

ARUN DISTRICT COUNCIL

REPORT TO AND DECISION OF CABINET ON 9 DECEMBER 2019

SUBJECT: Business Rate Pooling

REPORT AUTHOR: Carolin Martlew – Financial Services Manager

DATE: 9 December 2019

EXTN: 37568

PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY: This report asks Members to note Arun's membership of a new West Sussex business rates pool from April 2020 and to grant delegated authority to the Group Head of Corporate Support, in consultation with the Cabinet Member for Corporate Support, to agree the detailed arrangements for the pool.

RECOMMENDATIONS:

Cabinet is requested to :

1. Note Arun's membership of a new West Sussex business rates pool from April 2020, and
2. Grant delegated authority to the Group Head of Corporate Support, in consultation with the Cabinet Member for Corporate Support, to agree the detailed arrangements for the pool.

1. BACKGROUND:

Members will recall that since April 2015 Arun has been part of the West Sussex business rates pool. One of the key advantages of forming this pool was that it resulted in the retention of additional business rate income;- the total income received by the pool is greater than the total income which would have been received by the individual pool members if they had not acted in partnership. The additional income has been used to fund a range of county wide projects to the benefit of all West Sussex residents.

Initially the West Sussex pool consisted only of Adur, Arun, Chichester, Worthing and West Sussex and was based on 50% local retention (with the remaining 50% going to the Government). The Government's intention has always been to increase the amount of business rate income retained locally and with this in view applications were invited for the establishment of 75% business rate retention pilots from April 2019. The application from West Sussex was successful and from April 2019 the new West Sussex pool comprised West Sussex County Council and **all** the borough and district councils in the county.

<p>There is a major issue outstanding relating to business rate income. This relates to a contention by a number of NHS Trusts that Councils should afford NHS Trusts the same business rates treatment as charities. This issue has major financial implications as if NHS Trusts were awarded charitable relief it is likely that the award would be backdated for a number of years. The issue is to be considered by the High Court.</p> <p>The issue of possible charitable relief for NHS Trusts has implications for the West Sussex pool. Financial modelling indicates that there are significant risks associated with continuing with the current county wide pool and that the most advantageous approach for 2020/21 is for a pool comprising West Sussex County Council, Adur, Arun and Horsham. This new pool will be based on 50% local rate retention;- the same rate that applied before the county wide pilot scheme was established in April 2019.</p> <p>As with the current and previous pools there are risks associated with Membership. However, it's worth noting that one of the key policies of the new pool is to ensure, as far as is possible, that Arun will be no worse off in the pool than it would have been if it had not joined. The modelling suggests that the benefits and rewards of pool membership outweigh any potential risks.</p>		
<p>2. PROPOSAL(S): That Cabinet 1) note Arun's membership, from 1.April 2020, of a new West Sussex pool comprising West Sussex County Council, Adur, Arun and Horsham and 2) grant delegated authority to the Group Head of Corporate Support, in consultation with the Cabinet Member for Corporate Support, to agree the detailed arrangements for the pool.</p>		
<p>3. OPTIONS: None considered.</p>		
<p>4. CONSULTATION: West Sussex County Council and the West Sussex district and borough councils.</p>		
Has consultation been undertaken with:	YES	NO
Relevant Town/Parish Council		✓
Relevant District Ward Councillors		✓
Other groups/persons (please specify)		
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: (Explain in more detail at 6 below)	YES	NO
Financial	✓	
Legal	✓	
Human Rights/Equality Impact Assessment		✓
Community Safety including Section 17 of Crime & Disorder Act		✓
Sustainability		✓
Asset Management/Property/Land		✓
Technology		✓

Other (please explain)		
6. IMPLICATIONS: The new pool will maximise the potential for delivering additional county wide rate income.		
7. REASON FOR THE DECISION: To establish arrangements for business rate accounting for 2020/21.		
8. EFFECTIVE DATE OF THE DECISION: 18 December 2019		
9. BACKGROUND PAPERS: Correspondence with MHCLG.		