

TONBRIDGE & MALLING BOROUGH COUNCIL
ECONOMIC REGENERATION ADVISORY BOARD

05 September 2018

Report of the Chief Executive and Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 BUSINESS RATES RETENTION PILOTS 2019/20

Members are advised of the MHCLG's prospectus in respect of 75% business rates retention pilots.

Members are asked to support a bid, with other Kent authorities, prior to the deadline of 25 September and agree that the final bid submission should be signed off by Chief Executive and Director of Finance & Transformation in liaison with the Leader and Cabinet Member for Finance, Innovation & Property.

Introduction

- 1.1.1 Members are aware that Kent and Medway was successful in its bid for pilot status under the 2018/19 bidding round. A report to this Advisory Board on 4 June 2018 refers.
- 1.1.2 As previously reported, there are two main components of the 2018/19 Kent and Medway pilot. These are a Financial Sustainability Fund (70%) and a Housing and Commercial Growth Fund (30%).
- 1.1.3 The Ministry of Housing, Communities and Local Government (MHCLG) have now invited local authorities to submit bids to participate in pilots of 75% Business Rates Retention in 2019/20 with a closing date of 25 September. The prospectus issued by the MHCLG can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/728722/BRR_Pilots_19-20_Prospectus.pdf

1.2 The Prospectus

- 1.2.1 In the prospectus, the government sets out its objective of exploring how 75% Business Rates Retention '*can operate across more than one authority to promote*

financial sustainability and to support coherent strategic decision making across a functional economic area'.

- 1.2.2 The important difference to the current pilot is that this is about 75% retention and not 100%. In addition, the 'no detriment' clause applied to 2017/18 and 2018/19 pilots will not apply to pilots set up for 2019/20. Instead there will be a Safety Net set at 95%, to reflect the additional risk locally that 75% retention introduces, and this will apply pilot wide and not to individual authorities. No levy will be paid.
- 1.2.3 Successful pilots would last for one year up to the end of March 2020 and after that it is intended that a 75% retention scheme is rolled out nationally as part of the new local government finance model.
- 1.2.4 Government expects the programme for 2019/20 to be smaller than the one for 2018/19.

1.3 Kent Council Leaders

- 1.3.1 At a meeting on 16 July, prior to the issuing of the prospectus, Kent Council Leaders collectively agreed that it would serve Kent and Medway well to bid for a further year of pilot status.
- 1.3.2 Whilst the 'offer' for the 2019/20 is not quite as attractive as the one for 2018/19, it is nevertheless felt that a bid should be made to help to support financial sustainability and growth in Kent and Medway.

1.4 Progress

- 1.4.1 During the course of the Summer, bearing in mind the tight timescales, officers across Kent and Medway have worked to prepare the bid with the assistance of an external consultant (as was the case for the 2018/19 bid).
- 1.4.2 At the time of writing, the bid is still being worked on and therefore cannot be appended for Members' information. However, the final document will be 'signed off' by all Kent Leaders prior to the submission date.
- 1.4.3 As with the 2018/19 bid, a requirement of MHCLG that all of the s151 officers from participating authorities sign off the proposal.

1.5 Legal Implications

- 1.5.1 None

1.6 Financial and Value for Money Considerations

- 1.6.1 As with the 2018/19 pilot, there are potential gains for Kent as a whole were a bid to be successful. Any gains would be for the duration of the pilot (one year).

1.6.2 As this is a 75% retention pilot as opposed to 100% for the 2018/19 pilot, the potential gains will inevitably be lower, although still worth having.

1.7 Risk Assessment

1.7.1 It could be argued that there is a risk in not applying to continue to be a pilot. Local government has argued for greater autonomy and for more local control of resources. If Kent foregoes the opportunity to apply to become a pilot, Kent authorities' commitment to these objectives could be questioned.

1.8 Equality Impact Assessment

1.8.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

1.9 Policy Considerations

1.9.1 Community

1.10 Recommendations

1.10.1 Members are **RECOMMENDED** to

- 1) Support a bid, with other Kent authorities, for pilot status under the 75% Business Rate Retention Prospectus for 2019/20; and
- 2) Agree that the final bid submission should be signed off by Chief Executive and Director of Finance & Transformation in liaison with the Leader and Cabinet Member for Finance, Innovation & Property.

The Director of Finance & Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Sharon Shelton

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance & Transformation