



Business Rates Pilot Scheme 2019/20

Application Form

This application form will be used to assess your application to pilot 75% business rates retention in 2019/20. Where relevant, further evidence to support points raised in this form may be included as an annex. Please note that authorities cannot apply to pilot 75% business rates retention as part of more than one application.

Information provided in response to this application may be published or disclosed in accordance with the access to information regimes – these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the EU General Data Protection Regulation, and the Environmental Information Regulations 2004).

The personal data you provide as part of this application will be held on a secure government system in line with the department's [personal data charter](#). Contact details will only be used for contacting you about your application or to update you on our work relating to local government finance reforms.

For any questions relating to the application process, please email:
Businessratespilots@communities.gsi.gov.uk.

FAQs relating to applications will be published on the Government publications website at
<https://www.gov.uk/government/publications/75-business-rates-retention-pilots-2019-to-2020-prospectus>

1. Application Contact Details

Please include details of the lead pilot authority and lead official responsible for responding to any departmental queries relating to the pilot application.

a. Name of lead pilot authority	Ribble Valley Borough Council
b. Name of lead official	Jane Pearson
c. Lead official job title	Director of Resources
d. Lead official email address	jane.pearson@ribblevalley.gov.uk
e. Lead official contact phone number	01200 414430

2. Membership of the Proposed Pool

Please list all authorities belonging to the proposed pilot pool below. The application cannot be considered valid unless all of the listed members have endorsed all parts of the application (see Annex A). You can insert/delete lines as needed.

For the authority type box, please write down one of the following options for each participating authority: (1) Fire; (2) London Borough; (3) Metropolitan district; (4) County; (5) Shire District; (6) Greater London Authority; (7) Unitary Authority.

Authority name	Authority Type
Burnley Borough Council	Shire District
Chorley Borough Council	Shire District
Fylde Borough Council	Shire District
Hyndburn Borough Council	Shire District
Pendle Borough Council	Shire District
Preston City Council	Shire District
Ribble Valley Borough Council	Shire District
Rossendale Borough Council	Shire District
South Ribble Borough Council	Shire District
West Lancashire Borough Council	Shire District
Wyre Borough Council	Shire District
Lancashire County Council	County
Blackpool	Unitary Authority
Blackburn with Darwen	Unitary Authority
Lancashire Fire and Rescue	Fire
This pilot application includes <u>all</u> local authorities within Lancashire with the exception of Lancaster City Council	

3. Membership details and pooling arrangements

Please answer all of the questions below using short and concise answers. Section 4 will allow you to outline your pilot proposal in more detail.

<p>a. Have all members included in the pilot area endorsed all parts of this application?</p> <p>(Please ensure that Annex A is signed by s.151 officer of each area and returned as part of the application to evidence this.)</p>	<p>Select one: (1) Yes (1) Yes; (2) No</p>
<p>b. Do any members of the proposed pool belong to any other current pool?</p> <p>(If 'no', please move to question 3.d.)</p>	<p>Select one: (1) Yes (1) Yes (2) No</p>
<p>c. If any members of the proposed pool belong to any other current pool, have other members of such pool been informed that the authority is applying to become a pilot as part of a different pool?</p>	<p>Select one: (1) Yes – all members of the existing Lancashire BR Pool are included in this pilot application (1) Yes (2) No (3) N/A</p>
<p>d. Are there any precepting authorities that are not part of the proposed pilot area?</p> <p>(If 'yes', please move to question 3.e.)</p>	<p>Select one: (2) No (1) Yes (2) No</p>
<p>e. If there are any precepting authorities that are not part of the proposed pilot area, are these precepting authorities aware of this proposal?</p>	<p>Select one: (3) N/A (1) Yes (2) No (3) N/A</p>
<p>f. Are all members of the proposed pilot area willing to collaborate with MHCLG officials on system design of the new business rates retention system, sharing additional data and information, as required?</p>	<p>Select one: (1) Yes (1) Yes (2) No</p>

<p>g. How does the pilot pool propose to split non-domestic rating income in two-tier areas?*</p> <p>(F.ex. the pilot pool could propose to split the shares as in the current 50% business rates retention, or propose to test different kinds of tier split arrangements as part of the pilot.)</p> <p>(*The department will use this information in regulations to designate a tier split for the pooled pilot area. In practice, the pilot pool will be given one overall tariff or top-up, and the members of the pool can agree to change the headline tier split.)</p>	<p>We agree to split business rate income as follows:</p> <p>Districts: 56%</p> <p>County Council: 17.5%</p> <p>Unitaries: 73.5%</p> <p>Fire: 1.5%</p>
<p>h. Do you propose to retain any of the additional 25% of retained business rates in an investment pot or similar and distribute this after 2019/20?</p> <p>(If 'no', please move to question 3.j.)</p>	<p>Select one: (1) Yes</p> <p>(1) Yes</p> <p>(2) No</p>
<p>i. If any of the additional 25% of retained business rates are kept in an investment pot or similar, how will this be distributed after 2019/20?</p>	<p>5% of the additional growth will be set aside to create a resilience reserve to mitigate against any losses in business rate income below baseline funding levels.</p> <p>A further 25% of the additional growth will be set aside to create a Lancashire wide fund to be used to target strategic economic growth, improve financial sustainability and allocated based on decisions of the Lancashire Leaders Business Rates Pilot Group.</p>
<p>j. What is the anticipated income above baseline funding level for the pilot pool over 2019/20 (in £)?</p>	<p>We anticipate the total income above the baseline funding level (ie growth) for the pilot pool will be circa £36m. This is based on our 2018/19 NNDR1's, <u>before</u> the allocation of the Government's 25% share. ie the pilot anticipates £27m growth above the baseline funding level for the new pool.</p>

k. What is the business rates base of the proposed pilot area like and what is its relevance to the economic geography of the area?

(F.ex. you could describe the size and types of hereditaments in the area, business sectors relevant to the area, or the size of your business rates base in relation to baseline funding levels.)

Geographically diverse Lancashire is a mixture of large rural areas, urban centres and coastal towns, with pockets of benefit dependent communities alongside thriving and affluent areas. It is home to the world's 4th largest global aerospace cluster with 500 aerospace supply chain companies.

Lancashire has one of the largest economies in the Northern Powerhouse with 51,340 businesses with a total rateable value of over £1bn within the proposed pilot area. .

Billing Authority	Rateable properties	Rateable value £000
Blackburn with Darwen	6,570	£118,260
Blackpool	6,780	£128,330
Burnley	3,910	£71,699
Chorley	3,430	£66,308
Fylde	2,870	£65,724
Hyndburn	3,320	£55,728
Pendle	3,610	£52,076
Preston	5,540	£151,912
Ribble Valley	2,360	£40,274
Rossendale	2,700	£35,694
South Ribble	3,020	£85,960
West Lancashire	3,240	£78,665
Wyre	3,990	£69,015
Total pilot area	51,340	£1,019,645

The business rates base for each billing authority tend to be broadly similar and dominated by a small number of very large rateable values for example;

- Advance engineering and manufacturing enterprises;
 - Westinghouse nuclear fuel manufacturing - £4.2m
 - BAE systems - £8m
 - waste recycling plants - £3.5m
- Leyland trucks -£2.1m
- Universities and colleges
- NHS Trust Hospitals
- Supermarkets
- Premiership and Championship Football Clubs
- Retail

In addition each billing authority has a large number of small businesses and shops which qualify for Small Business Rate Relief (SBRR). Eg In Rossendale 50% of businesses qualify for SBRR. In Hyndburn half the total rateable value comes from just 50 of over 3,000 properties.

	<i>The existing business rates baseline of the proposed pilot area in 2018/19 is £320m with expected business rates to be retained of £332m under current arrangements.</i>
I. What pooling arrangements would the members of the pilot like to see if their application to become a pilot is unsuccessful?	<i>Members of the proposed pilot have confirmed they strongly want to see the continuation of the current Lancashire Business Rate Pool in the event this pilot application is unsuccessful.</i>
m. How would the pilot area deal with residual benefits/liabilities once the pilot ends?	<i>In the unlikely event that there are residual monies/liabilities at the end of the pilot any balances will be apportioned to pool members based on the splits agreed.</i>

4. Details of the pilot proposal

Please explain how your proposal fulfills each of the below criteria for becoming a 75% business rates retention pilot in 2019/20 (as outlined in 3.2 of the 'Invitation to Local Authorities in England to pilot 75% Business Rates Retention in 2019/20'). If relevant, you may reference answers provided in section 3 of this application form and use this section to provide more detail on the responses. Although there is no formal word limit for answers provided in this section, please be as concise as possible.

a. How does the proposed pilot operate across a functional economic area?
<i>The proposed pilot will be a place based model incorporating the county council, the two unitaries, the fire and rescue authority and 11 out of the 12 shire districts across an economically diverse geographical area.</i>
<i>The functional economic area is a large part of north west England above the geographical areas of Merseyside and Manchester with a population of circa 1.5m. It encompasses both sparse rural areas and densely populated urban areas some of which are challenged with high levels of deprivation.</i>
<i>Key economic activity across this diverse area includes both significant amounts of traditional manufacturing industries as well as advanced engineering and aerospace with considerable levels of export activity. There is also a significantly growing leisure and tourism offer.</i>
<i>This pilot bid does not include one Lancashire district – Lancaster City Council - whose taxbase contains 2 large power stations, Heysham 1 and Heysham 2. The rates payable for power stations is based upon their output. In carrying out modelling of risks for the potential pilot, Lancaster have estimated that the impact of 6 months power outages at these power stations would result in lost business rate income of £18m. Given this, including Lancaster in the pilot area would expose the bid to such a high degree of risk that the bid would not be viable.</i>

b. How does the pilot area propose to distribute and use the additional 25% of retained business rates growth across the pilot area?

This pilot bid consists of 14 out of the 15 councils in Lancashire together with the Fire Authority. Not surprisingly reaching agreement on how the additional growth would be distributed in a short timescale and with so many different councils was extremely challenging. We are pleased that the submission of this bid demonstrates how a large number of diverse councils with different political control can come together for the benefit of the community of Lancashire.

In putting this bid together it was important to strike the right balance between risk and reward for all members. It is proposed that the additional growth will be distributed as follows:

Step 1	<i>The first call on any additional growth will be to create a new resilience reserve to mitigate against any losses in business rate income. This will equate to 5% of the additional growth.</i>
Step 2	<i>A further 25% of the additional growth will be set aside to create a Lancashire wide fund to be used to target strategic economic growth, improve financial sustainability and allocated based on decisions of the Lancashire Leaders Business Rates Pilot Group.</i>
Step 3	<i>It is proposed that the member authorities will use their allocated share of the remaining additional growth to promote local economic growth and to build resilience to improve their financial sustainability following reductions in central government support. Within Lancashire, in particular, districts have seen increased cost pressures from recycling and waste collection. Upper tier authorities are facing significant adult and child social care pressures.</i>

c. How does the pilot area propose to arrange its governance for strategic decision-making around the management of risk and reward? How do the governance arrangements support proposed pooling arrangements?

The councils in Lancashire have a well-established Leaders group that meet on a regular basis to discuss strategic issues affecting the whole of Lancashire. This includes the two unitary authorities, all districts and the county council. This pilot pool is a natural extension of the work of this group in growing the Lancashire wide economy. The Pool Pilot Governing body will therefore consist of Leaders of all the local authorities in the pool and the Chairman of the Combined Fire Authority.

They will receive monitoring reports during the year which will forecast growth/losses for pilot members, and also play a crucial role in deciding how the strategic growth and financial resilience fund will be invested. It has been agreed that all decisions must be unanimous.

The Lancashire Pilot Pool governance agreement sets out how risk and reward will be managed.

5. Submitting your application

Please return this form and Annex A with signatures of all s.151 officers from proposed pilot pool's member areas by the deadline of 25 September 2018. Where relevant, further evidence of points raised in this form may be included as an annex.

Please submit your completed application to:

businessratespilots@communities.gsi.gov.uk

or

Business Rates Reform; Local Government Finance; Fry Building, 2 Marsham St, Westminster, London SW1P 4DF.



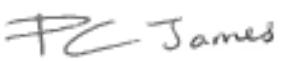
Ministry of Housing,
Communities &
Local Government

Annex A – Evidence of authorisation

a. Name of lead pilot authority	Ribble Valley Borough Council
b. Name of lead official	Jane Pearson
c. Lead official job title	Director of Resources
d. Lead official email address	jane.pearson@ribblevalley.gov.uk
e. Lead official contact phone number	01200 414430

Please include the signatures of each member area's s.151 officer to evidence that all parts of your application have been fully endorsed by authorities listed in section 2 of the pilot application form. You can insert/delete lines as needed.

Authority name	Name of s.151 officer	Signature
Burnley Borough Council	Asad Mushtaq	
Chorley Borough Council	Gary Hall	
Fylde Borough Council	Paul O'Donoghue	
Hyndburn Borough Council	Joe McIntyre	
Pendle Borough Council	Susan Guinness	
Preston City Council	Jackie Wilding	
Ribble Valley Borough Council	Jane Pearson	

Rossendale Borough Council	Phillip Seddon	
South Ribble Borough Council	Jane Blundell (deputy S151)	
West Lancashire Borough Council	Marc Taylor	
Wyre Borough Council	Clare James	
Lancashire County Council	Angie Ridgwell	
Blackpool	Steve Thompson	
Blackburn with Darwen	Louise Mattinson	
Lancashire Fire and Rescue	Keith Mattinson	