

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO EMERGENCY COMMITTEE

DECISION

Agenda Item No 2

meeting date: 23 OCTOBER 2019
title: BUSINESS RATES POOLING ARRANGEMENTS 2020/21
submitted by: DIRECTOR OF RESOURCES
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1. PURPOSE

- 1.1 To decide whether this Council should be a member of a Lancashire Business Rates Pool for 2020/21 under 50% Business Rate Retention arrangements when the Lancashire 75% Business Rate Pilot ends at 31 March 2020.

2. BACKGROUND

- 2.1 On 4 September 2019, the Chancellor announced the 2019 Spending Round. The announcement included the decision to delay the implementation of 75% Business Rate Retention and the Fair Funding Review until April 2021.
- 2.2 Later that afternoon, during a conference call between MHCLG officials and representatives of the various Local Authority Treasurer Associations, it was made clear by the Government officials that following the Chancellor's announcement 75% Pilots would be discontinued for 2020/21.
- 2.3 We sought further clarification from our contacts at MHCLG who confirmed that 75% Pilots would indeed cease but that the Government would shortly be issuing details of Pooling Arrangements for 2020/21 under the 50% Business Rate Retention Scheme.
- 2.4 On 17 September 2019 we received notification from MHCLG of the pooling arrangements for 2020/21.

2019/20 Pilots

- 2.5 The 75% Pilots operating in 2019/20 will finish at the end of March 2020. The Government will not invite applications for a further round of pilots in 2020/21.
- 2.6 However, arrangements for current pools will continue in 2020/21, unless the Government are specifically requested to revoke the pool designation. The lead authorities of pilot-pools must confirm their pooling proposals for 2020/21 by 25 October 2019.
- 2.7 Following receipt of this information, we urgently sought clarification from MHCLG of how an existing pilot pool could continue under the 50% scheme. It became clear that given the retention share would reduce from 75% to 50% there would be no additional growth for the member authorities. The benefits under a 50% pool are simply that tariff authorities (mainly districts) would retain any levy that would otherwise be paid to the Government. The two unitary authorities do not have to pay a levy on their growth.

3. ACTION TAKEN

- 3.1 Given that we are all significantly better off under the 75% Lancashire Pilot there was a consensus that we should lobby for its continuation. On 18 September 2019, S151 Officers sent a letter to Robert Jenrick MP, the Secretary of State for Housing, Communities and Local Government, lobbying for the continuation of the Lancashire 75% BR Pilot. This was also copied to the Local Government Association. Individual authorities have also lobbied their MP's.

- 3.2 If this lobbying were to prove unsuccessful the options facing us are to:
- i. Revert back to the previous Lancashire Business Rate Pool which operated successfully from 2016-2019;
- or**
- ii. Consider other pooling arrangements
- 3.3 On 26 September 2019 the Governing Body of the Lancashire 75% Pilot met and considered pooling arrangements for next year.
- 3.4 They agreed that lobbying should take place for the continuation of the 75% Pilot. The consensus view was that if our lobbying proved unsuccessful we should revert to the previous pooling arrangement in Lancashire bearing in mind the success of the previous pool and that much of the necessary paperwork already exists.
- 3.5 Attached at Annex 1 is the Memorandum of Understanding for a new Lancashire 50% Pool based on our previous arrangements. It is unclear at this stage of the exact potential membership.
- 3.6 We have indicated we are willing to continue as lead authority for this new pool. This seems to have received broad support from other authorities.
- 3.7 In the final year (2018/19) of the previous 50% pool this Council benefitted by £653k. In addition we will receive £20k for carrying out the role of lead authority.

4. CONCLUSION

- 4.1 Given the deadline for confirming our pooling arrangements is this Friday (25 October 2019) members need to formally agree we should confirm our membership of the previous Lancashire Business Rate 50% Pool if the Government do not confirm that the 75% Pilot can continue by that date.

5. RECOMMENDED THAT

- 5.1 Agree Ribble Valley Borough Council should be a member of a new 50% business rate pool for Lancashire based on the Memorandum of Understanding attached.
- 5.2 Agree Ribble Valley Borough Council be the lead authority.


DIRECTOR OF RESOURCES

21 OCTOBER 2019

E2-19/JP/AC
21 October 2019

Lancashire Business Rates Pool Memorandum of Understanding

This pooling agreement sets out the Governance Arrangements that are voluntarily entered into by members of the Lancashire Business Rates Pool.

1. PURPOSE OF POOL

- 1.1 It is the intention of Pool Members to improve the well-being of the communities they serve. By working together they can retain a greater proportion of business rate growth within the Pool area therefore providing opportunities to promote further economic growth as well as building financial resilience.
- 1.2 The Pool is entirely voluntary and builds on the strong and well established partnership between the district councils and the county council within Lancashire. The Lancashire Business Rates Pool is a natural Pooling arrangement given our geography.
- 1.3 It is the purpose of this Agreement to act as a statement of intent that will support the realisation of the above benefits.

2. POOL MEMBERSHIP:

- Lancashire County Council
- Burnley Borough Council
- Chorley Borough Council
- Fylde Borough Council
- Hyndburn Borough Council
- Lancaster City Council?
- Pendle Borough Council
- Preston City Council?
- Ribble Valley Borough Council
- Rossendale Borough Council
- South Ribble Borough Council
- West Lancashire Borough Council
- Wyre Borough Council

3. TERM OF AGREEMENT

- 3.1 This Agreement shall continue to be in place unless terminated in accordance with these terms.
- 3.2 This Agreement is subject to a further financial review after publication of the Draft Local Government Finance Report. Any decision not to proceed by an individual member must be made to MHCLG within 28 calendar days of the publication of the Draft Local Government Finance Report. This will automatically dissolve the pool. In advance of any Pool Member notifying MHCLG of their withdrawal they must give notice to the other Pool Members within 21 days of publication of the Draft Local Government Finance Report.

Lancashire Business Rates Pool Memorandum of Understanding

3.3 Any Pool Member can leave the Pool from 1 April of the following financial year providing:

- Written notice is given to other Pool Members and MHCLG in at least sufficient time for the Pool to remain in place for the remaining Pool Members, should they wish it to continue. Sufficient time is taken to be no later than 31 August.

4. GOVERNANCE

4.1 A Governing Body will consist of one representative from each member. This will be the Leader (or substitute) of each member organisation.

4.2 Each member will have one vote in relation to decisions to be taken by the Governing Body.

4.3 Meetings of the Governing Body will be chaired in turn by each Member. Meetings will be held when required.

4.4 If there is an equal number of votes for/against, the Chair will provide a casting vote.

4.5 An Executive Body will consist of the S151 Officers of the Pool Members. The Executive Body will make recommendations on operational matters to the Governing Body and prepare reports for the Governing Body.

4.6 Examples of operational matters to be considered by the Governing Body are:

- Changes in Pool Membership
- Dispute resolution
- Appointment of the Lead Authority and funding arrangements

5. LEAD AUTHORITY

5.1 Ribble Valley Borough Council will act as Lead Authority for the financial year 2020/21. Thereafter the Lead Authority will be reconsidered.

5.2 The Lead Authority is responsible for all accounting and administration of the Pool.

5.3 The Lead Authority is responsible for all auditing and accounting requirements as set out in legislation.

5.4 The Lead Authority will be responsible for producing as a minimum an annual report to the Governing Body or other such reports as required.

5.5 The Lead Authority will be paid £20,000 per annum for administering the Pool. The cost of which shall be borne equally by each pool member and paid direct to the Lead Authority (NB the Lead Authority will also be liable for a share of this cost). This will be payable on 1 April each year.

6. RESPONSIBILITIES OF POOL MEMBERS

6.1 To provide all relevant information to the Lead Authority as required to carry out its responsibilities in a timely manner including year end information to enable the Lead Authority to calculate the end of year accounting entries needed.

Lancashire Business Rates Pool Memorandum of Understanding

- 6.2 To make payments in a timely manner and in accordance with the agreed Schedule.
- 6.3 To provide such information as the Executive Body and Governing Body agree is reasonable and necessary.
- 6.4 Upon leaving the Pool, the Pool Member will be responsible for any sums due to the pool as a result of their membership.

7. KEY PRINCIPLES OF THE POOL

- 7.1 Each Member of Pool forfeits the right to safety net protection.
- 7.2 The retained levy will be distributed as follows
 - 90% of their levy will be retained by each Pool Member who would otherwise have paid a levy to MHCLG
 - 10% of their levy will be paid by each Pool Member (who would otherwise have paid a levy to MHCLG) in to the Pool to be redistributed to Lancashire County Council.
- 7.3 Any Pool Member who fails to reach their baseline level will bear the difference themselves such that this will not impact on other Pool members.
- 7.4 The collection of business rates will continue to be the responsibility of each billing authority.

8. STATUS OF THIS AGREEMENT

- 8.1 The Pool Members agree that this shall be a binding contractual relationship and mutual commitment between them created by this Agreement and shall from the date hereof be construed accordingly.

Lancashire Business Rates Pool Memorandum of Understanding

9. SIGNED