

TITLE	Berkshire Business Rates Pilot
FOR CONSIDERATION BY	The Executive on 30 November 2017
WARD	None specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Oliver Whittle, Executive Member for Finance

OUTCOME / BENEFITS TO THE COMMUNITY

Inclusion in the pilot could potentially unlock approximately £25m of investment for the Thames Valley Berkshire Local Enterprise Partnership into local transport corridors, with knock on multiplier impacts to the wider economic area such as increasing transport capacity.

The pilot would Also provide additional funding for the Berkshire unitary authorities, forecast at around £10m for the year 2018/19.

RECOMMENDATION

That the Executive note and support the application for 100% business rates pilot in 2018/19, as set out in Appendix A to the report.

SUMMARY OF REPORT

Members are presented with the schedule of the pilot.

The proposed membership of the pilot is the six Berkshire unitary authorities. The economic case for investment is based on 70% of the financial gain being invested through the Thames Valley Berkshire Local Enterprise Partnership (LEP) into local transport corridors, this is estimated at £25m. The Local Enterprise Partnership have identified schemes for investment which are most impactful in creating a healthy economy and are at a progressed stage for implementation.

The remaining 30% will be allocated across the local authorities, with a minimum funding level of £1m being planned for each authority.

Financial arrangements outlines the low level of risk which will be opened up through this pooling, with a local no-detriment cause. Governance arrangements outline the role of leaders, chief executives and chief finance officers through the pilot period.

Background

The Council is currently projecting significant financial pressure both in the current and future financial years, as well as investing in strategic development locations across the borough.

Central government requested applications to become a business rates pilot area for the financial year 2018/19. If accepted, this would provide additional funding for the pilot area, with applications assessed based on selection criteria including proposals: being formed across functional economic areas, promoting financial sustainability, and evidencing how pooled income from growth will be spent.

Analysis of Issues

The report outlines the detail of the proposals in Appendix A.

The proposal includes a local no detriment cause, to ensure that no Berkshire authority can gain while another loses. It would take a 64% overnight reduction in the business rates income in Bracknell for the Berkshire authorities to be worse off under this pilot scheme, and so downside risk is very unlikely. The local no detriment cause ensures that with sufficient funding no authority is worse off as a result of the pilot, and in addition that each authority receives a minimum gain of £1m in 2018/19.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	See below	Y	Revenue / capital
Next Financial Year (Year 2)	See below	Y	Revenue / capital
Following Financial Year (Year 3)	See below	Y	Revenue / capital

Other financial information relevant to the Recommendation/Decision

The proposal would see around £35m of investment in the Berkshire region. 70% of this, around £25m, would be invested in strategic infrastructure together with the local enterprise partnership (LEP), delivering plans which will unlock wider economic development and contributing towards the LEP's goal of uplifting gross value add by £700m by 2021.

The remaining 30% would be retained locally by the Berkshire authorities, delivering benefit of around £1m for Wokingham which would provide additional revenue funding during the life of the pilot.

Cross-Council Implications

If approved the additional funding will be used for strategic investment by the LEP, and also provide a contribution to local services.

List of Background Papers

None

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