

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

07 January 2015

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 BUSINESS RATES RETENTION AND SHALE OIL AND GAS: TECHNICAL CONSULTATION; AND BUSINESS RATES POOLING

In October 2014 the Department for Communities and Local Government published the Business Rates Retention and Shale Oil and Gas: Technical Consultation. The report also updates Members on the current situation on the Business Rates Retention Pool for Kent authorities.

1.1 Technical Consultation

1.1.1 The consultation sets out draft regulations to allow the 100% local retention of business rates on shale gas and oil sites and the return date for responses was 5 December 2014. The paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/366633/Business_rates_retention_and_shale_oil_and_gas.pdf

1.1.2 In summary:

- The proposals will take effect from April 2015.
- They will not be subject to any reset.
- Local government will retain 100% of all business rates revenues from shale oil and gas instead of the 50% received from standard business rates income.
- The 50% share will be split across local government in different proportion to the current split.

1.1.3 The current 50% split in our case is 1% Kent Fire and Rescue, 9% Kent County Council and 40% Tonbridge and Malling.

1.1.4 The proposed 100% split for shale oil and gas sites is 1% Kent Fire and Rescue; 59% Kent County Council and 40% Tonbridge and Malling.

- 1.1.5 The key difference, therefore, being that district councils and fire authorities, together with the GLA do not receive any of the 50% that would normally be paid to central government.
- 1.1.6 This at first sight might seem somewhat unfair. However, the Government considers that in two tier areas and London the extra 50% should go to the County Council and the London Boroughs because for shale oil and gas those authorities have significant levers for promoting development and have responsibility for minerals planning decisions.
- 1.1.7 On balance, therefore, the proposals set out in the paper are considered to be appropriate, not forgetting that shire districts will continue to receive 40% of business rates on shale oil and gas sites. As a result on this occasion it was decided a response to the consultation was unnecessary.

1.2 Business Rates Retention - Kent Wide Pool

- 1.2.1 Cabinet on 8 October 2014 gave delegated authority (decision notice 14/72) for detailed consideration to be given to the Council joining a Kent wide Business Rate Pool.
- 1.2.2 Following detailed consideration of the issues and data, the Director of Central Services and I in consultation with the Leader and Cabinet Member for Finance, Innovation and Property, agreed that Tonbridge & Malling Borough Council should be party to the 'bid' to the Department for Communities and Local Government (DCLG) for the establishment of a new pool with effect from 1 April 2015. The bid was submitted at the end of October 2014.
- 1.2.3 Attached at **[Annex 1]** is the letter received by Maidstone Borough Council (the lead authority for the Pool) from the DCLG approving the establishment of the Pool commencing 1 April 2015. Members will note that the pool will consist of KCC, Kent & Medway Fire and Rescue Authority and ten district councils.

1.3 Legal Implications

- 1.3.1 None.

1.4 Financial and Value for Money Considerations

- 1.4.1 As set out above.

Background papers:

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Nil

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