Officer perspective. There is general enabling legislation on which we can rely for taking the proposed action.

BACKGROUND DOCUMENTS

Cabinet 12th September 2018: Business Rates Retention Pilots 2019/20

Cabinet 10th October 2018: Business Rates Retention Pilots 2019/20 – Update report

APPENDICES

There are no appendices to this report

JANE BLUNDELL
INTERIM SECTION 151 OFFICER

Report Author:	Telephone:	Date:
Jane Blundell	01772 625245	05/08/19