

## GLOUCESTERSHIRE BUSINESS RATES POOL MID-YEAR UPDATE

<b>Meeting</b>	Gloucestershire Economic Growth Joint Committee 20 November 2019
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<b>Background documents</b>	Report to GEGJC June 2019
<b>Main consultees</b>	Gloucestershire Chief Financial Officers
<b>Purpose of report</b>	To update members of the committee on the forecast outturn of the 2019/10 Business Rates Pool and agree new uses of the SEDF
<b>Recommendations</b>	<p>The Committee:</p> <ol style="list-style-type: none"> <li>1. Note the forecast outturn of the Business Rates Pool for 2019/20</li> <li>2. Agree the allocation of SEDF balances against the project (s) ‘agreed in principle’ by the Joint Committee in September 2019, as set out below:             <ol style="list-style-type: none"> <li>i) £70,000 of reserves currently held in the Strategic Economic Development Fund is used for the purposes of revenue funding contribution towards the overall cost of the commission of the Rail Investment Strategy (RIS) for Gloucestershire. (Reserve funding will be available in two tranches - £40k in 19/20 and £30k in 2020/21) <b>Appendix 1 (attached)</b></li> <li>ii) £40,000 of reserves currently held in the Strategic Economic Development Fund is used for the purposes of revenue funding contribution towards the overall cost of the commission of the LNP Capital Mapping Work in 19/20. <b>Appendix 2 (attached)</b></li> <li>iii) £500,000 of reserves currently held in the Strategic Economic Development Fund is used for the purposes of revenue funding contribution towards supporting the commission of work for the newly established Central Gloucestershire City Region Board in 19/20. <b>Appendix 3 (to follow)</b></li> <li>iv) £200,000 of reserves currently held in the Strategic Economic Development Fund is used for the purposes of revenue funding contribution to match fund the development of an economic evidence base and prospectus, to support that growth potential, so that Gloucestershire can further develop this value proposition that will set it apart from other counties, towns and cities in 19/20. <b>Appendix 4 (to follow)</b></li> </ol> </li> </ol>

<b>Reasons for recommendations</b>	To update the Committee on the forecast for the Business Rates Pool
<b>Resource Implications</b>	There are no resource implications to implementing this recommendation.

## Background

1. After the end of the Business Rates Pilot Gloucestershire is again operating as a pool, including all of the Districts.
2. The last update report to this Committee predicted that there would be a gain from the pool to the Strategic Economic Development Fund (SEDF) of £643k in 2019/20.

## Financial Forecast – Business Rates Pool

3. Mid-year forecasts have been prepared by each of the districts for business rates to be collected for the year which have been collated to produce a forecast outturn for the pool. The current prediction is that the gain from pooling will be £3.6m across the County which will result in a transfer to the SEDF of £720k.
4. The distribution of the pool benefit, which is based on the previously agreed methodology, is set out in the table below.

<b>Distribution</b>	<b>19/20 forecast Outturn</b>
Strategic Economic Development Fund (as administered by GEGJC)	£720k
District Councils (for financial resilience or other uses including growth initiatives)	£2.303m
County Council (for financial resilience or other uses including growth initiatives)	£577k
<b>Total Pilot Gain</b>	<b>£3.6m</b>

5. This figure will continue to be monitored throughout the financial year with the final figure being known after year end audit procedures have been completed at all districts during 2020.

## Future of the Business Rates Pool

6. The recent one year spending review from the Government has delayed the reforms to the Business rates Retention system by one year. The impact of this is that pooling continues to generate a financial benefit during the 2020/21 year. This was not expected in previous pool forecasts.
7. As designated pool lead Stroud DC has confirmed to government on behalf of Gloucestershire that we wish the pool to continue into 2020/21.
8. This extension generates an additional year of income to the SEDF. Early forecasts put this benefit at £723k which has been incorporated in the long term projection for the SEDF at Appendix A.

## **New Proposed Funding Requests for SEDF**

### *9. Rail Investment Strategy*

The Gloucestershire Chief Executives Group, at its meeting in June, had agreed in principle, to providing the further £70,000 required to complete the proposed two phased approach for the Rail Study Commission. At their meeting in September 2019, GEGJC briefly considered this funding request, raised as part of the Local Transport Plan Review item and presentation, for a funding contribution towards the commission of a Rail Investment Strategy for Gloucestershire, and gave 'in principle support' subject to ratification at this meeting.

The commission of a Rail Investment Strategy for Gloucestershire will establish the economic value in terms of gross added value and jobs created by enhancing rail services in Gloucestershire to major economic centres including London, Birmingham Bristol, Oxford, and Cardiff. The study will underpin GCC's priorities for rail investment in the County and inform the ongoing review of the Gloucestershire Local Transport Plan (LTP). It will also be a key part of the emerging Local Industrial Strategy (LIS). The attached SEDF Expression of Interest template (**Appendix 1**) provides more information about the Commission. Funding from GCC and the LEP had been identified and committed for the study, leaving a short fall of £70,000 to complete the two phases of the overall commission.

### *10. LNP Natural Capital Mapping*

The LNP's Green Infrastructure Pledge has been implemented county-wide and has successfully recognised and integrated the importance of natural capital and Green Infrastructure in Gloucestershire at the policy level. This achievement has not yet transitioned into delivery on the ground. To ensure this is done in a coordinated manner, the LNP is developing a suite of tools. One of these is the Building with Nature standard, which is already being implemented across the County. Another is the Natural Capital Baseline map, for which the LNP is seeking a funding contribution to develop. The LNP has presented the Natural Capital Map concept to the SOG in September, and the full GEGJC has heard from Doug Hulyer and Jackie Jobes at the inception of this project some months before that. GFirst LEP has committed £10,000 to this project, the Environment Agency, GWT and LNP a further £5,000 each.

The LNP would like to request approval for release of a further £40,000 from the SEDF in principle on 20th Nov, pending approval from the SOG that the LNP has answered its questions sufficiently. The attached SEDF Expression of Interest template (**Appendix 2**) provides more information about the proposal.

### *11. Central Gloucestershire City Region Board*

The new Central Gloucestershire City Region Board, established by Leadership Gloucestershire and made up of Leaders and Chief Executives of the County Council, Tewkesbury Borough Council, Cheltenham Borough Council and Gloucester City and other partners, met for the first last week, and resolved to ask the GEGJC to allocate a one off sum of £500,000 to support their work. This will include some commissioning of additional resources to support their vision, and various pieces of work

masterplanning activities. The SEDF Expression of Interest template (**Appendix 3**) provides more information about the planned work – to follow.

## 12. *Cyber Tech growth for Gloucestershire*

The Cyber Tech industry is of growing importance to Gloucestershire's economic future. Forming key elements of the 2050 Vision and the emerging Local Industrial Strategy it is evident that Cyber provides the county with a high value and fast growing specialist industry.

The vision for Cyber Central was launched earlier this year providing a compelling vision in which sees Gloucestershire become the UK capital of the Cyber Tech industry, placing us on the global platform. There has been considerable government support and interest in Gloucestershire's leading role in this field, due to the national security interests as well as the rapid growth potential for the industry. The recent Ministerial visit to Cheltenham by Robert Jenrick Secretary of State for MHCLG, focussed on promoting the importance of Cyber Tech, as part of the launch of the Western Gateway.

A request is being made to seek a £200,000 funding contribution from the Business rates Pool SEDF fund, to match fund the development of an economic evidence base and prospectus, to support that growth potential, so that Gloucestershire can further develop this value proposition that will set it apart from other counties, towns and cities. The SEDF Expression of Interest template (**Appendix 4**) provides more information about the proposal – to follow.

### **Risk Assessment**

13. As always there is a risk to the business rates pool in 2019/20 from the settling of backdated appeals. The issue of NHS Trusts requesting charitable status remains the most significant financial risk to the pool and pool members.

### **Officer Advice**

14. No officer advice required

### **Equalities considerations**

15. There are no equalities considerations associated with this decision. It is purely a financial consideration.

### **Consultation feedback**

16. Each of the Business Rates Pool members has been consulted about this report.

### **Performance Management/follow-up**

17. The final position of the Business Rates Pool for 2019/20 will be reported after the end of the audit process.

## Appendix A

### Projected Balance of the SEDF

	GEGJC Decision Date	2018/19 (£'000)	2019/20 (£'000)	2020/21 (£'000)	2021/22 (£'000)
<b>Item</b>					
<b>Funding</b>					
SEDF Balance b/f		336	4,003	3,663	4,351
2017/18 Pool (confirmed)		828			
2018/19 Pilot Gain (indicative)		2,854			
Pool Gain (indicative)		615	720	723	
<b>SEDF Funding</b>		<b>4,633</b>	<b>4,723</b>	<b>4,386</b>	<b>4,351</b>
<b>Allocations</b>					
Operating Costs for Joint Committee	Nov 17	(5)	(5)	(5)	(5)
LEP Core Funding (Match)	Nov 17	(250)	(250)	0	0
LEP/LA Inward Investment Programme (EU Match)	Nov 17	(75)	0	0	0
J.10 Business Case Commission (contribution)	Nov 18	(275)	0	0	0
Economic Intelligence Data Commissioning Fund	Nov 18	(25)	(25)	0	0
Rail Investment Strategy – to be ratified by the Joint Committee	Sept 19	0	(40)	(30)	0
LNP Capital Mapping			(40)		
Central Gloucestershire City Region Board			(500)		
Cyber Centre			(200)		
Total Allocations		(630)	(1,060)	(35)	(5)
<b>SEDF Balance c/f</b>		<b>4,003</b>	<b>3,663</b>	<b>4,351</b>	<b>4,346</b>

## Notes

- LEP Core Funding beyond 2019/20 subject to future decision in March 2020.
- SEDF balance held and accounted for by Gloucestershire County Council