

TO: **POLICY AND RESOURCES COMMITTEE**

Thursday, 21 September 2017

FROM: **FINANCE COMMITTEE**

Tuesday, 12 September 2017

PILOT SCHEME FOR BUSINESS RATES DEVOLUTION IN LONDON

The Committee considered a joint report of the Chamberlain and the Remembrancer in respect of a pilot scheme for business rates devolution in London. Members noted that London Councils was seeking an 'in principle' view from its constituent authorities and the report was also due to be considered by the Policy and Resources Committee on 21 September 2017.

During the debate and questions on this item, the following points were highlighted:

- Members asked for assurance that any proposals for a longer term commitment come back to them for decision, with an analysis of the benefits and risks;
- Would a 2 year pilot scheme be preferable? i.e. allowing an evaluation after 1 year;
- Members were reassured that no penalties would be incurred during the initial pilot, consistent with the 'no detriment' clause;
- Members noted that the pilot would only apply to growth in business rates and that there were no implications for the method of base allocation within the London region;
- The City of London Corporation stood to gain between £10-20m in 2018/19, should the pilot proceed.

In concluding, the Chairman asked for a note of the above debate to be included in the Finance Committee's Resolution to the Policy and Resources Committee.

RESOLVED, that – the Finance Committee endorse the following recommendation to the Policy and Resources Committee:

The Policy and Resources Committee authorise the Chairman (or her representative), at the next meeting of the London Councils Congress of Leaders, to:

1. express 'in principle' support for the rates retention pilot scheme set out in London Councils' Draft Prospectus, on condition that the final arrangements include sufficient protection for the position of the City Corporation, so that revenue attributable to the City Premium, the City Offset and the City's formula allocation are unaffected and remain under the City's control;
2. support a method of distribution of any financial dividend from the scheme which either gives relatively high weight to the retention, by the Local Authority, of revenue growth where it is generated, or gives equal weight to that factor alongside those of population, need, and collective investment.