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| **REPORT TO** | **ON** |
| **CABINET** | 10 July 2019 |
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| **TITLE** | **PORTFOLIO** | **REPORT OF** |
| Enterprise Zone Business Rate Growth Agreement | Finance, Property and Assets | Deputy Section 151 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** NoNoNo |

**PURPOSE OF THE REPORT**

1. To request approval to enter into an agreement with Lancashire County Council in relation to the payment over of business rates growth from the Enterprise Zone.

**PORTFOLIO RECOMMENDATIONS**

1. Cabinet approve the proposed legal agreement between South Ribble Borough Council and Lancashire County Council (as accountable body for Lancashire Enterprise Partnership Ltd) which will formalise the payment of growth in business rates in relation to Samlesbury Aerospace Enterprise Zone to the Lancashire Enterprise Partnership.

**REASONS FOR THE DECISION**

1. This is a key decision as the business rates income to be paid over is greater than £100,000 and therefore requires Cabinet approval. There are no budget implications as this income is earmarked for this purpose.

**CORPORATE PRIORITIES**

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  |  |

**BACKGROUND TO THE REPORT**

**5a.** The Secretary of State has the power to declare an area to be an Enterprise Zone. Enterprise Zones are sites designated for business development which may offer incentives such as business rates discounts for new businesses location on the sites.

**5b.** Samlesbury Aerospace Enterprise Zone consists of Lancashire Advanced Engineering and Manufacturing and the site spans both South Ribble and Ribble Valley Borough Councils and is classed as a Designated Area for business rates purposes. Designated Areas were classified as such by the Non-Domestic Rating (Designated Areas) Regulations 2013 so as to enable the local retention of any growth in business rates within the Enterprise Zone (EZ) pursuant to Schedule 7B of the Local Government Finance Act 1988.

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**5c**. A local enterprise partnership is a voluntary partnership between local businesses to help determine local economic priorities and lead economic growth within the local area. This includes arrangements for the establishment and operation of Enterprise Zones. A local authority may act as an accountable body on behalf of a local enterprise zone. Lancashire County Council (LCC) is the accountable body for the Lancashire Enterprise Zone (the ‘LEP’).

**5d.** In 2014 the LEP agreed that the first call on any Business Rates growth generated on the Lancashire EZ at Samlesbury be used to repay the borrowing incurred by the County Council to deliver Phase 1 infrastructure on the site.

**5e.** The purpose of the Enterprise Zone Business Rate Growth agreement is to agree formally the terms on which business rates in relation to EZs are paid and managed by LEP.

**5f**. Prior to 2018/19, there were no properties in the Enterprise Zone on the Valuation Office list for South Ribble. The BAE Academy was originally going to be included within the main BAE assessment (in Ribble Valley) but the Valuation Office rated it separately and consequently it was added to the rating list for South Ribble during 2018/19. As the facility has been in operation since 2016, the effective date for rating purposes was December 2016.

**PROPOSALS**

**6a.** The proposal is to sign the Enterprise Zone Business Rate agreement between South Ribble Borough Council and Lancashire County Council to formalise the arrangement for the payment over of the Business rates which relates to growth in the Enterprise Zone.

**6b.** At the end of the financial year 2018/19, the amount of retained business rate income in relation to the Designated Area was £418,171. This amount includes back dated rates receivable for 2016/17 and 2017/18.The Council’s business rate baseline excludes any business rates income for this site and therefore the full amount is payable to LCC, as the accountable body for the LEP.

**6c.** From 2019/20 onwards, South Ribble will continue to collect relevant business rates growth and make payment to the LEP during the year based on the forecast for the year. There will be an annual reconciliation at the end of each financial year and a reconciliation payment will be paid to/recovered from the LEP.

**Financial implications**

1. There are no financial implications as this income is outside the central share and pooling arrangements for retained business rates income. It is recorded separately on the annual returns to government: NNDR1 (forecast business rates) and NNDR 3 (actual outturn business rates). The figure of £418,171 is reported on the council’s NNDR 3 return to MHCLG for 2018/19. The forecast amount of net rates income for 2019/20 in respect of the designated area is £174,478, after adjusting for reliefs and potential losses.

**LEGAL IMPLICATIONS**

1. A formal legal agreement will be entered into to set out the terms and conditions relating to the payment of the business rates. Due to the quantum of money involved this needs to be a Cabinet decision.

**Human Resources and Organisational Development implications**

There are none.

**ICT/technology implications**

There are none.

**Property and Asset Management implications**

There are none.

**EQUALITY AND DIVERSITY IMPACT**

There are no implications.

**COMMENTS OF THE STATUTORY FINANCE OFFICER**

1. This agreement formalises the processes previously agreed in principle between the LEP and the districts with regard to the payment over of business rates income collected from new developments in the Enterprise Zone. As stated in the report, there are no financial implications as the budget and MTFS forecasts were based on the assumption that any net business rate income from the EZ would be paid over to the LEP.

**COMMENTS OF THE MONITORING OFFICER**

1. Please see Legal implications above. This issue has been around for some time. We need to resolve it formally – hence the reason for the report.

**BACKGROUND DOCUMENTS / APPENDICES**

There are no background documents/appendices to this report.

Jane Blundell

Principal Management Accountant / Deputy S151 Officer

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