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| **REPORT TO** | **ON** |
| **CABINET**  **COUNCIL** | **17 October 2018**  **5 December 2018** |
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| **TITLE** | **PORTFOLIO** | **REPORT OF** |
| **Business Rates Retention Pilots 2019/20 – Update report** | **Finance** | **Interim Deputy Chief Executive (Resources & Transformation)/S151 Officer** |

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

**1. PURPOSE OF THE REPORT**

* 1. The Government invited councils in England to bid to pilot 75% retention of business rates in 2019/20 only. The deadline for submitting an application from Lancashire councils to the Government was 25th September 2018.
  2. This report informs members of the decision for South Ribble to participate in the pilot bid.

1. **PORTFOLIO RECOMMENDATIONS**
   1. That members note the decision appended to this report for South Ribble to participate in the Lancashire bid to be a pilot of 75% Business Rate Retention in 2019/20.
2. **REASONS FOR THE DECISION**

3.1 The decision was made on the understanding that the Council will be in no worse a financial position, in entering the pilot, and if not successful the default position will be to continue with the existing pooling arrangement.

1. **BACKGROUND/EXECUTIVE SUMMARY**
   1. The Government invited councils in England to bid to pilot 75% retention of business rates in 2019/20 only. The deadline for submitting an application from Lancashire councils to the Government was 25th September 2018.
   2. The decision was a key decision, and sat outside our policy framework which would require a formal Council decision. As full Council was set for the 26th September, Cabinet were asked to consider this proposal in principle as a prelude to urgent decision making powers being exercised.
   3. At the last Cabinet meeting the decision was made to approve in principle the Council’s participation in the Lancashire bid to be a pilot of 75% Business Rate Retention in 2019/20, subject to all the issues raised within the September Cabinet report (particularly those contained within paragraphs 3.1, 8.2 and 11.2) being met satisfactorily.
   4. Due to the timescales set for submitting a pilot bid, Cabinet also endorsed the use of urgent powers to approve submission of the bid by the Section 151 Officer (or Deputy Section 151 Officer in her absence) signing off the decision in consultation with the Cabinet Member (Finance).
   5. The signed urgent decision is appended to this report.
2. **CORPORATE PRIORITIES**

5.1 The report relates to the following corporate priorities:

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| Excellence and Financial Sustainability | ✓ |
| Health and Wellbeing |  |
| Place |  |

Projects relating to People in the Corporate Plan:

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| People |  |

1. **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**
   1. None.
2. **ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**
   1. If this Council hadn’t participated in the bid, it may affect the chance of the Lancashire bid being accepted.
   2. If not part of a pool in 2019/20, the financial benefits of pool membership to the Council would be foregone.
3. **Financial implications**
   1. Membership of a Lancashire 75% BRR Pool in 2019/20 should enable the council to retain more of the growth in rates income. The specific financial implications will depend on the final composition of the pool, and the agreed mechanism for sharing the benefit of growth. Indicative figures based on the 2018/19 income levels are set out in the decision note attached.
4. **LEGAL IMPLICATIONS**

9.1 A formal legal agreement will need to be entered into in due course – this will be dealt with by Legal Services.

1. **Human Resources and Organisational Development implications**
   1. None.
2. **ICT/technology implications**
   1. None.
3. **Property and Asset Management implications**
   1. None.
4. **RISK MANAGEMENT**
   1. Estimated growth arising from membership of a 75% BRR pilot has been based on the councils’ NNDR1 returns for 2018/19. Should NNDR income in 2019/20 not match these estimates, the growth anticipated in the bid would not materialise. Indicative figures for the proposed pool suggest that large reductions in rates income would be required before pool members were worse-off through being in a pilot pool than in the current Lancashire pool.
5. **EQUALITY AND DIVERSITY IMPACT**
   1. None.
6. **COMMENTS OF THE STATUTORY FINANCE OFFICER**
   1. The 75% BRR pilot scheme gives the Council the opportunity to participate in the development of the system which the Government intends to apply to all councils in England from 2020/21 onwards. In addition, it is expected that there should be a financial benefit in 2019/20, though the specific benefit cannot be confirmed at this stage of the development of the Lancashire pool.
   2. If the bid is not be successful, then Lancashire councils aim to continue the existing pooling arrangement into 2019/20 to retain the current benefit of pooling.
7. **COMMENTS OF THE MONITORING OFFICER**
   1. There are no issues of concern that the Monitoring Officer needs to raise. Because of the extremely tight deadline there was a need for an urgent decision to be taken by the Section 151 Officer or her Deputy.
8. **BACKGROUND DOCUMENTS**

Cabinet 2th September 2018: Business Rates Retention Pilots 2019/20

**18. APPENDICES**

Appendix A: Record of Urgent Decision 25th September 2018 - Business Rates Retention Pilots 2019/20 Bid Submission

**Jane Blundell**

**Principal Management Accountant/ Interim Deputy S151 officer**

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| Report Author: | Telephone: | Date: |
| Jane Blundell | 01772 625245 | 08/10/2018 |