

Cabinet Meeting		Agenda Item: 10
Meeting Date	7 October 2015	
Report Title	Business Rate Pooling	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance	
SMT Lead	Mark Radford	
Head of Service	Nick Vickers	
Lead Officer	Nick Vickers	
Key Decision	No	
Classification	Open	
Forward Plan	Yes	
Recommendations	1. To delegate to the Cabinet Member for Finance and the Head of Finance any decision to enter into a business rates pool for 2016/17.	

1 Purpose of Report and Executive Summary

- 1.1 Local authorities are able to enter into arrangements with other Councils to pool their business rates. This report seeks delegations to enable the Council to re-enter a pool in 2016/17 should it remain beneficial to do so.

2 Background

- 2.1 Legislation allows councils to voluntarily enter into a business rates retention pool. Councils within a pool are treated as a single entity, with tariffs and top ups netted off and a single levy rate applied. In two-tier areas this creates the potential for the levy paid by borough councils being reduced, thus retaining more resources in the local area.
- 2.2 In 2014/15 Kent County Council (KCC) and Maidstone Borough Council created a pool. In September Cabinet agreed to the principle of participation in a pool, and 10 of the 12 Borough Councils committed to a pool with KCC for 2015/16. Within the pool in each borough area additional income is divided 30% Borough/ 30% KCC/ 30% for projects in the Borough area, with the remaining 10% set aside for a contingency. Any potential revenue is one-off and not taken into the base budget.
- 2.3 A decision in principle needs to be taken by 30 October on whether the pool should continue into 2016/17. Whilst the Council monitors its own business rates income, the pool requires the accounting body for the pool to coordinate monitoring across the ten billing authorities, and provide information back on the operation of the whole pool. This information has not been forthcoming as yet for 2015/16, and urgent work is now underway to prepare it.

- 2.4 The localisation of business rates has been a highly beneficial change for this Council. However, the level of outstanding appeals does create a significant element of risk and volatility which we have not hitherto had to manage. The underlying growth in business rates in the Borough has been strong, but the appeals decision earlier this year on purpose-built GP surgeries cost £933,000 in total, of which this Council's share is £373,000. This has impacted on a number of other Councils in the pool as well.

3 Proposals

- 3.1 The pool is attractive as a way of retaining income in the County which would otherwise be paid to CLG. But it is not satisfactory to continue the pool unless there is sound information from this year to base the decision upon. This is why at this stage the decision requested is a delegation to decide whether to re-enter the pool for 2016/17. The final decision and its implications will be fully reported to Cabinet and Council in the budget reports.

4 Alternative Options

- 4.1 The decision could be to cease membership of the pool dependent on whether there is a justifiable business case.

5 Consultation Undertaken or Proposed

- 5.1 Consultation is taking place with KCC, Fire and Rescue, and the other borough and district councils.

6 Implications

Issue	Implications
Corporate Plan	Good financial management is a key to achieving all Corporate Plan objectives, particularly 'A Council to be Proud of'.
Financial, Resource and Property	As detailed in the report.
Legal and Statutory	None identified at this stage.
Crime and Disorder	None identified at this stage.
Sustainability	None identified at this stage.
Health and Wellbeing	None identified at this stage.
Risk Management and Health and Safety	None identified at this stage.

Equality and Diversity	None identified at this stage.
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7 Appendices

7.1 None.

8 Background Papers

8.1 Cabinet report 3 December 2014
<http://services.swale.gov.uk/meetings/ieListDocuments.aspx?CId=129&MId=1273&Ver=4>