

SPECIAL URGENCY DECISION **Application for a 75% Business Rates Pilot**

Leader of Council:
Alyson Barnes

Agreed: 24/09/2018

Chair of Overview and Scrutiny:
Adrian Lythgoe

Agreed: 24/09/2018

Decision Taker:
Phil Seddon

Agreed: 24/09/2018

Details of Decision and Reasoning:

Application for a 75% Business Rates Pilot

The Government is seeking applications for pilots for the 75% retention of business rates (being for 1 year only – 2019/20). Members of the existing pooling arrangements together with non-district members (Preston and Lancaster), Unitary authorities and Fire have considered the risk and rewards of an application and its likely success. The applications process is not a guarantee that the application will be granted; the previous year saw 24 applications and 10 awarded.

The most significant risk is securing existing arrangements should the application be unsuccessful. Given responses from MHCLG and a conditions letter to accompany the application such a risk is thought to be low. The most significant reward is the increased retention of business rates, for Rossendale this is estimated to be at least £217k based on NNDR 1 (18/19). All existing pool Members are expected to approve the application along with Fire, Blackpool and Blackburn with Darwen.

Lancaster City Council are expected to be the only authority not to join the application due to the risk they face in losing the benefits of existing safety nets (the application has a maximum gains set aside for losses which will not cover the

existing maximum safety net values). Preston are thought to be 50/50 either way.

Internal consultation and approval has been received from: the Leader of Council, Leader of the opposition, the CEO and s151 Officer. A report to Lancashire Leaders and a draft application have been circulated.

The main terms of the 75% pilot are to distribute the additional individual financial gains as follows:

Step 1	The first 5% of any additional growth will be used to create a new resilience reserve to mitigate against any extra loss arising from being a pilot member. If funds are remaining this will be used to further compensate individual councils facing a loss.
Step 2	A further 25% of the additional growth will be set aside to create a Lancashire wide fund to be used to target strategic economic growth and improve financial sustainability and allocated based on unanimous decisions of the Lancashire Leaders Business Rates Pilot Group.
Step 3	The remaining retained growth will be apportioned according to the tier splits ie districts 56%; county council 17.5%; unitaries 73.5%; fire 1.5% to

		<p>promote local economic growth and to enable the financial sustainability of pool members in particular district costs of recycling and waste collection and for the upper tier authorities both adult and children social care pressures.</p>
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As from 2020/21 MHCLG has stated that the 75% retention of business rates will come into force, the terms of which are as yet unknown. The pilots are thought to be used, amongst other things, to shape a future national scheme.

The deadline for application submission is 25th September 2018, to be signed by s151 officers.

Decision to be taken by:

Head of Finance/s151 Officer

Documents to be considered by the decision taker:

1. Report to Lancashire Leaders
2. Draft application
3. Other scenario modelling

Implications:

- Noted above:
- Financial – opportunity to increase Council revenues
 - Risks – to existing arrangements
 - Government policy – shaping future arrangements

Status:

For publication

Date:

24th September 2018