

## REPORT TO LANCASHIRE LEADERS/CHIEF EXECUTIVES

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title: BUSINESS RATE 75% PILOTS  
submitted by: LANCASHIRE CHIEF FINANCIAL OFFICERS – BR WORKING GROUP  
date: 18 SEPTEMBER 2018

### 1 PURPOSE

- 1.1 To inform Leaders and Chief Executives of the risks surrounding the submission of a bid for a 75% Business Rate Pilot for Lancashire for 2019/20.
- 1.2 To set out proposals for how a pilot pool could work and the potential benefits arising.
- 1.3 To consider whether a Lancashire wide pool pilot bid should be submitted to MHCLG.

### 2 BACKGROUND

- 2.1 The current 50% Business Rate Retention scheme was introduced in 2013.
- 2.2 Following this local authorities were encouraged to form Business Rate pools sharing risk and reward in return for retaining the levy payable on growth which would otherwise be paid over to the Government.
- 2.3 The Lancashire Business Rate Pool was formed in 2016/17 and has proved successful for all the constituent authorities. There have been some changes in membership since it was formed but the pool continues to operate on the same principles as originally agreed with the Government.
- 2.4 In 2017/18 the Government welcomed proposals for 100% pilots and launched five initial 100% business rates retention pilots in devolution deal areas. These pilots were continued into 2018/19. The government will continue to have separate discussions with the devolution deal areas about their pilot programme.
- 2.5 At the 2017 Autumn Budget it was confirmed that London would become a 100% business rates retention pilot for the duration of the 2018/19 financial year. The pilot comprises of the thirty-two London Boroughs, the City of London and the Greater London Authority. The government will continue to have separate discussions with London about their pilot programme.
- 2.6 At the provisional Local Government Finance Settlement in December 2017, the government announced a further ten 100% business rates retention pilots for the duration of the 2018/19 financial year in local authority areas across England. Whilst these pilots are set to end on 31 March 2019, they are inviting the areas involved to apply to become 75% business rates retention pilots in 2019/20.
- 2.7 As part of the move towards a reformed business rates retention system in 2020/21, the government intends to devolve Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG), the Greater London Authority (GLA) Transport Grant and the Public Health Grant (PHG) to local government when the new system commences. The government also intends to use the intervening period to develop a set of measures that support a smooth transition of funding for public health services from grant funding to retained business rates.

2.8 The announcement on 24 July 2018 sets out the Government's intentions to invite pools of authorities to submit applications to pilot 75% business rates retention in 2019/20, for one year only. The deadline for applications is 25 September 2018. The intention is that the new 75% pilots will provide an opportunity to test and gather information on the design of the new business rate retention system in preparation for 2020/21.

### 3 NEW 75% PILOTS

3.1 Authorities selected as pilots will be expected to forgo Revenue Support Grant and Rural Services Delivery Grant. The value of these grants will be taken into account when revised tariffs and top-up's for the pilot authorities are set up.

3.2 The Government expect that a proposed pool would comprise a county council and all of the associated district councils; a group of unitary authorities; or a two-tier area and adjoining unitaries, and it should extend across a functional economic area. Proposals would need to set out the tier splits for all authorities, including Fire and Rescue.

3.3 Bids will be required to set out how the pilot will manage risk and reward at a strategic level, and have regard to the financial sustainability of all local authorities involved and also set out how any potential business rate growth will be spent. The bid will also need to make clear the governance arrangements for strategic decision making.

3.4 The Government have decided that because the new 75% pilots are testing the pooled authorities approach to risk the 'no detriment' clause applied to previous pilots will no longer apply. Instead of this the Government have increased the safety net from 92.5% to 95% for these new pilot pools.

### 4 CURRENT BR POOL

4.1 The current Lancashire Business Rate Pool has proved very successful for all members with retained levies last year totalling £6.011m. Individually pool members have benefitted with retained levies ranging from £389k to £1,113k.

4.2 Ribble Valley BC is lead authority for a 3 year period for the Lancashire Pool through whom all payments are channelled.

4.3 The table below shows the overall pool position for the last financial year.

<b>2017/18 Lancashire Business Rates Pool Outturn</b>	
	<b>Total £</b>
<b>Retained Levy Calculation</b>	
Total NNDR Income	194,459,738
Small Business Rate Relief	21,210,103
Relief to Other Ratepayers	0
Localism reliefs	1,429,240
<b>Adjusted NNDR Income</b>	<b>217,099,081</b>
40% District Share	86,839,632
Less Tariff payable	-51,222,860
<b>Total Retained Income</b>	<b>35,616,772</b>
<b>Business Rate Baseline Funding Level 17/18</b>	<b>23,489,460</b>
<b>Growth for Year</b>	<b>12,127,312</b>
Levy Rate if no pool existed	45-50%
<b>Total Levy Payment Due to MHCLG if no pool</b>	<b>6,011,453</b>
<b>Retained Levy under Pooling Arrangements (90%)</b>	<b>5,410,308</b>
<b>Due to LCC under Pooling Arrangements (10%)</b>	<b>601,145</b>
<b>Forecast - Based on NNDR1</b>	
<b>Total Levy Payment Due if not under Pooling</b>	<b>4,071,648</b>
<b>Retained Levy under Pooling Arrangements (90%)</b>	<b>3,664,483</b>
<b>Due to LCC under Pooling Arrangements (10%)</b>	<b>407,165</b>

4.4 The current Lancashire Pool operates on the basis that each member stands their own risk having given up their right to safety net protection on joining the pool. Incidentally a safety net of 92.5% does not apply individually, only to the pool as a whole. Additionally each member retains 90% of their levy on growth above their baseline with the remaining 10% payable to LCC. As such the Lancashire Pool works very well and on a simple and transparent basis.

## 5 LANCASHIRE POSTION - 75% PILOTS

5.1 At the Lancashire Leaders & Chief Executives meeting on 11 September you tasked LCFO's with progressing a pilot application. Specifically concern was raised at this meeting as to the potential risks of a new pilot.

5.2 As lead authority for the current Lancashire BR Pool Ribble Valley BC have carried out some modelling of a new 75% pilot based on current 2018/19 expected business rate income.

5.3 In addition LCC have independently commissioned a piece of work by Local Government Futures to explore the financial benefits of a potential 75% pilot in Lancashire.

5.4 Both models estimate that the possible extra growth to be retained under a pilot pool would be in the region of £10m.

5.5 Two meetings have been held of LCFO's (7 September 2018 and 14 September 2018) to discuss possible options to share risk and reward. At the meeting on 14 September 2018 it was agreed a small working group of 6 LCFO's meet to work up a possible pilot application. This group consisted of:

- Lancashire County Council – Neil Kissock
- Lancaster City Council – Paul Thompson
- Ribble Valley Borough Council – Jane Pearson
- Hyndburn Borough Council – Joe McIntyre
- Preston City Council – Jackie Wilding
- Blackburn with Darwen Council – Louise Mattinson

## 6 POSSIBLE FINANCIAL BENEFITS

6.1 Annex 1 shows the detailed calculations of the financial benefits of a 75% pilot pool by each authority

6.2 This is based on the assumption that the Government's 25% share forgone is shared out pro-rata to current tier splits. It is also based on 2018/19 NNDR1 returns completed by each authority on the assumption that retained income will be comparable in 2019/20. The model includes all Lancashire authorities for illustration purposes.

6.3 A summary is shown in the table below which compares the growth (or loss) we are currently all set to receive for 2018/19 compared with how much growth (or loss) we could receive if we were a 75% pilot with everyone included.

LA	Summary		
	Current Growth £	Pilot Growth £	Extra Growth £
Burnley	2,020,664	3,030,997	1,010,332
Chorley	1,736,086	2,604,128	868,043
Fylde	1,292,008	1,938,013	646,004
Hyndburn	229,324	343,986	114,662
Pendle	832,981	1,249,472	416,491
Ribble Valley	1,263,730	1,895,595	631,865
Rossendale	776,324	1,164,486	388,162
South Ribble	2,385,956	3,578,934	1,192,978
West Lancashire	975,755	1,463,633	487,878
Wyre	1,360,267	2,040,400	680,133
Preston	-131,204	-196,806	-65,602
Lancaster	770,281	2,310,845	1,540,564
Blackpool	-358,920	-538,381	-179,460
Blackburn with Darwen	2,527,745	3,791,617	1,263,872
Lancashire CC	3,213,552	4,820,329	1,606,776
Lancashire Fire & Rescue	401,323	601,985	200,662
<b>Total</b>	<b>19,295,873</b>	<b>30,099,233</b>	<b>10,803,360</b>

- 6.4 You will see two Authorities are predicting a loss in 18/19 based on their NNDR1's (Blackpool and Preston). Under a pilot these losses would actually increase, because the government is reducing how much they are standing of these losses from 50% to 25%.
- 6.5 The current Lancashire Business Rate Pool has proved very successful for all members with retained levies last year totalling £6.011m. However as you can see from the table above we could be looking at a further £10m of growth within our Lancashire authorities.
- 6.6 The current Lancashire Pool operates on the basis that each member stands their own risk having given up their right to safety net protection on joining the pool. Incidentally a safety net of 95% will apply to the new pilot pool as a whole.

## 7 PILOT POOL RISK

### The existing pool is placed in jeopardy

- 7.1 The likelihood of our Pilot Bid failing has to be considered high. In the previous round only 1/3rd of bids were approved which meant 2/3rds failed. Additionally it is likely that those that failed the last round will have spent considerable effort over the last year developing and improving their bids to ensure they have a better chance of success this time. Also those Councils that did not bid last time but are bidding this time presumably also started many months ago preparing their bids and therefore in a competitive process, given we are trying to piece together a bid at the eleventh hour from a standing start, the odds of success must be slender and significantly below the 1 in 3 chance from the 1st round. In these circumstances where it is much more likely a bid will be rejected rather than approved we have to face into the fact that the jeopardy around the current pool is a real possibility.
- 7.2 If we could secure from the Government a guarantee that if the Pilot Bid is unsuccessful we could revert to the existing Lancashire Pool and de-risk losing the £6m gain we currently enjoy, this would be a major step forward in alleviating one of the key downside risks from submitting a Pilot Bid. **We have posed this question to the Government however they have not provided a commitment that the current pooling arrangements would continue if our application was unsuccessful.** See Annex 4 which also lists other questions we have put to MHCLG.
- 7.3 The submission of a Pilot bid for a Lancashire wide 75% Business Rate Retention Pool provides the potential for an estimated gain of approximately £10m. However there are a number of significant financial risks that crystallise with such a bid and these need to be considered carefully in making any decision on whether to proceed with a Pilot bid or to maintain the current arrangements. Some of the risks are very difficult to quantify but will be substantial while others may be calculable but would require a major amount of time and skilled effort, which is not available ahead of the Government's extremely tight deadline of the 25th September 2018. If the Government's prospectus for 75% Pilot Pools had been issued sooner it is possible this quantification could have been completed.
- 7.4 The most significant risk is that the Pilot Bid fails and as a consequence we lose the current Pooling arrangement which delivers around £6m of funding to Lancashire. Currently Lancashire has a Pool of which includes LCC, Hyndburn, Fylde, Wyre, Burnley Pendle, Rossendale, Chorley, West Lancashire, South Ribble and Ribble Valley. The councils not in the Pool are Preston, Lancaster, Blackpool and Blackburn with Darwen.
- 7.5 This risk stems from the Government rules around Pooling which require the dissolution of any existing pool before a new Pool can be proposed and the Government's stipulation that

*“Your authority will not automatically revert to your previous pool arrangements” --should your application to become a Pilot be unsuccessful. See MHCLG Business Rate Pilot 75% Rates Retention Frequently Asked Questions September 2018.*

- 7.6 The Government does indicate in its literature that councils can indicate a preference as to what they would like to happen in the event of a Pilot application that fails, but the literature makes it clear the decision rests entirely with the Government and it is entirely possible that we would not be allowed to revert to the previous arrangement and that we would therefore lose substantial funding as a consequence.
- 7.7 The amount lost could be more significant than the £6m at stake in 2019/20 from the existing pool because after having been turned down in 2019/20, Lancashire would have to make a new bid in 2020/21 and might again be refused, whereas under the current rules the existing pooling arrangement is guaranteed to continue as long as it remains unchanged.
- 7.8 The exposure to this risk varies considerably amongst the participants in the current scheme. For some councils the loss of existing funds would not present a significant impact on their overall budget, as the amount they gain from the current pool is relatively small compared to their overall expenditure, but for others the current level of gain is significant in terms of their overall revenue sources, particularly where these figures have been necessarily incorporated into base budgets.

#### **Impact if the pilot is successful**

- 7.9 The other risk we face is of business rates receipts below the growth point. The current Lancashire Pool handles the risk element from such a decline by leaving the responsibility with the Council suffering the financial decline. This provides a clear signal to anyone entering the Pool that they need to be sure they believe they are on the up side of any change in Business Rates as it is their jeopardy if their fortunes take a turn for the worse. They need to recognise that they have lost the safety net protection from the Government and therefore could suffer larger losses if they enter the Pool than if they remain outside.
- 7.10 Two councils currently indicate that they could be potentially below the growth point but wish to be included in the new Pilot. Their position will financially worsen if they do, as the Government's currently stand 50% of the "loss" below the baseline level, whereas under a pilot will only stand 25% of any "loss". Part of the incentive for the two negative growth councils joining the Pilot is that other members of the Pilot will top slice some of their gain to remove the potential loss they face if their business rates do not grow so as to be above the growth point. This transfers 25% of the risk of below growth point performance away from the Government and the two councils to the rest of the Pilot group. If either council suffered a further reduction during the year, the other Pilot councils would face a larger reduction in their own growth funds to compensate those that are experiencing a downturn in their local position. This would also apply to any other council which failed to achieve their business rates baseline.
- 7.11 The risk can be mitigated by insisting that all council stand their own losses, however our proposal is to set aside 5% of the extra growth to create a new resilience reserve to mitigate against losses in business rate income. This is proposed to make our application potentially more attractive to the Government recognising our bid for pilot status need to be competitive compared to bids from other parts of the country.

#### **Significant extra risks**

- 7.12 All Billing Authority LCFO's have been asked to provide information as to their significant risks. Annex 2 sets out in detail the risks supplied by each council. At the time of writing this report some councils have yet to provide this information.

7.13 A group of 20 NHS trusts has launched a legal bid for business rates relief against 49 local authorities. This is a test case and if local authorities were to lose NHS Hospital trusts would receive 80% mandatory relief. This would have a very serious impact on local government finances. The LGA, which is supporting the councils involved in the case, has warned the legal bid could threaten the financial viability of some local authorities.

7.14 Lancaster City Council have the two power stations at Heysham. They have provided figures which model the impact of both 3 month and 6 month outages for each of the power stations.

7.15 Lancaster consider a 6 month outage at the H2 reactor to be the worst case scenario

Power Stations	RV	Multiplier	Annual Charge		3 months Outage	LCC 40%		6 months Outage	LCC 40%
Heysham 1	£16,720,000	49.3	£8,242,960		2,747,653	1,099,061		5,495,307	3,297,184
Heysham 2	£38,640,000	49.3	£19,049,520		6,349,840	2,539,936		12,699,680	7,619,808

7.16 Lancashire County Council have kindly supplied a list of schools that are currently applying for Academy status. There are 21 schools in total. These are listed in Annex 3. If these applications are successful they would be entitled to 80% mandatory business rate relief and would therefore significantly impact retained business rates income.

### Summary

7.17 All of the above risks demonstrate the potential for business rates to be extremely volatile and largely outside council control.

## 8 SHARING OF POTENTIAL BENEFITS

8.1 Several discussions have taken place amongst LCFO's with regards how the additional business rate growth could be used to promote economic growth and improve financial sustainability.

8.2 In submitting a bid we would need to set out what the tier splits would be for each member. Based on the existing 50% scheme proportions the 25% extra growth could be shared out as follows:

	Extra 25%	Total share
districts	20%	60%
LCC	4.5%	13.5%
Fire	0.5%	1.5%
	<b>25%</b>	<b>75%</b>
Unitaries	24.5%	73.5%

8.3 The recommended option is to replicate the existing pool arrangement where each member gives LCC 10% of their retained levies. Following this logic LCC would also receive 10% of the extra district share of the extra 25% retained growth. This would give the county council an extra 4% of the district share, resulting in the following allocations:

	Extra 25%	Total share
districts	16%	56%
LCC	8.5%	17.5%
Fire	0.5%	1.5%
	<b>25%</b>	<b>75%</b>

Unitaries	24.5%	73.5%
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8.4 A 3 step approach has been suggested by the working group:

Step 1	The first 5% of any additional growth will be used to create a new resilience reserve to mitigate against any extra loss arising from being a pilot member. If funds are remaining this will be used to further compensate individual councils facing a loss.
Step 2	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 and improve financial sustainability and allocated based on unanimous decisions of the Lancashire Leaders Business Rates Pilot Group.
Step 3	The remaining retained growth will be apportioned according to the tier splits ie districts 56%; county council 17.5%; unitaries 73.5%; fire 1.5% to promote local economic growth and to enable the financial sustainability of pool members in particular district costs of recycling and waste collection and for the upper tier authorities both adult and children social care pressures.

8.5 Based on our initial model and following these steps the resultant allocation of the extra growth would be as follows:

LA	Current Growth £	Pilot Growth £	Extra Growth based on new tier splits £	Contribution towards Risk Resilience Reserve £	25% for Lancashire fund to be used to target strategic economic growth & improve financial sustainability £	Remaining growth to promote local economic growth & improve local financial sustainability of members £
Burnley	2,020,664	2,828,930	808,266	40,413	202,066	565,786
Chorley	1,736,086	2,430,520	694,434	34,722	173,609	486,104
Fylde	1,292,008	1,808,812	516,803	25,840	129,201	361,762
Hyndburn	229,324	321,054	91,730	4,586	22,932	64,211
Pendle	797,823	1,116,953	319,129	15,956	79,782	223,391
Ribble Valley	1,263,730	1,769,222	505,492	25,275	126,373	353,844
Rossendale	776,324	1,086,853	310,529	15,526	77,632	217,371
South Ribble	2,385,956	3,340,339	954,383	47,719	238,596	668,068
West Lancashire	975,755	1,366,057	390,302	19,515	97,576	273,211
Wyre	1,360,267	1,904,373	544,107	27,205	136,027	380,875
Preston	-131,204	-183,685	-52,482	0	0	0
Lancaster	770,281	2,156,789	1,386,507	69,325	346,627	970,555
Blackpool	-358,920	-538,381	-179,460	0	0	0
Blackburn with Darwen	2,527,745	3,791,617	1,263,872	63,194	315,968	884,711
Lancashire CC	3,205,642	6,233,193	3,027,551	151,378	756,888	2,119,285



<b>LA</b>	<b>Current Growth £</b>	<b>Pilot Growth £</b>	<b>Extra Growth based on new tier splits £</b>	<b>Contribution towards Risk Resilience Reserve £</b>	<b>25% for Lancashire fund to be used to target strategic economic growth &amp; improve financial sustainability £</b>	<b>Remaining growth to promote local economic growth &amp; improve local financial sustainability of members £</b>
Lancashire Fire	400,444	600,666	200,222	10,011	50,056	140,155
<b>Total</b>	<b>19,251,926</b>	<b>30,033,311</b>	<b>10,781,386</b>	<b>550,666</b>	<b>2,753,332</b>	<b>7,709,329</b>

## 9 RECOMMENDATIONS

9.1 If we are to meet the timetable to submit a Lancashire Pool Pilot bid by close of play next Tuesday (25 September 2018), the working group recommend that each council confirm the following:

- Existing Lancashire Pool members accept the risk to the current pool by submitting a pool pilot bid.
- Pool pilot members understand the risks set out for the pool and for their own councils.
- Pool pilot members are in support of the 3 stage approach to allocate the extra growth as set out in section 8 of this report.

## 10 NEXT STEPS

10.1 Each LCFO to discuss this report with their Chief Executive and Leader.

10.2 Inform Jackie Wilding of your recommendations as soon as is practicable, preferably by Thursday 20 September.

10.3 LCFO's to inform all councils by Friday 21 September of the prospective Lancashire Pilot Pool members.

LANCASHIRE CFO's BR POOLING WORKING GROUP  
18 SEPTEMBER 2018



Lancashire BR 75% Pilot Pool – 2018/19 Growth compared with potential growth under a 75% Pilot

	2018/19 NNDR1															Total		
	Burnley	Chorley	Fylde	Hyndburn	Pendle	Ribble Valley	Rossendale	South Ribble	West Lancashire	Wyre	Preston	Lancaster	Blackpool	Blackburn with Darwen	Lancashire CC		Lancashire Fire	
Growth before pilot (from above)	0	2,020,664	1,736,086	1,292,008	229,324	832,981	1,263,730	776,324	2,385,956	975,755	1,360,267	-131,204	1,540,563	-358,920	2,527,745		16,451,280	
100% Growth equates to	0	5,051,661	4,340,214	3,230,021	573,311	2,082,453	3,159,325	1,940,809	5,964,891	2,439,388	3,400,666	-328,009	3,851,409	-732,491	5,158,662		40,132,310	
<b>75% Pilot Shares:</b>																		
Government	25.0%	1,262,915	1,085,053	807,505	143,328	520,613	789,831	485,202	1,491,223	609,847	850,167	-82,002	962,852	-183,123	1,289,666		10,033,078	
Districts	60.0%	3,030,997	2,604,128	1,938,013	343,986	1,249,472	1,895,595	1,164,486	3,578,934	1,463,633	2,040,400	-196,806	2,310,845				21,423,683	
Unitaries	73.5%													-538,381	3,791,617		3,253,236	
LCC	13.5%	681,974	585,929	436,053	77,397	281,131	426,509	262,009	805,260	329,317	459,090	-44,281	519,940			4,820,329	4,820,329	
Fire	1.5%	75,775	65,103	48,450	8,600	31,237	47,390	29,112	89,473	36,591	51,010	-4,920	57,771	-10,987	77,380		601,985	
<b>Total</b>		<b>5,051,661</b>	<b>4,340,214</b>	<b>3,230,021</b>	<b>573,311</b>	<b>2,082,453</b>	<b>3,159,325</b>	<b>1,940,809</b>	<b>5,964,891</b>	<b>2,439,388</b>	<b>3,400,666</b>	<b>-328,009</b>	<b>3,851,409</b>	<b>-732,491</b>	<b>5,158,662</b>	<b>4,820,329</b>	<b>601,985</b>	<b>40,132,310</b>
<b>Existing system shares:</b>																		
Government	50%	2,525,830	2,170,107	1,615,011	286,655	1,041,227	1,579,662	970,405	2,982,445	1,219,694	1,700,333	-164,005	1,925,704	-366,245	2,579,331		20,066,155	
Government Levy received																	770,282	
Districts	40%	2,020,664	1,736,086	1,292,008	229,324	832,981	1,263,730	776,324	2,385,956	975,755	1,360,267	-131,204	770,282				13,512,173	
Unitaries	49.0%													-358,920	2,527,745		2,168,824	
LCC	9%	454,649	390,619	290,702	51,598	187,421	284,339	174,673	536,840	219,545	306,060	-29,521	346,627			3,213,552	3,213,552	
Fire	1%	50,517	43,402	32,300	5,733	20,825	31,593	19,408	59,649	24,394	34,007	-3,280	38,514	-7,325	51,587		401,323	
<b>Total</b>		<b>5,051,661</b>	<b>4,340,214</b>	<b>3,230,021</b>	<b>573,311</b>	<b>2,082,453</b>	<b>3,159,325</b>	<b>1,940,809</b>	<b>5,964,891</b>	<b>2,439,388</b>	<b>3,400,666</b>	<b>-328,009</b>	<b>3,851,409</b>	<b>-732,491</b>	<b>5,158,662</b>	<b>3,213,552</b>	<b>401,323</b>	<b>40,132,310</b>
<b>Difference:</b>																		
Government share		-1,262,915	-1,085,053	-807,505	-143,328	-520,613	-789,831	-485,202	-1,491,223	-609,847	-850,167	82,002	-962,852	183,123	-1,289,666		-10,033,078	
Government Levy received																	-770,282	
Districts		1,010,332	868,043	646,004	114,662	416,491	631,865	388,162	1,192,978	487,878	680,133	-65,602	1,540,564				7,911,510	
Unitaries		0	0	0	0	0	0	0	0	0	0	0	0	-179,460	1,263,872		1,084,412	
LCC		227,325	195,310	145,351	25,799	93,710	142,170	87,336	268,420	109,772	153,030	-14,760	173,313	0	0	1,606,776	1,606,776	
Fire		25,258	21,701	16,150	2,867	10,412	15,797	9,704	29,824	12,197	17,003	-1,640	19,257	-3,662	25,793		200,662	
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,606,776</b>	<b>200,662</b>	<b>0</b>
<b>Extra benefit from 75% pilot based on current splits</b>		1,010,332	868,043	646,004	114,662	416,491	631,865	388,162	1,192,978	487,878	680,133	-65,602	1,540,564	-179,460	1,263,872	1,606,776	200,662	10,803,360

Blackpool

Blackpool Council's total Rateable Value is £126,999,389 and consists of the Blackpool BA area £121,225,594 and the Airport Enterprise Zone £5,773,795. The Council's top 5 listed appeals are as follows:-

- Tesco, Clifton Road – potential loss of £749,820 (current RV £3,560,000)
- Sainsbury's, Talbot Road – potential loss of £396,000 (current RV £2,460,000)
- Unit N4 Hounds Hill (Debenhams) – potential loss of £308,560 (current RV £685,000)
- Sainsbury's, Red Bank Rd – potential loss of £308,560.00 (current RV £785,000)
- 160 Cherry Tree Road (Asda) – potential loss of £199,244.20 (current RV £3,450,000)

These appeals have an effective date of 01/04/10.

Additional risks for Blackpool include the claim for mandatory relief by NHS Trusts and schools transferring to academies.

Although it difficult to say for certain as it depends on the effective date, but on the assumption all NHS premises were to be awarded 80% relief the refunds would be in the region of:

Effective date: 01/04/10 - £14.26m

Effective date: 01/04/12 - £12.11m (i.e. current year +6)

Loss on rates going into 2019/20 - £2.48m (i.e. loss of 80% of ongoing liability)

If our remaining schools became Academies and an award of 80% relief was made, the loss on ongoing rates for 2019/20 would be circa £140k.

There are also risks from regeneration works which impact on cash flow, as there will be some properties dropping out of the rating list – to be redeveloped and re-enter the rating list one or two years later.

Finally the changing face of retail and the impact of the potential loss of one or more of the large stores – e.g. Debenhams or M&S, but this will not be exclusive to Blackpool, as most of the Lancashire authorities will share this risk.

Ribble Valley

RVBC's largest ratepayer, excluding the Enterprise zone, is Castle Cement with a rateable value of £1.64m equivalent to 4.4% of our total RV. The rateable value of this assessment fluctuates in accordance with output at the plant, reaching a peak of £1.8m in 2000 and a low of £1.3m as a result of the global financial crisis and the reduction in demand for building materials globally.

Other than that our next 3 highest ratepayers with rateable values around £0.5m mark are our supermarkets and as such any changes to the valuation of that category of premises could have an adverse impact.

The next significant category of property in the area is high end leisure premises, including bars, restaurants and gastro pubs. Again any change to how this category of premises is valued could have an impact on our rates income.

Finally however RVBC has seen consistent growth in RV on a yearly basis since the 1990's. In fact we were one of the only North West authorities that saw an increase in RV as a result of the revaluation in 2017.

Wyre

There are just over 4,000 businesses in Wyre and the majority of these attract small business rates relief or other reliefs.

Businesses with RVs greater than £1m are listed below (two are in the Enterprise Zone and one received Mandatory Relief). Forton Service Station, which caused us issues in 2015/16 appears here.

<b>Liabe Party</b>	<b>Current RV</b>	<b>Valuation Description</b>	<b>MAN Relief</b>	<b>EZ</b>
Victrex Manufacturing Ltd	£2,080,000	CHEMICAL WORKS AND PREMISES WASTE RECYCLING PLANT AND		EZ
Lancashire Renewables Ltd	£1,610,000	PREMISES		EZ
Wm Morrison Supermarkets Plc	£1,590,000	SUPERSTORE AND PREMISES		
Moto Hospitality Ltd	£1,590,000	MOTORWAY SERVICE AREA		
Asda Plc	£1,500,000	SUPERSTORE AND PREMISES SEWAGE TREATMENT WORKS AND		
United Utilities Water Plc	£1,420,000	PREMISES		
Myerscough College	£1,110,000	COLLEGE AND PREMISES	MAN	

Of the 32 Businesses with RVs greater than £200,000 listed below (three are in the Enterprise Zone and five received Mandatory Relief), Wyre Council's Civic Centre and one of our leisure centres are listed so excluding us leaves 30. Large supermarkets feature heavily on both lists. There has been uncertainty over the future of Booths in the last 12 months so this would be an area of concern as two large stores are located in the borough. Similarly if any merger between Asda and Morrisons took place there could be rationalisation of stores.

<b>Liabe Party</b>	<b>Current RV</b>	<b>Valuation Description</b>	<b>MAN Relief</b>	<b>EZ</b>
Department For Works And Pensions	£960,000	OFFICES AND PREMISES		
Booths Supermarkets	£820,000	SUPERSTORE AND PREMISES ELECTRICITY CABLE EASEMENT AND		
Blue Transmissions Walney 2 Ltd	£800,000	PREMISES GARDEN CENTRE MARINA AND		EZ
Barton Grange Group Ltd	£785,000	PREMISES		
Nhsbsa	£740,000	OFFICES AND PREMISES		
E H Booth & Co Ltd	£670,000	SUPERSTORE AND PREMISES		
Lofthouses Of Fleetwood Ltd	£565,000	FACTORY AND PREMISES		
Bourne Leisure Group Ltd	£516,000	CARAVAN PARK AND PREMISES		
Corporation Of Rossall School	£500,000	PRIVATE SCHOOLS & COLLEGES	MAN	
Trillium (Prime) Property Gp Ltd	£492,500	COMPUTER CENTRE AND PREMISES		
Agc Chemicals Europe Ltd	£490,000	CHEMICAL WORKS AND PREMISES		EZ
Leach Structural Steelwork Ltd	£485,000	FACTORY AND PREMISES		
Lidl Uk Gmbh	£455,000	SHOP AND PREMISES		
Guys Eating Establishment Ltd	£438,000	PUBLIC HOUSE AND PREMISES		
Vinnolit Hillhouse Limited	£407,500	CHEMICAL WORKS AND PREMISES		EZ
Sainsburys Supermarkets Ltd	£362,500	SHOP AND PREMISES		
Halsall Toys Europe Ltd	£327,500	WAREHOUSE AND PREMISES		

BUSINESS RATE RISKS FOR EACH COUNCIL

Annex 2

Aldi Stores Ltd	£287,500	SHOP AND PREMISES FOOTBALL TRAINING CENTRE AND PREMISES	
Fleetwood Town Football Club	£279,000	PREMISES	
<b>Wyre Borough Council</b>	<b>£267,500</b>	<b>OFFICES AND PREMISES</b>	
Glasdon Uk Ltd	£265,000	FACTORY AND PREMISES	
Aldi Stores Ltd	£265,000	SHOP AND PREMISES	
Fleetwood Sports College	£242,000	SCHOOL AND PREMISES	MAN
Collinson Plc	£234,000	FACTORY AND PREMISES	
Tj Morris Ltd	£230,000	SHOP AND PREMISES COMMUNICATION STATION AND PREMISES	
Babcock Communications Ltd	£230,000	PREMISES	
Aldi Stores Ltd	£223,000	SHOP AND PREMISES	
Baines High School	£218,000	SCHOOL AND PREMISES	MAN
Dewlay Products Ltd	£215,000	FACTORY AND PREMISES	
Hodgson Academy	£205,000	SCHOOL AND PREMISES	MAN
Millfield High School	£203,000	SCHOOL & PREMISES	
<b>Fylde Coast Ymca</b>	<b>£200,000</b>	<b>SPORTS CENTRE AND PREMISES</b>	<b>MAN</b>

Rossendale

Two NHS properties have indicated that they may seek to apply for Charitable Relief status with RVs of £142,000 and £63,000. There are six others who may also apply with a total RV of £104,250.

1. RV £36.3m
2. No of properties 2,724
3. 20% of properties make up 76% of RV
4. c.900 (33%) businesses actually NNDR payers due to SBRE or other exemptions as follows:

<b>NNDR (2018)</b>				
	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>July</b>
Total Properties	2723	2721	2720	2725
Accounts with Zero RV	46	46	46	45
Exempt	340	337	341	333
Charitable	11	11	11	12
100% SBRE cases	1333	1338	1342	1339
Council Properties	92	92	92	92
Total Non Payers	1822	1824	1832	1821
Net no of payers	901	897	888	904
No of direct debit payers	439	467	462	468
% DD of payers	48.7%	52.1%	52.0%	51.8%

5. Tesco, ASDA, Lidl, Aldi, Home Bargains, Morrison's make up 16.2% of RV
6. Largest business ASDA at £2.11m RV (5.8% of total)
7. Profile dominated by light industrial trading: Warehouses, Workshops, Stores, etc.
8. In addition only 13 factories or Mills with RVs in excess of £100k totalling £3.4m (9% of RV / Average £262k RV per unit)
9. Rossendale has ambitions to develop the Town Centre over the next year. Land is in the Council's ownership and should create additional RV of c£600k. One private site under development with RV estimated at c£250k. Other than this there is a shortage of employment sites going forward so NNDR near to its peak.
10. Bad debt provisions 19.3% of year end debt. Appeals provision £2.1m – this is on the prudent side when compared to "Analyse Local".
11. No indication as yet of a negative material impact as a result of Brexit.
12. NNRD 1 forecast surplus

**Conclusion**

Given the presence of national supermarkets supported by a range of SMEs (a number of which benefit from SBRE), Rossendale would expect to continue its NNDR surplus over the short to medium term, assuming existing legislative arrangements (SBRE/Exemptions, etc) continue. The forecast £1.2m surplus in the 75% pilot would seem an ample buffer to any potential RV loss over the medium term (equivalent to c £2m fall in RV).



South Ribble

Total RV for South Ribble (at 25 Jul 18) £88.7m, of which £59.4m is Commercial and £17.2m is Industrial

The Top 5 RVs are:

SAINSBURYS	£2.5m
LEYLAND TRUCKS LTD	£2.1m
FARINGTON WASTE RECOVERY PARK	£1.9m
TESCO	£1.9m
MORRISONS	£1.7m

In terms of any individual risks, as a high proportion of the RV is Commercial and Industrial there is always a risk of businesses going under but there is nothing of any significance locally that we are aware of currently.

I don't anticipate that City Deal will be an issue for this proposal as the business rates for City Deal is for specific sites which haven't come forward yet – however it may just be one aspect that I need to give clarify on internally at South Ribble.

Chorley

Our Top 10 RVs are as follows:

10400427908111	TESCO	FOXHOLE ROAD	CHORLEY		PR7 1NW	2,020,000
10174740990313	ASDA CLAYTON GREEN CENTRE	SHEEP HILL LANE	CLAYTON-LE-WOODS	CHORLEY	PR6 7ER	1,910,000
10163325913003	CHARNOCK RICHARD MOTORWAY SERVICES	MILL LANE	CHARNOCK RICHARD	CHORLEY	PR7 5LR	1,760,000
10405156902000	PRESTON TEMPLE COMPLEX	CHORLEY			PR6 7EQ	1,540,000
10400202901100	ASDA SUPERSTORE	BOLTON STREET	CHORLEY		PR7 3DL	1,520,000
10400220800100	W M MORRISON PLC	BROOKE STREET	CHORLEY		PR7 3BY	1,380,000
10400231902000	UNIT 6	REVOLUTION PARK	BUCKSHAW AVENUE	BUCKSHAW VILLAGE	PR7 7DW	1,350,000
10400722912000	CHORLEY & SOUTH RIBBLE DISTRICT	GENERAL HOSPITAL	PRESTON ROAD	CHORLEY	PR7 1PP	1,240,000
10400231901000	LOGISTICS HOUSE	BUCKSHAW AVENUE	BUCKSHAW VILLAGE	CHORLEY	PR6 7AJ	1,150,000
10305435104400	HM PRISON GARTH	ULNES WALTON LANE	LEYLAND		PR26 8NE	1,050,000

The hospital is already subject to an appeal for a backdated RV reduction, and backdated mandatory charitable relief.

The District Valuer reduced the RV of Charnock Richard Motorway Services a couple of years ago. Hopefully would not reduce any further.

On reflection, there is a risk in respect of the highlighted entry. See the attached PDF. If we had to treat the Mormon Church as a religion rather than a business, we would lose income.

**BLACKBURN WITH DARWEN BC**

Number and amount	Collectable Debit paid	Percentage of collectable debit
97 businesses pay over £100k	£22,763,242	51%
96 businesses pay £50k - £100k	£6,797,755	15%
169 businesses pay £25k - £50k	£5,987,514	13%
354 businesses pay £10k - £25k	£5,569,462	12%
321 businesses pay £5k - £10k	£2,407,659	5%
549 businesses pay £50 - £5k	£1,123,779	3%

**\*Table excludes BwD accounts and debit of £2.9m**

- Excluding BwD accounts (£2.9m)
- 1,586 businesses within the borough paying Business Rates (out of 6,536 properties)
- 97 businesses and £22,842,719
  - 42 industrial (£8.8m)
  - 35 Retail (£6.9m)
  - 6 Supermarkets (£2.8m)
  - 5 Public (excluding BwD) (£2.3m)
  - 6 offices (£1.2m)
  - 3 Leisure (£800k)

1	EAST LANCASHIRE HOSPITALS NHS TRUST	2017 Uns	£ 1,488,826.32
2	ASDA STORES LIMITED	2017 Uns	£ 775,432.80
3	TESCO STORES LTD	2017 Uns	£ 764,160.19
4	WM MORRISON SUPERMARKETS PLC	2017 Uns	£ 695,709.75
5	B & Q SUPERCENTRES PLC	2017 Uns	£ 641,309.03
6	BLACKBURN ROVERS FOOTBALL CLUB	2017 Uns	£ 569,363.97
7	ACCROL PAPERS LTD	2017 Uns	£ 532,132.02
8	VIRGIN MEDIA LIMITED	2017 Uns	£ 517,447.41
9	DAVE WHELAN SPORTS LTD	2017 Uns	£ 511,327.17
10	BUNZI RETAIL & HEALTHCARE SUPPLIES LIMITED T/A MDA	2017 Uns	£ 507,321.38
11	THE MALL LIMITED PARTNERSHIP	2017 Uns	£ 454,504.25
12	CROWN PAINTS LTD	2017 Uns	£ 405,605.38
13	RPC CONTAINERS LTD	2017 Uns	£ 400,402.27
14	CAPITA BUSINESS SERVICES LTD	2017 Uns	£ 398,586.67
15	SALLY SALON SERVICES LIMITED	2017 Uns	£ 368,167.50
16	GRAHAM & BROWN LTD	2017 Uns	£ 365,492.47
17	DEBENHAMS PLC	2017 Uns	£ 335,300.00

BUSINESS RATE RISKS FOR EACH COUNCIL

	PENTLAND DISTRIBUTION SERVICES PART OF PENTLAND BRAND		
18	PLC	2017 Uns	£ 301,770.00
19	PRIMARK LTD	2017 Uns	£ 289,431.28
20	NEXT RETAIL PLC	2017 Uns	£ 282,825.48
21	BOOTS UK LIMITED	2017 Uns	£ 276,200.92
22	DEPARTMENT FOR WORK & PENSIONS	2017 Uns	£ 269,885.79
23	J SAINSBURY LTD	2017 Uns	£ 264,645.80
24	SCOTTISH POWER GENERATION LTD	2017 Uns	£ 259,594.93
25	WEC GROUP LIMITED	2017 Uns	£ 253,977.51

**Preston City Council**

The total RV for Preston as at 12th September is £151,148,772

The top ten list of rateable properties:

<b>ADDRESS</b>	<b>HEREDITAMENT INFORMATION</b>	<b>RATEABLE VALUE 2017 LIST</b>	<b>No of RV changes since 2000</b>	<b>2018/19 Charge</b>
ROYAL PRESTON HOSPITAL	HOSPITAL AND PREMISES	<b>3,250,000</b>	4 since 2015	£1,602,250.00
VIRGIN MEDIA	TELECOMMUNICATIONS CABLE NETWORK AND PREMISES	<b>2,840,000</b>	3 since 2009	£828,004.96
ASDA SUPERSTORE, PITTMAN WAY	SUPERSTORE AND PREMISES	<b>2,600,000</b>	2 since 2015	£1,317,781.66
J SAINSBURY, FLINTOFF WAY	SUPERSTORE AND PREMISES	<b>2,170,000</b>	2 since 2015	£1,126,107.36
MORRISONS, MARINERS WAY	SUPERSTORE AND PREMISES	<b>1,950,000</b>	2 since 2016	£1,011,596.78
UCL SOUTH CAMPUS	UNIVERSITY AND PREMISES	<b>1,490,000</b>	3 since 2016	£146,914.00
JAMES HALL & CO SPAR DISTRIBUTION CENTRE,	WAREHOUSE AND PREMISES	<b>1,430,000</b>	2 since 2011	£735,014.55
W M MORRISON PLC 89-91, BLACKPOOL ROAD	SUPERSTORE AND PREMISES	<b>1,380,000</b>	2 since 2013	£680,340.00
PRESTON COLLEGE, ST VINCENTS ROAD	COLLEGE AND PREMISES	<b>1,210,000</b>	14 since 1995	£119,306.00
LAW COURTS, RING WAY	LAW COURT AND PREMISES	<b>1,190,000</b>	4 since 2000	£586,670.00

The current risks (non appeals) are the NHS issue as the test cases have not been resolved by the Courts yet, and the increasing use of rate mitigation tactics by owners of empty properties to maximise exemption from empty rates. There have been recent court decisions that do not assist local government in trying to prevent this.

Over the last five years there has been a mix of being in safety net position, slight negative growth and growth. In the first half of 2017/18 there was a reduction in business rate income of £0.5m relating to changes on the ratings list other than appeals.

The RV of business with outstanding appeals is circa £60m, the average historical success rate is 40.35% with an Average RV reduction of 14%

The NNDR 1 for Preston in 2018/19 is currently in negative growth however there has been a slight increase in RV during the year and there are a number of potential growth areas such as the Shankley Hotel which is currently being built and new Industrial units in Preston East.

Therefore the main risk for Preston in going into the Pool is loss of the safety net protection. If the VO was to revalue / or take a major hereditament off the list and business income reduce say £1m this cost would impact on the Council's revenue budget. This means the general fund reserve would have to fund the negative growth which if out of a Pool the Government would fund as part of the safety net. However, if the business rates income was to grow that there is a potential for the Council to receive additional business rate income and assist the pilot bid by being included.

**HYDBURN BC**

The rateable value for Hyndburn is currently £21.3 million. The Council has significant risks in terms of appeals, business closures and non-payment.

Over 10% of our rateable value is enshrined in 3 properties all have lodged appeals for a reassessment. Our 10 largest properties are over 21% of our overall value and we have 30% of our value invested in just 20 properties. Half of our Rateable Value £10.1m comes from just 50 of over 3000 properties. Almost all of our large ratepayers are either manufacturers or retail outlets and these are areas within the local and national economy that are known to be struggling. These businesses are therefore pressing hard for reduction in business rates via appeals and have the jeopardy that they might fail. Due to the lack of diversity amongst the largest ratepayers in terms of the nature of their businesses, it is possible that should one fail it is likely the others will be struggling and therefore we could be hit very quickly with a series of difficulties.

Mandatory Relief is a significant proportion of our Business Rates at over 20%. It started the year at £4.5m and is already almost £5m at the end of August a growth of 10% in 5 months. In addition a significant part of the manufacturing base is focused on the export market and uncertainty around Brexit and the possible consequences of leaving the EU threaten may threaten the viability of some of these options.

Currently there are over 150 appeals against the Rateable Value, with an Appeals RV of over £31m which will translate into 70% of the annual rates collected, with most of the claims covering multiple years. It continues to be impossible to forecast the outcome of appeals either in terms of when a decision will be made or the cost. So we can provide no meaningful forecast over what the impact will be in the next financial year of appeals that are settled.

This is the current list of schools that LCC are aware of who potentially could be converting to Academy status. The last four on the list (Pendle) have just converted and for the others the timeframes are far from certain but 12 to 18 months is a reasonable estimate.

<b>School</b>	<b>Area</b>
Wennington Hall	Lancaster
Morecambe High	Lancaster
Chadwick Centre	Lancaster
Longridge High	Ribble Valley
Adlington St Paul's CE	Chorley
St Augustine RC Primary	Burnley
St John The Baptist	Burnley
Shuttleworth College	Burnley
Blessed Trinity RC	Burnley
Thomas Whitham 6th Form	Burnley
Barrowford	Pendle
West Street Primary	Pendle
Marsden Heights	Pendle
Hendon Brook	Pendle
Bacup St Mary's RC	Rossendale
All Saints RC High	Rossendale
Fearn's Community College	Rossendale
Blacko Primary School	Pendle
Laneshaw Bridge Primary School	Pendle
Lord Street Primary School	Pendle
Colne Park High	Pendle



Hi Jane,

Yes, assuming that authorities in the current Lancashire Business Rate Pool haven't successfully applied as part of any other pilot pool, and with agreement in place from all members of the proposed pool, you could request to automatically revert back to the existing Lancashire Business Rate pooling arrangements with its current membership.

Kind regards,

**Sanna Jenkins**

Local Government Finance Reform and Pensions

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Ministry of Housing, Communities & Local Government

**From:** Jane Pearson [<mailto:Jane.Pearson@ribblevalley.gcsx.gov.uk>]

**Sent:** 14 September 2018 15:40

**To:** Sanna Jenkins; David Bull

**Subject:** RE: Joint MHCLG/LGA session for prospective 75% Pilot

Many thanks for this Sanna

I just have one further question for you on our prospective pilot pool application.....

- On the application from the question is asked as to what pooling arrangements we would like you to put in place if our pilot application is unsuccessful. In this scenario we need to know if the Government would agree to our request to automatically revert back to the existing Lancashire Business Rate Pool with its current membership?

I appreciate you will be very busy dealing with queries but wonder if you could answer what is a crucial question for our prospective Lancashire pilot application as soon as possible, as this is a key consideration for us all

Kind regards

Jane

**Jane Pearson | Director of Resources**

Ribble Valley Borough Council, Council Offices, Church Walk, Clitheroe, Lancashire BB7 2RA

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**From:** Sanna Jenkins [<mailto:Sanna.Jenkins@communities.gsi.gov.uk>]

**Sent:** 12 September 2018 13:36

**To:** Jane Pearson

**Cc:** David Bull; Business Rates Pilots

**Subject:** RE: Joint MHCLG/LGA session for prospective 75% Pilot

Hi Jane,

Thanks for your email.

I have replied to your questions below in red.

To benefit all prospective applicants, we are publishing all questions that we receive in relation to pilot applications on the Q&A section of our pilot prospectus website:  
<https://www.gov.uk/government/publications/75-business-rates-retention-pilots-2019-to-2020-prospectus>.  
All questions will be anonymised so that the website won't show who has asked the questions.

We will be shortly updating this page to also include your questions and the questions that were asked during the pilots Q&A event. I hope this may help.

Kind regards,

**Sanna Jenkins**

Local Government Finance Reform and Pensions

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Ministry of Housing, Communities & Local Government

**From:** David Bull  
**Sent:** 03 September 2018 11:20  
**To:** Sanna Jenkins  
**Subject:** FW: Joint MHCLG/LGA session for prospective 75% Pilot

Hi Sanna

Could you please look to get back to Jane on the Piloting questions below please ?

Thank you  
David

**From:** Jane Pearson [<mailto:Jane.Pearson@ribblevalley.gcsx.gov.uk>]  
**Sent:** 03 September 2018 11:12  
**To:** David Bull  
**Subject:** Joint MHCLG/LGA session for prospective 75% Pilot

Hi David

Unfortunately I am unable to attend the session this afternoon.

Just a few questions though If you don't mind raising them.

1. *We (in our modelling) have assumed that negative rsg will also be rolled in to the calculations of tariffs and top-ups. Is this correct? Obviously separately the Government are consulting on proposals to eliminate negative rsg from business rate receipts.*

*As you mention, the Government is currently consulting on proposals for negative RSG in 2019/20 and our preferred option is to remove the impact of negative RSG by reverting tariffs and top ups to what they would be if there was no negative RSG. Any final decision made in relation to this would be applicable to both piloting and non-piloting authorities in 2019/20.*

2. *Would you expect Fire & Rescue Authorities to be in the new pilots?*

*As set in 2.4, we would expect a proposed pool to comprise a county council and all of the associated district councils; a group of unitary authorities; or a two-tier areas and adjoining unitaries, but it should extend across a functional economic area. Proposals will need to set out tier split arrangements of all precepting authorities, including Fire and Rescue authorities.*

*Should the Fire and Rescue Authority not be included in the proposal, and unless it was locally agreed otherwise, the Fire and Rescue Authority would continue to receive the same share of business rates as they would have done under the current 50% business rates retention system.*

3. *With regard to question k on the application form – what is the Government’s thinking? The more diverse an area’s business rates base the more likely the pilot application would be approved?*

*Question K is linked with further criteria 3.3 in the prospectus. We may refer to this criteria, if necessary, to ensure that a variety of useful pilots are created. We are interested in piloting 75% BRR with a range of different pooling, governance and tier split arrangements to be tested. We are also interested in testing 75% BRR in different geographies and in areas with different types of business rate bases, and therefore piloting in areas with complex or simple business rate bases would be of similar interest to us.*

4. *With regard to ‘jointly managing risk and reward’ what would your views be on each member receiving ‘their earned growth’ (following agreement of new tier splits) as opposed to putting the additional growth in an investment pot.*

*As per 3.2b of the prospectus, proposals should demonstrate how pooled income from growth will be used across the pilot area to either boost further growth, promote financial sustainability or a combination of these. There is no requirement for the money to be put in an investment pot, but we are interested in innovative approaches and your answer could cover how additional growth is split between different priorities and the pooled authorities.*

Many thanks  
Jane

**Jane Pearson | Director of Resources**

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