



Portfolio Holder Report

The Portfolio Holder will make a decision on this item after seven days have elapsed (including the date of publication).

Report of:	Portfolio Holder	Date of Publication
Mark Billington, Service Director People and Places	Councillor Alan Vincent, Resources Portfolio Holder	17 January 2019

Profiling of local Business Rates

1. Purpose of report

- 1.1 The Local Government Finance Act 2012 included the localisation of Business Rates. This gives the council the opportunity to generate income via the collection of increased business rates through growth. The purchase of specialised business rate forecasting and analysing software will enable the council to maximise the income available from the businesses currently operating in the borough.

2. Outcomes

- 2.1 The generation of additional income from business rates.

3. Recommendations

- 3.1 That the purchase of the Inform CPI Ltd Analyse Local Forecasting (Analyse Local) and Retention Maximisation software be agreed, initially for one year, at a cost of £7,500 together with an additional one-off cost of 10% of the value of any new or increased Rateable Value identified by Analyse Local through their RV Finder product.
- 3.2 That approval be given to deal with the acquisition under the exemptions to Contract Procedures contained within the Financial Regulations and Financial Procedures Rules on the grounds 'that the goods, works or services are of a specialised nature carried out by only one or a limited number of firms with no reasonably satisfactory alternatives available'.

4. Background

4.1 The government plans to increase the share of business rates English councils retain from 50% to 75% in April 2020 and is also currently piloting 100% retention and planning to pilot 75% retention in various parts of the country. This is a major change to local government funding. The aim is to increase the incentives councils have to grow these revenues and their local economies. Wyre is currently a member of the Lancashire Business Rates Pool and has successfully participated in an application to become a pilot authority for 75% business rates retention in 2019/20 across most of Lancashire. This new pilot pool will commence on 1 April 2019.

4.2 Whilst there is currently no certainty as to whether or not business rate retention will become the sole method of providing council funding in the long-term, it is accepted that it now forms the majority of our current formula funding. It is therefore important that the council is in a position where it maximises the value of its business rates database. Maximisation can be achieved by encouraging new growth in the borough and by ensuring that the existing local rating list is accurate and reflects the correct values of existing commercial property in the borough.

4.3 There is a statutory requirement on all billing authorities to calculate how much business rate income each authority is likely to receive in the coming year. This forecast has to be submitted to the Ministry for Housing, Communities and Local Government (MHCLG) and relevant precepting authorities each January prior to the following financial year and it continues to be monitored during the year.

4.4 In order to complete the forecast the council must endeavour to anticipate collection implications and alterations to the local rating list which can be amended for a variety of reasons:

- Owners and occupiers can challenge the 2017 rateable value attributed to their properties by submitting a proposal to the valuation office agency (VOA).
- The VOA can amend values where they believe there is an inaccuracy without receiving a proposal because:
 - a) There has been a change to the tone of the valuation scheme in which the property has been ascribed
 - b) A material change of circumstances has occurred that affects the value of the property.
- Refunds owing to liability amendments or corrections.

4.5 The legacy of changes to the business rates system over the years means that the local rating list is not as accurate or up-to-date as required. This has been demonstrated by Institute of Revenues Rating and Valuation research which highlights instances where:

- hereditaments were not in the 2017 rating list
- properties are under-assessed owing to inaccurate floor value or size of hereditament
- newly built and properties ready for completion have no completion notice served
- properties that will soon be empty or where a change of occupier has occurred are not recognised.

Whilst regular business rates inspections are now being conducted across the borough, a combination of its size and restricted access to the land and premises where some of the unregistered businesses are likely to be found, means that an alternative means is required to identify businesses that are not currently included in the database.

5. Key issues and proposals

5.1 Analyse Local will, using information from their existing rating database, estimate the value of outstanding proposals and calculate the impact on Local Authority income enabling the preparation of sound and prudent estimates of business rate income for the forthcoming financial year that will include the effect of backdating, discounts and reliefs. Analyse Local will monitor and estimate changes caused by:

- The evaluated success of lodged proposals
- Valuation Office Notices (VON's) for tone reductions (Scheme Watch).
- The retrospective issue of transitional certificates
- VON's for Material Change of Circumstances (MCC) reductions
- Losses due to historical audit cases

5.2 The Analyse Local/IRRV solution for both business rate forecasting and retention maximisation is charged as a flat fee per annum plus a 10% contingency percentage of the missing or undervalued property only once it is actually corrected or inserted into the local rating list.

5.3 There are no staffing implications for the council as the report from Analyse Local will include all of the information necessary for the Borough to ask the VOA to take the appropriate action. The product will reduce the need for council staff to forecast appeals, and as a bi-product of the system, the council will be alerted to properties that are available to be let, which will target inspections more accurately.

5.4 Analyse Local will be provided using the latest web based technology. It is specifically designed to be accessed by remote workers and mobile devices with the appropriate data security measures in place.

5.5 Reporting will be parameter driven to enable officers to extract relevant and up to date information as required. The option to specify bespoke reports is also available.

6. Delegated functions

6.1 The matters referred to in this report are considered under the following Executive Function delegated to the Resources Portfolio Holder (as set out in Part 3 of the Council’s Constitution): “To consider departures from Rules relating to financial and contractual matters if appropriate.”

Financial and legal implications	
Finance	<p>The purchase of Analyse Local software for an initial period of one year will cost £7,500 and will be funded from spare capacity within staffing budgets in the Contact Centre.</p> <p>There will be an additional one-off cost of 10% of the value of any new or increased Rateable Value identified by Inform CPI through their RV Finder product which will be met from additional income generated.</p> <p>The procurement would be made using the exemptions to Contract Procedures contained within the Financial Regulations and Financial Procedure Rules on the grounds that ‘That the goods, works or services are of a specialised nature carried out by only one or a limited number of firms with no reasonably satisfactory alternatives available’.</p>
Legal	This will involve entering into a formal legal contract.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	✓
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

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List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

None

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