

COUNCIL
23 NOVEMBER 2017

***PART 1 – PUBLIC DOCUMENT**

AGENDA ITEM No.

9

TITLE OF REPORT: BUSINESS RATES PILOT AND POOLING APPLICATION: USE OF URGENCY IN RELATION TO CALL-IN

REPORT OF THE HEAD OF FINANCE, PERFORMANCE AND ASSET MANAGEMENT
EXECUTIVE MEMBER: COUNCILLOR JULIAN CUNNINGHAM
COUNCIL PRIORITY: RESPONSIVE AND EFFICIENT

1. EXECUTIVE SUMMARY

- 1.1 As required by the Constitution, this report informs Full Council of the use of urgency provisions in respect of the decision:

“That North Hertfordshire District Council should be part of the application for a Business Rates Pilot in 2018/19, with the other ten Hertfordshire Authorities. To also apply to be part of a Hertfordshire Business Rates Pool (with five other Authorities) in 2018/19, as an alternative if the Pilot application is not successful.”

- 1.2 The timing of the availability of the final business case meant that it was not possible for the decision to be made in time to allow a call-in period and still meet the application deadline set by the Department for Communities and Local Government.

2. RECOMMENDATIONS

- 2.1 That Council note that, due to urgency, the Delegated Decision in respect of the Business Rates Pilot and Pooling Application was not subject to call-in.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Where urgency provisions are applied under section 6.3.11 (b) (i) of the Constitution there is a requirement that this is reported to the next available Full Council meeting.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 It was not possible for the decision to be made so that there was time for a call-in period and still meet the Department for Communities and Local Government deadline.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1 The Chairman of the Council agreed to the application of section 6.3.11 (b) (i) of the Constitution in respect of this decision.

- 5.2 As required by the Cabinet decision, the Executive Member for Finance and IT was consulted on this decision.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision and has not been referred to in the Forward Plan.
- 6.2 The decision that was decision to be taken under delegated authority was a key decision that was first notified to the public in the Forward Plan on the 14th September 2017.

7. BACKGROUND

- 7.1 On the 1st September 2017, the Department for Communities and Local Government (DCLG) issued an invitation to Local Authorities to become Business Rates pilots. This document also referenced the opportunity to apply to become a Business Rates pool.
- 7.2 At its meeting on 26 September considered a report highlighting the potential rewards and risks of a Business Rates Pilot and Pool. Given the timing of the announcement it was appreciated that there was further work to be undertaken to fully understand these potential rewards and risks. It was therefore resolved that “Cabinet delegates to the Head of Finance, Performance and Asset Management, in consultation with the Executive Member for Finance and IT, authority to decide whether NHDC should be part of the application for a Business Rates pilot and / or a Business Rates pool.”
- 7.3 The deadline set by the Department of Communities and Local Government (DCLG) for Pool and/ or Pilot applications was 27th October 2017.

8. RELEVANT CONSIDERATIONS

- 8.1 Following a lot of further work a final business case was made available on Tuesday 24th October 2017. To coordinate all eleven Authorities in time for the DCLG deadline it was necessary for a final decision to be made by Wednesday 25th October 2017. This therefore did not allow for a five day call-in period.
- 8.2 It is forecast that a Business Rate pool could provide additional funding to the Council of around £1.1 million (one-off). Any delay in making the decision would have meant that the application would not have met the deadline. It was therefore determined that a delay would have “seriously prejudice[d] the Council’s ... interests”.
- 8.3 The decision was therefore taken that North Hertfordshire District Council (NHDC) should be part of the application for a Business Rates Pilot in 2018/19, with the other ten Hertfordshire Authorities. To also apply to be part of a Hertfordshire Business Rates Pool (with five other Authorities)in 2018/19, as an alternative if the Pilot application is not successful .

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet meeting on 26 September resolved that “Cabinet delegates to the Head of Finance, Performance and Asset Management, in consultation with the Executive Member for Finance and IT, authority to decide whether NHDC should be part of the application for a Business Rates pilot and / or a Business Rates pool.”

- 9.2 Urgency provisions have been applied to this decision. The Chairman of the Council was consulted and agreed to this (Constitution 6.3.11 (b) (i)). As required by the Constitution this is now being reported to Full Council.

10. FINANCIAL IMPLICATIONS

- 10.1 Based on current forecasts, the Council could achieve additional funding of around **£1.1 million** under a Business Rates Pilot and be able to bid for part of the central pot. Under a Business Rates pool, NHDC could achieve additional funding of around **£0.4 million**. This additional funding would be one-off in nature and there may be delays as to when it can be spent as the Business Rates position is generally not resolved until the end of the year, and most of the funding flows through the Collection Fund. Whilst this additional funding can be used for sustainability (i.e. towards General Fund expenditure), there is an expectation that some of it should be used for new projects that drive economic growth.
- 10.2 There are no specific capital implications arising from this decision. As with any revenue funding, it can be used towards capital projects and it is likely that schemes that provide economic growth could be capital in nature.

11. RISK IMPLICATIONS

- 11.1 The amounts quoted are based on Business Rate forecasts and are therefore subject to uncertainty as a result of the premises that Businesses use and also appeals over their rateable value.
- 10.2 The DCLG introduced a “no detriment” clause for Business Rate pilots, which has substantially eliminated any remaining risks.

12. EQUALITIES IMPLICATIONS

- 12.1 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no equalities implications arising from this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1 The Social Value Act and “go local” policy do not apply to this report.

14. HUMAN RESOURCE IMPLICATIONS

- 14.1 There are no Human Resources implications arising from this decision.

15. APPENDICES

None.

16. CONTACT OFFICERS

- 16.1 Ian Couper, Head of Finance. Performance and Asset Management
ian.couper@north-herts.gov.uk; ext 4243

- 16.2 Jeanette Thompson, Acting Corporate Legal Manager
jeanette.thompson@north-herts.gov.uk; ext 4370
- 16.3 Reuben Ayavoo, Senior Policy Officer
reuben.ayavoo@north-herts.gov.uk; ext 4212

17. BACKGROUND PAPERS

The decision notice was published on the Council's website:

<https://www.north-herts.gov.uk/sites/northherts-cms/files/Business%20Rates%20Pilot-Pool%202018-19%20-%20Urgency%20Decision.pdf>