

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 18 JUNE 2019

Title of report	BUSINESS RATE PILOT PROJECTS - FINANCIAL SUSTAINABILITY AND INFRASTRUCTURE
Key Decision	a) Financial Yes b) Community Yes
Contacts	<p>Councillor Nicholas Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk</p> <p>Strategic Director of Housing and Customer Services 01530 454819 glyn.jones@nwleicestershire.gov.uk</p> <p>Head of Finance Tel: 01530 454707 tracy.bingham@nwleicestershire.gov.uk</p>
Purpose of report	To seek Cabinet approval of the allocation of additional Business Rates income due to the Council as a result of taking part in a pilot of 75% Business Rate Retention
Reason for decision	Cabinet approval of allocation of funds required
Council priorities	Supporting Coalville to be a more vibrant, family friendly town. Our communities are safe, healthy and connected.
Implications: Financial/Staff Health and Safety Risk Management Equalities Impact Screening Human Rights	<p>The funding is already built into the 2019/20 base budget. Revised forecasts to the total amount anticipated will be forecast and reported as part of Q1 performance reporting.</p> <p>None.</p> <p>The pilot provides opportunities for retaining more of the increased income from business growth within Leicestershire. There is a risk that undertaking the pilot will be less robust than the current pool arrangements in place if there is a need to call upon safety net payments and there are insufficient resources in the Pool.</p> <p>None.</p> <p>None.</p>

Transformational Government	Proposals include funding allocation for Customer Services that seek to transform the way in which customers interact with the Council.
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory
Comments of Deputy Monitoring Officer	The report is satisfactory
Consultees	Strategy Group 7 June 2019
Background papers	Cabinet 18 September 2018
Recommendations	THAT CABINET APPROVE THE ALLOCATION OF THE FORECAST £597,000 BUSINESS RATES FUNDING TO PROJECTS AS SET OUT IN THE REPORT

1.0 BACKGROUND

- 1.1 The current 50% Business Rates Retention system has been in place since April 2013. The level of business rates yield has a direct impact on the council's funding, with both the risks and rewards of business rate growth and contraction currently being shared between central Government, the County Council and Leicestershire Fire and Rescue, with 40% being retained by NWLDC which is then subject to a tariff and further adjustments.
- 1.2 To manage downside risk and maximise the potential amount of business rates that are retained within Leicestershire, all of its councils have entered into a business rates pooling arrangement where a percentage of business rates collected by each council goes into a pool. The financial surplus or deficit is shared between the councils and a proportion of the surplus is distributed to the Leicester and Leicestershire Enterprise Partnership (LLEP).
- 1.3 The Government had previously announced its former intentions surrounding the implementation of 100% business rates retention and launched number of pilots across the UK in 2017 and 2018. The pilot authorities forego Revenue Support Grant and (if applicable) Rural Services Delivery Grant and have their business rates "top-ups" or "tariffs" adjusted to ensure that the value of the additional retained business rates is matched by the value of the grants foregone, plus the change in tariffs and top-ups. In December 2017 the Government announced a new commitment to increase the level of business rates retained by local government to 75% (instead of 100%) in April 2020.
- 1.4 In 2018 the Council was successful in its bid along with all other Local Authorities across Leicestershire to take part in the 2019/20 75% Business Rate Retention Pilot. At the time of developing the 2019/20 budget, the total additional amount to be retained in Leicestershire was estimated to be £13.8m. Since then, each partner Council has forecast their forthcoming business rate income and the revised estimate is now £14.6m.

- 1.5 Allocation principles between the County, Leicestershire Fire and Rescue Service, City and all Districts was agreed prior to submission of the bid and NWLDC Cabinet considered this at its meeting on 18 September 2018.
- 1.6 Agreement over allocations between District Council's in respect of the District element of funding did not reach a conclusion until after the setting of the Council's 2019/20 General Fund budget. As a result the Council included an assumption of £550k additional funding and a corresponding expenditure line of £550k for spending the funds in line with the bid principles of 'financial sustainability' and 'infrastructure'.
- 1.7 The Council's additional allocation was subsequently agreed by District Chief Executives at their meeting on 11 April and stands at £597k. Now that the forecast additional rates is in the region of £14.6m, the Council could see the allocation increase however this is yet to be confirmed.
- 1.8 This report seeks approval in respect of the funding of suitable projects.

2.0 **PROPOSED FUNDING ALLOCATION**

- 2.1 The following projects are presented to Cabinet for approval:

2.1.1 **Marlborough Square – £517k of £597k allocation or remaining balance available**

In July 2018 Cabinet allocated funds to this project totalling £1.586m to fund the redesign of Marlborough Square as follows:

- £1.1 million through surpluses achieved on the General Fund achieved in 2016/17
- £486k from an earmarked reserve for acquiring and redeveloping assets in Coalville to ensure available funding in place for the scheme until such time that a LLEP funding bid for £340k was approved
- £60k from the Local Business Fund

Since that date, the Council has been notified of the successful bid for £340k by the LLEP and therefore £340k of the earmarked reserve will not be utilised since the July 2018 Cabinet decision was not made on the basis of being retained in addition to the LLEP funding. Expenditure of £420k has also been incurred to date. The current working budget for the scheme is now therefore £1.226m.

Subject to an imminent cost assessment it is proposed to seek tenders and report to Cabinet in December 2019 with a planned February 2020 scheme construction start. Given that there is now the requirement to ensure connectivity with the Belvoir Shopping in order to further the regeneration of Coalville Town Centre, it is anticipated that a budget of £2m will be required to deliver the scheme. However, further work is ongoing in assessing the likely costs of the scheme and a further report will be presented in due course.

If the working budget for this scheme is to be assumed to be £2m, then an additional £774k is required. In allocating £517k currently available, a shortfall of £257k remains.

Given the forecast increase in additional rates, it is likely that the council will receive an increase and therefore it is proposed that Cabinet agree to allocate the balance of the allocation after the funding the remaining projects outlined below.

It is unlikely that this allocation will be spent in 2019/20 and it is therefore expected that if not all, then a significant amount of this allocation will be carried forward into 2020/21.

2.1.2 Green transport alternatives feasibility study - £50k

This funding will be utilised to support research and viability studies into expanding the transport infrastructure in the district of greener, non-car alternatives.

2.1.3 Digital Customer Services £15k

£10k of this allocation would support the provision of a self-service space within the Customer Service Centre, which enables customers to self-serve with the benefit of assistance from Council staff. The devices would enable access to a wide compliment of public sector services and advice agencies, such as Local Government, Police, NHS, DWP, CAB etc.

The remaining £5k of this allocation would be for Customer Services to pilot mobile technology, in the form of tablet or slate devices that enable a more informal kind of customer interaction.

This allocation will be fully spent in 2019/20.

2.1.4 Homelessness - £15k

Housing Choices will partner with Action Homeless to make 2 Homeless Prevention beds available to the Council to accommodate single people requiring accommodation as a result of the homelessness reduction act with appropriate support together with access to an additional 75 nights of emergency short term accommodation to support out of hours referrals and other emergency situations.

3.0 FINANCIAL IMPLICATIONS

- 3.1 There is no financial impact as such due to equal amounts of funding and expenditure being included in the budget framework for 2019/20. Forecasts will be increased from £550k to £597k as part of Quarter 1 budget monitoring. As detailed in 1.7 above, now that the total forecast additional rates are higher than anticipated, it is expected that the council will receive a higher allocation and as such, the forecast in the council's accounts will be revised once this is known.
- 3.2 Given the fluid and often volatile nature of forecasting business rates, it is likely that the forecast additional amounts will vary over the 2019/20 financial year. Further revisions in

forecast income will be reported via the quarterly performance reports presented to Cabinet.

- 3.3 As projects are being agreed part way through the 2019/20 financial year, it is likely that not all projects will not be fully implemented by March 2020. Therefore it is anticipated that some level of funds will be requested to be carried forward as an earmarked reserve into the 2020/21 financial year.