

Cherwell District Council

Executive

5 October 2015

Business Rates Pooling Decision 2016-2017

Report of Director of Resources

This report is public.

Purpose of report

To seek approval in principle for the Council to participate in a business rates pool for 2016-2017

1.0 Recommendations

The meeting is recommended:

- 1.1 To endorse the principle to join a business rates pool for participating authorities in Oxfordshire, noting the risks and benefits outlined in the report.
- 1.2 To approve 'in principle' the Council's participation in a pool for the 2016-2017 financial year.
- 1.3 To grant delegated authority to the Director of Resources, in consultation with the Lead Member for Financial Management, to conclude necessary due diligence and confirm the Council's final intention on whether or not to participate in a Oxfordshire business rates pool (however constituted) for 2016-2017 by 31 October 2015.

2.0 Introduction

- 2.1 In 2014-15 and 2015-2016 Cherwell District Council, West Oxfordshire District Council and Oxfordshire County Council entered into the North Oxfordshire Business Rates Pool.
- 2.2 With the right members in a business rates pool the amount of levy can be minimised and a greater amount of business rate income can be kept locally. Without a pooling arrangement in place a levy of up to 50% of the total retained business rate amount can be payable to the Government. Pooling can reduce the levy payable to 0%.
- 2.3 In previous years DCLG issued a Pooling Prospectus in the preceding summer inviting applications for pooling. At this point in time no such prospectus has been

issued for 2016-17. However, we still need to take a decision on whether or not we wish to participate in a pooling arrangement for 2016-17.

3.0 Report Details

- 3.1 The Council has been a member of the North Oxfordshire Business Rates Pool for 2014-15 and 2015-2016 with Oxfordshire County Council and West Oxfordshire District Council. We are currently reviewing our position with regard to options for 2016-2017 and are in discussion with other authorities in Oxfordshire to determine the optimum composition of the pool.
- 3.2 Cherwell District Council and West Oxfordshire District Council are growth authorities so the amount of levy paid to the Government is minimised resulting in a greater share kept locally than would otherwise be the case.
- 3.2 We are continuing to model various combinations based on the latest figures from all Oxfordshire authorities.
- 3.5 Given the expected requirement to inform the Government by 31 October 2015 of our pooling intentions for 2016-2017 it is recommended that the decision on whether to join an Oxfordshire Pool is delegated to the Director of Resources in consultation with the Lead Member for Financial Management.

4.0 Conclusion and Reasons for Recommendations

- 4.1 For the reasons set out in section 3 above it appears likely that the Council's financial interests will best be maximised by participating in a pooling arrangement. Given the 31 October deadline for confirming the Council's position and due to the fact that we are still modelling financial scenarios and discussing matters with other local authorities across the County it is necessary and appropriate to grant delegated authority to determine this to the Director of Resources in consultation with the Lead Member for Financial Management.

5.0 Consultation

Councillor Ken Atack – Lead Member
for Financial Management

Councillor Atack is content
with the report and supportive of
the recommendations contained
within it.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: To not approve the recommendations set out above. Based on current guidance this is not an option as we need to make a decision on whether or not to pool by 31 October 2015.

7.0 Implications

Financial and Resource Implications

- 7.1 For the reasons set out in section 3 above it appears likely that the Council's financial interests will best be maximised by participating in a pooling arrangement.

Comments checked by:

Martin Henry, Director of Resources 0300 003 0102
martin.henry@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Any business rates pooling arrangement would be the subject of a formal legal agreement and relevant advice would be given in order to protect the Council's interests.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107
kevin.lane@cherwellandsouthnorthants.gov.uk

Risk Management

- 7.3 Under the Business Rates Retention Scheme Central Government provides a safety net for authorities who fail to achieve their target income baseline. The Government provides recompense to authorities to bring them up to 92.5% of their target income baseline. All billing authorities are therefore exposed to a potential maximum loss of 7.5% of their baseline funding.

As part of a pool, the safety net payments are still set at 7.5%, but because of the combination of baselines of those authorities in the pool the financial losses have to be a lot greater before safety net payments are actually triggered.

Comments checked by:

Paul Sutton, Head of Finance and Procurement 0300 0030106
paul.sutton@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: Yes

Community Impact Threshold Met: Yes

Wards Affected

All

Links to Corporate Plan and Policy Framework

All

Lead Councillor

Councillor Ken Atack
Lead Member for Financial Management

Document Information

Appendix No	Title
None	
None	
Report Author	Geni Hotchkiss, Business Support Unit Manager Mandy Anderson, Financial Analyst
Contact Information	01327 322170 geni.hotchkiss@cherwellandsouthnorthants.gov.uk 01327 322233 mandy.anderson@cherwellandsouthnorthants.gov.uk