



**Policy, Finance and
Development
Committee**

28th October 2014

Matter for Decision

Business Rates Pooling

Title:

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Author:

1. Introduction

- 1.1 Attached to this report at Appendix 1 is a copy of a report originally presented to this committee on 25 September 2012 by the then Director of Resources giving the background to the pooling of business rates by this Council with Leicester City Council, all Leicestershire District Councils and the Leicester, Leicestershire and Rutland Combined Fire Authority.
- 1.2 Subsequently, as a result of the delegated authority granted at the above committee this Council became part of the Leicestershire Business Rate Pool for the financial year 2013/14 but this arrangement was discontinued, again under delegated authority, for the financial year 2014/15.
- 1.3 As the deadline for submitting an application for creating a pooling arrangement to the Department for Communities and Local Government (DCLG) falls in January 2015 and there will not be another meeting of this committee before then, this report now seeks delegated authority from Members to join a re-established Leicestershire Business Rate Pool for the financial year 2015/16 if a review of the financial position that is currently being undertaken proves that circumstances are now financially beneficial for this Council to be a member.

2. Recommendations

The Committee is requested to:

- 2.1 Approve the delegation of authority to both the Chief Executive and the Chief Financial Officer in consultation with the Leader and Chair of the Policy, Finance and Development Committee to agree to this Council re-pooling business rates for the financial year 2015/16 with Leicester City Council, all Leicestershire District Councils and the Leicester, Leicestershire and Rutland Combined Fire Authority if the Chief Financial Officer considers that the financial conditions are beneficial.
- 2.2 Approve the delegation of authority to both the Chief Executive and the Chief Financial Officer in consultation with the Leader and Chair of Policy, Finance and Development Committee to agree the pooling governance arrangements, including the legal agreement.

- 2.3 Approve the delegation of authority to both the Chief Executive and the Chief Financial Officer in consultation with the Leader and Chair of Policy, Finance and Development Committee to agree to withdrawal from the pool for the financial year 2016/17 if information in the Local Government Finance settlement in December 2015 indicates that continued pooling would not be in the best interest of the Council

3. Information

- 3.1 As already stated, this Council became part of the Leicestershire Business Rate Pool for the financial year 2013/14. However, during the year the projections of income proved volatile (all but one of the districts involved projecting lower collection rates for the year at some time or another). Consequently, when considering the continuation of the pooling arrangement into 2014/15, partly as a result of this volatility in projection but mainly because pools appeared at the time to be carrying the risk of changes to the regulatory and policy environment in which they operate to a much greater extent than was originally understood, the pool was terminated at 31 March 2014 under delegation given by the same committee with a view to reconsidering its existence in relation to 2015/16 during the financial year. A review of the situation is now being carried out by the Leicestershire Treasurers' Association (LTA).
- 3.2 Since the decision was made to discontinue the pool for 2014/15, much of the uncertainty in respect of the risks surrounding the regulatory and policy environment have crystallised and the monitoring of the ongoing position has improved leading to more assurance in respect of year end pooling outcomes.
- 3.3 Additionally, the eventual outturn position for 2013/14 for the pool was a net surplus of £696k which was very close to the original estimate of £700k. Under the terms of the governance agreement between the member organisations of the pool, £400k was retained by the pool which included this Council's share at £9k with the remaining balance of £296k being contributed to the Leicestershire and Rutland Local Economic Partnership (LLEP).
- 3.4 Any future pooling scheme would be similar to that detailed in 3.8 of Appendix 1.
- 3.5 A legal partnership agreement would need to be drawn up and agreed between all partners.

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Background Papers:- Report to Policy, Finance and Development Committee, 25 September 2012 – Business Rates Pooling (Appendix 1)

| Implications | |
|---------------------|--|
| Financial (PL) | Financial implications have been outlined in the main body of the report. |
| Risk (PL) | No direct implications |
| Equalities | No direct implications |
| Legal | The contract arrangements for the pool would require formal legal approval ahead of adoption by the Council. |