



EAST SUSSEX FIRE AUTHORITY

URGENCY PANEL

24 OCTOBER 2017 at 10:30

MEMBERS

East Sussex County Council

Councillors Barnes, Dowling, Elford, Lambert, Scott

Brighton & Hove City Council

Councillors O'Quinn, Theobald

You are requested to attend this meeting to be held at East Sussex Fire & Rescue Service Headquarters, Church Lane, Lewes at 10:30.

AGENDA

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9. 1 In relation to matters on the agenda, seek declarations of interest from Members relating to items to be considered at the meeting, in accordance with the provisions of the Fire Authority's Code of Conduct for Members.

10. 1 Apologies for Absence.

11. 1 Notification of items which the Chairman considers urgent and proposes to take at the end of the agenda/Chairman's business items.

(Any Members wishing to raise urgent items are asked, wherever possible, to notify the Chairman before the start of the meeting. In so doing they must state the special circumstances which they consider justify the matter being considered urgently).

12. 3 [Non-confidential Minutes of the last Urgency Panel meeting held on 22 May 2017 \(copy attached\)](#)

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13.	4	Business Rates Pooling - report of the Assistant Director Resources /Treasurer (copy attached)
14.	2	Exclusion of the Press and Public.

To consider whether, in view of the business to be transacted or the nature of the proceedings, the press and public should be excluded from the remainder of the meeting on the grounds that, if the public and press were present, there would be disclosure to them of exempt information.

NOTE: Any item appearing in the confidential part of the Agenda states in its heading the category under which the information disclosed in the report is confidential and therefore not available to the public.

ABRAHAM GHEBRE-GHIORGHIS
Monitoring Officer
East Sussex Fire Authority
c/o Brighton & Hove City Council

Agenda Item No. 12

EAST SUSSEX FIRE AUTHORITY

Minutes of the meeting of the East Sussex Fire Authority URGENCY PANEL held at Fire & Rescue Service Headquarters, Lewes on Monday 22 May 2017 at 10:00 hours.

Members present: Councillors Barnes, O'Quinn and Theobald.

Officers present: Ms. D. Whittaker (Interim Chief Fire Officer), Mr. D. Savage (Treasurer Assistant Director - Resources), Miss. L. Woodley (Deputy Monitoring Officer), Mrs. V. Boundy (HR Officer) and Mrs. K. Ward (Clerk to the Fire Authority).

1. DECLARATIONS OF INTEREST

1.1 It was noted that, in relation to matters on the agenda, no participating Member had any disclosable pecuniary interest under Section 30 of the Localism Act 2011.

2. ELECTION OF CHAIRMAN

2.1 **RESOLVED** - That Councillor Barnes be elected Chairman of the Panel for the year.

3. APOLOGIES FOR ABSENCE

3.1 Apologies for absence were received from Councillors Scott and Taylor.

4. NOTIFICATION OF ITEMS WHICH THE CHAIRMAN CONSIDERS TO BE URGENT

4.1 There were none.

5. NON-CONFIDENTIAL MINUTES OF THE LAST URGENCY PANEL MEETING HELD ON 24 MARCH 2017

5.1 **RESOLVED** – That the minutes of the meeting of the Urgency Panel held on 24 March 2017 be approved as a correct record and signed by the Chair. (Copy in minute book).

6. EXCLUSION OF PRESS AND PUBLIC

6.1 **RESOLVED** – That items 7 and 8 be exempt under paragraphs 3 and 5 of Schedule 12A to the Local Government (Access to Information) (Variation) Order 2006 and accordingly is not open for public inspection on the grounds that if the public and press were present there would be disclosure to them of exempt information, i.e. that it includes information relating to the financial or business affairs of any person, including the authority and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

The meeting concluded at 11:05 hours.

Signed

Dated this

day of

Chairman

EAST SUSSEX FIRE AND RESCUE SERVICE

Meeting **Urgency Panel**

Date **24 October 2017**

Title of Report **Business Rates Pooling**

By **Assistant Director Resources/Treasurer**

Lead Officer **Duncan Savage, AD Resources/Treasurer**

Background Papers Fire Authority 11 September 2014 – Item 805 – Business Rates Pooling
Department for Communities and Local Government -
<https://www.gov.uk/government/publications/100-business-rates-retention-pilots-2018-to-2019-prospectus>

Appendices

CORPORATE RISK	✓	LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT **To seek approval to participate in a re-established East Sussex Business Rates Pool**

EXECUTIVE SUMMARY The County Council, the five Districts and Boroughs and the Fire Authority operated the East Sussex Business Rates Pool during 2015/16 and 2016/17. They de-pooled in 2017/18 due to the risks associated with the revaluation of business rates properties and knock on effects of business rates appeals. The Chief Finance Officers agreed to look again at re-pooling in 2018/19 and DCLG indicated they would be willing to look at an application to pool.

DCLG has invited authorities to submit bids to become pilots for 100% Business Rates Retention and also submit Pooling applications by 27 October 2017.

Following analysis of the options by LG Futures and consideration by Chief Finance Officers and Chief Executives, the East Sussex Leaders and Chief Executives Group (ESLCEG) has agreed to submit a bid to re-establish the East Sussex Business Rates Pool. The current estimate is that the additional income generated by the Pool would be c£1.5m in 2018/19.

Whilst the Districts and Boroughs have put in place measures to offset the risk of business rates yield reductions, there remains the risk that any pool could make a loss and the Authority needs to ensure it has sufficient provision in its reserves and balances to cover its share in this eventuality.

RECOMMENDATION

The Panel is recommended to:

- (i) approve the Authority's membership of a re-established East Sussex Business Rates Pool**
- (ii) delegate the final decision on whether to participate in the Pool to the Assistant Director Resources/Treasurer after consultation with the Chairman and the Chief Fire Officer and**
- (iii) authorise the Assistant Director Resources /Treasurer to take any steps necessary to give effect to the decision in (ii) above**

1. INTRODUCTION

- 1.1 The County Council, the five Districts and Boroughs and the Fire Authority operated the East Sussex Business Rates Pool during 2015/16 and 2016/17. They de-pooled in 2017/18 (Policy and Resources Panel 19 January 2017 Minute 041.13) due to the risks associated with the revaluation of business rates properties and knock on effects of business rates appeals. The Chief Finance Officers agreed to look again at re-pooling in 2018/19 and DCLG indicated they would be willing to look at an application to pool. DCLG have invited Pooling applications by 27 October 2017.
- 1.2 On 1 April 2017 the Government launched 5 pilots of 100% Business Rates Retention in Greater Manchester, Liverpool City Region, the West Midlands, Cornwall and the West of England. In response to the Consultation on Self Sufficient Local Government, the Government made a commitment to launch a further pilot scheme in 2018/19.
- 1.3 At the beginning of September the Government announced that there will be a second round of 100% business rate pilots in 2018-19. An indication that the Government is still considering how it could give local authorities greater control over their locally-

raised taxation. How this will be achieved is still far from clear, and still being worked out within the DCLG.

- 1.4 All authorities are eligible for this second round of pilots, but the Government is expecting that the chosen authorities will be focussed on two-tier areas, and particularly rural areas. Existing pilots and London will have their own discussions with the DCLG about extending the existing pilot arrangements.
- 1.5 The Government will look favorably on applications from groups of authorities who have committed to work together as part of a 'pool', including groups of districts who are proposing to pool with their county and particularly, as set out in the prospectus, pilots where all the districts and county have come together. In addition, County areas can form pilots with geographically adjacent unitary councils.
- 1.6 LG Futures has been commissioned to produce a report that looks at whether it would be beneficial for East Sussex to reinstate the pool arrangements or be part of the pilot. This work is ongoing and formed the basis of a paper considered by Chief Finance Officers, Chief Executives, and ultimately the East Sussex Leaders' and Chief Executives' Group (ESLCEG) at its meeting on 12 October 2017. ESCLEG determined that there should be a collective submission of interest to DCLG to re-establish the East Sussex Business Rates Pool. It also decided not to submit a business case to become a 100% Business rates Retention 2018/19 Pilot Area due to the risks and uncertainties involved.

2. Applying to re-establish the Business Rates Pool

- 2.1 The annual business rates pooling application process will take place as usual, alongside bids to become a pilot. There is an opportunity for all authorities, whether thinking about applying to be a 100% pilot, or not, to advise the DCLG if they would like to create a new pool or reinstate an existing pool.
- 2.2 If authorities, or pools of authorities, do not intend to apply for pilot status, they should indicate by 27 October, what pooling arrangements, if any, they would want to apply in 2018/19. A submission has to be made via email to the DCLG.
- 2.3 If opting to reinstate the pooling arrangements, there is an opportunity to refresh arrangements albeit given the short timescales it seems likely that the reinstated arrangements will draw significantly on the previous pooling agreement and the supporting documentation. Key elements of this included:
 - Appointing a lead authority (Wealden District Council)
 - Resources gained on the basis of the levy amount that was saved by individual authorities be split as follows: 40% to ESCC, 10% to the Fire Authority and the remaining 50% split amongst the District/Borough Councils
 - Pool Members should be no worse off than if they were outside the Pool
 - The rationale for the Pool is to encourage economic growth therefore Pool Members are encouraged to use the additional resource to promote further economic growth.

- 2.4 Additional income received by the Authority as a result of the Pool during 2015/16 and 2016/17 totalled £307,000 which is being used to fund Safer Business initiatives.
- 2.5 With the potential move of funding for the Fire Services to the Home Office (from DCLG) and the power under the Policing and Crime Act for Police and Crime Commissioners to make a business case to take over Fire Services, there is the possibility that Fire will join the Police in being outside of the Localised Business Rates system. Our current understanding is that this is unlikely to happen before 2020/21. Should this occur it does not affect the case for re-pooling but would obviously affect the Authority's continuing participation in the pool.
- 2.6 The risk of pooling is that if the income from business rates in one of the boroughs or districts drops below the baseline, the pool would have to bear the cost and therefore the pool as a whole would not gain as much as currently estimated.
- 2.7 By de-pooling in 2017/18, the Districts and Boroughs have the opportunity to put in place, using a county-wide methodology (to assist with dealing with potential external auditor challenge) a very robust appeals provision against the uncertainties caused by the 2017 revaluation and the new appeals procedures. This has the advantage that the Government pays for 50% of this but any unused appeals provisions contributes to growth above baseline and can be taken as a windfall across the Pool in 2018/19 or later years. This helps to offset any risks from business rate yield reductions. The Authority would however need to continue to ensure that it has provision within its reserves and balances to meet its share of any loss that the Pool may incur. The current estimate is that the additional income generated by the Pool would be c£1.5m in 2018/19.
- 2.8 The Pooling application needs to be made by 27 October 2017 but there is time during the consultation period on the 2018/19 Local Government Finance Settlement (currently expected week commencing 4 December) to withdraw the Pool should circumstances change. Because of the short timescales it is recommended that the Authority delegate the final decision on whether to participate in the Pool to the Assistant Director Resources/Treasurer after consultation with the Chairman and the Chief Fire Officer.