

CABINET

26th SEPTEMBER 2012

POOLING OF BUSINESS RATES – DRAFT GOVERNANCE ARRANGEMENTS

Relevant Portfolio Holder	Councillor Roger Hollingworth, Portfolio Holder for Finance, Partnerships and Economic Development
Relevant Head of Service	Jayne Pickering, Executive Director Finance and Corporate Resources
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To present members with the current position on the draft Governance agreement in relation to the pooling of business rates with a number of authorities within the Greater Birmingham and Solihull Local Enterprise Partnership.

2. RECOMMENDATIONS

- 2.1 That Cabinet consider and comment on the draft governance arrangements as attached at Appendix 1**
- 2.2 The Cabinet recommend to Council that the authority be delegated to the Chief Executive and S151 officer in conjunction with the Leader to finalise the agreement by 19th October 2012**

3. KEY ISSUES

Financial Implications

- 3.1** As previously reported to members, the pooling of business rates will enable participating Councils to increase the funding available from additional growth to be utilised for economic development activities together with reducing the requirement to repay elements of additional growth to Central Government to Central Government.
- 3.2** The Council has currently expressed a formal interest to join the Greater Birmingham and Solihull pooling arrangement. There remains the opportunity to withdraw from this position following receipt of the Finance Settlement in December / January 2013. The proposed Governance arrangements would be effective from April 2013 and therefore apply only if the Council continued to be part of the pooling arrangement.

Governance Arrangements

- 3.3 Attached at Appendix 1 are the current draft Governance arrangements that have been prepared by legal officers across the participating Councils and submitted in draft to DCLG to demonstrate the commitment to the pooling mechanism.
- 3.4 The relevant points for consideration within the draft arrangements are:
- All members of the pool will have equal voting rights via their GBS Pool Leader (who form the Executive Body)
 - No individual authority can make or veto decisions
 - Any decision of the Executive Body will be agreed unless there is more than one dissenting vote
 - Admission of any new members requires a unanimous vote
 - Quorum for meetings is 50% of Pool Leaders
- 3.5 Within the current draft arrangements there are a number of issues that require further discussion and resolve. For example there does not seem to be any mechanism for resolving disputes if there is more than one dissenting vote. Officers are currently working with colleagues across the participating Councils to ensure this issue is resolved prior to the final agreement on 19th October.

Legal Implications

- 3.6 As previously reported the overall principles of the scheme are governed by the Local Government Finance legislation and that the Council is in the first instance expressing interest in accordance with the government directive on this point.
- 3.7 As part of the requirement for pooling proposals the Council and the preferred pooling partners are required to present governance arrangements setting out the way in which pooling will be administered by 19th October 2012. Members are advised that a delegation will be required to section 151 officer and CEO in consultation with the Leader to finalise these in accordance with the pooling timeline.

Service/Operational Implications

- 3.8 The effective and robust governance arrangements will ensure that resources can be utilised across the Councils to provide services to the community.

Customer / Equalities and Diversity Implications

- 3.9 The effective use of the business rate pooling will ensure funds are appropriately utilised to meet customer demand.

4. RISK MANAGEMENT

The governance arrangements will ensure that the Council has sound processes in place to mitigate any risks associated with working across a number of partner authorities.

5. APPENDICES

Draft Governance Arrangements – Appendix 1

6. BACKGROUND PAPERS

Business Rate Pooling – working papers and legislative documents

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