

RECOMMENDED that: approval is given for the Director of Finance to sign the memorandum of understanding for the proposed 2021/22 Hertfordshire-wide business rates pool on behalf of Broxbourne Borough Council.

Purpose

To seek authorisation for the Director of Finance to sign the memorandum of understanding for the proposed 2021/22 Hertfordshire-wide business rates on behalf of Broxbourne Borough Council.

Background

For a number of years the Ministry for Communities, Housing and Local Government (MHCLG) has offered local authorities the opportunities to form a local business rates pool.

A business rates pool is formed to allow the members to maximise their business rates receipts by reducing the levy they have to pay on any growth achieved. In order to ensure that the benefits of forming a pool are maximised, the membership of the pool is reviewed each year. The review for 2020/21 resulted in Broxbourne not being included.

2021/22 Pool

As in previous years, LG Futures has been engaged to model the potential pool for Hertfordshire for 2021/22 and to recommend the best possible combination of districts to make up the pool membership alongside the County Council. The modelling has included a number of scenarios relating to the potential longer term impact of Covid-19 on business rates receipts.

This work has indicated that the optimum membership of a pool for 2021/22 is Broxbourne, Dacorum, Hertsmere, North Hertfordshire, Three Rivers District and Borough Councils and Hertfordshire County Council.

In order to form a pool, an application is made to the Ministry for Communities, Housing and Local Government (MHCLG) and all member councils must sign a memorandum of understanding.

Financial, Legal and Risk Management Implications

Based on the work done by LG Futures, it is projected that, by being a member of the pool, Broxbourne will receive additional income of £400k. As this is projected income and can be influenced by various factors, it will not be included in the 2021/22 budget, but once the amount of additional income is confirmed and received (at the end of the 2021/22 financial year), it will be put into a reserve to support on-going regeneration or economic development projects within the Borough.

Alternative Options Considered and Rejected

The Council could chose not to enter the Pool, but this would mean missing out on the opportunity to maximise income from business rates.

Contribution to the Council's Objectives and Environmental Sustainability Priorities

Maximising business rates income will support the following corporate objectives:

- Pursue the implementation of the housing and infrastructure needed to support a thriving economy (by generating additional income which can be set aside in a reserve to support key projects)
- Maintain a stable financial position

Conclusion

Approval is requested for the Director of Finance, as the Section 151 Officer, be given delegated authority to sign the memorandum of understanding on behalf of Broxbourne Borough Council and that Broxbourne be included in the 2021/22 Hertfordshire business rates pool.

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Date

5 November 2020

Action reported to the Cabinet on:
