

SCRUTINY BOARD (STRATEGY AND RESOURCES)

THURSDAY, 14TH SEPTEMBER, 2017

PRESENT: Councillor P Grahame in the Chair

Councillors S Bentley, D Blackburn,
A Garthwaite, R Grahame, P Harrand,
J McKenna, D Nagle, E Tunnicliffe and
R Wood

23 Late Items

There were no late items of business.

24 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interest.

25 Apologies for Absence and Notification of Substitutes

The following apologies for absence and notifications of substitute members attending were received at the meeting:

- Councillor A Sobel – Councillor R Grahame attending as a substitute member
- Councillor T Wilford – Councillor D Blackburn attending as a substitute member

26 Minutes - 21 July 2017

The draft minutes of the meeting held on 21 July 2017 were agreed as an accurate record, subject to the following amendment:

- Minute 22 – Date and time of next meeting to read Thursday, 14 September 2017 rather than Friday, 14 September 2017.

27 Review of Current Business Rates Issues

The Deputy Chief Executive submitted a report setting out a range of business rates issues and the associated risk environment for the Council.

The following were in attendance to introduce the item and address questions from the Scrutiny Board:

- Cllr James Lewis – Executive Member for Strategy and Resources
- Richard Ellis – Head of Finance (Communities & Environment, Resources & Housing, Corporate Finance)
- Naomi Eastwood – Senior Financial Manager (Financial Management (Corporate))
- Mark Amson – Business Rates Manager

In introducing the report, the Head of Finance outlined the purpose of the report was to provide a briefing on current business rates issues, to help the Scrutiny Board more fully understand the risk environment around business rates and, where applicable, to provide assurances about the arrangements in place to manage those risks.

During the introduction, the Head of Finance and the Executive Board Member made specific reference to the current system of 50% retention of business rates by local authorities. The previous system had consisted of local authorities collecting business rates and returning to central government for redistribution. It was also highlighted that previous suggestions a 100% retention business rates system was unlikely to materialise in the foreseeable future.

The Head of Finance and the Executive Board Member also made reference to the Council's increasing reliance on income from business rates, with a shift away from direct government grant (Revenue Support Grant) and income from business rates forming a larger proportion of the Council's overall revenue budget. The Board's attention was also drawn to the volatility of business rates and, as a result, the associated risks, which included:

- Slower than forecast growth;
- The impact of mandatory reliefs determined by Government;
- Reductions in rateable value determined by the Valuation Office Agency; and most significantly,
- Reductions in rateable value as a result of business rate appeals.

The Scrutiny Board was reminded that the Council was not responsible for setting rateable values or determining mandatory reliefs. In addition, the Council did not have any role in the appeals process.

The Scrutiny Board considered the report and the summary provided at the meeting; making a number of observations and highlighting a number of concerns, which included:

- The appeals process and associated timescales, including consideration of ways to expedite the process.
- The current level of outstanding rate appeals across Leeds – which was in excess of 4200.
- The current £14.46 million provision set aside by the Council for potential business rate rebates, and the associated rationale for the level of identified provision (it was agreed a separate note on the rationale would be provided to members of the Scrutiny Board).
- The reliance of the business rate system on 'rateable values' of business properties, with no account of other factors such as turnover or profit.
- The basis of appeals being around the 'tone of the list', material changes or physical alterations.
- The timeliness of the Council becoming aware of appeals being logged by the Valuation Office Agency (VOA).
- The role of the Local Government Association in highlighting the implications and concerns not only of Leeds, but of local authority areas more generally.

- Matters associated with accounting for business rates income through the Council's collection fund.
- The transparency of the appeals process, including tribunals.

During the discussion at the meeting, the Scrutiny Board agreed to invite representatives of the Valuation Office Agency to attend a future meeting and to consider arrangements for attending and observing a business rates valuation tribunal.

On conclusion of the discussion, the Chair thanked the Executive Board Member and officers for their attendance and contribution to the discussion.

RESOLVED –

- (a) That the details set out in the report and discussed at the meeting be noted.
- (b) That appropriate representatives of the Valuation Office Agency be invited to attend a future meeting of the Scrutiny Board.
- (c) That the possibility of attending and observing a business rates valuation tribunal, including timings and the venue, be explored and reported back to the Scrutiny Board.

28 Work Schedule

The Head of Governance and Scrutiny Support submitted a report setting out the Scrutiny Board's outline work programme for the remainder of the 2017/18 municipal year.

RESOLVED –

That the report be noted and the outline work schedule presented at the meeting be agreed, subject to the routine timetabling discussions with the Chair of the Scrutiny Board.

29 Date and Time of Next Meeting

Thursday, 26 October 2017 at 10:30am (pre-meeting for all Board members at 10:00am).

The meeting closed at 11:35 a.m.