

 <p>Brent</p>	<p>Resources and Public Realm Scrutiny Committee 8 November 2016</p> <p>Report from the Director of Performance, Policy and Partnerships</p>
For Information	
<p>Covering Report for Scrutiny Task Group The Devolution of Business Rates</p>	

1.0 Summary

- 1.1 This task group has been requested by the Scrutiny Members to ensure Brent council has the knowledge and understanding to respond to the devolution of business rates policy change; achieving the best financial outcomes for the borough.
- 1.2 The purpose of the task group is to review the background to the policy development, analyse the current themes and direction coming out of the current consultation work; ensuring Brent minimises the risks and takes advantage of the opportunities offered by the policy change.
- 1.3 The review was concerned with the wider strategies of business growth, including employment and skills. Engagement with the local business sectors, joint London and sub-regional working and identifying risks to Brent.
- 1.4 The review is aligned with borough priorities, such as the council's 2020 Outcome Based Reviews (OBRs) Employment Support and Welfare Reform and Regeneration (physical, social and environmental). The council's borough plan 2015-19 Better Place, emphasises increasing the supply of affordable, good quality housing; and Better Lives highlights supporting local enterprise, generating jobs for local people and helping people into work.

2.0 Recommendations

- 2.1 Members of the Resources and Public Realm Scrutiny Committee consider the contents of the Devolution of Business Rates task group report.
- 2.2 Members of the Resources and Public Realm Scrutiny approve the eleven recommendations made by the task group and support the development of an action plan across the council and partner organisations to take these forward.
- 2.3 The Resources and Public Realm Scrutiny agree to receive a progress report against the recommendations in six months' time.

3.0 Detail

- 3.1 Primarily, the task group started by collecting information about the proposed devolution of business rates policy change. The task group reviewed evidence and opinions gathered from Central Government and Ministers who were invited to contribute through discussion groups, meetings and visits.

The task group then met with Council Officers, West London Business Consortium and The Small Business Federation. Local business groups were also invited to attend along with Brent partners. As part of the discussion group other local councils attended and added their knowledge which enriched the quality of the discussions held. Given the focus on identifying good practice elsewhere, the group consulted with the LB Ealing, LB Camden, LB Westminster, LB Harrow and LB Barnet, where they discussed the financial risks and how the policy as they understood it would impact in local government and its business sectors. The discussions were in line with the task groups themes, which formed the focus and key areas of the review, these included:

Central Government Policy

- What is the current status? What has been proposed to date?
- What will the pilot schemes look like?
- How can the Council engage in the current work?

Financial Risk

- What is the biggest risk to the Council's planned finances?
- What Safety net mechanisms are in place?
- Will we still want to be part of a Business Rates Pool?

Possible impact to Brent

- What will be in impact on current arrangements?
- Will Brent be better or worse off?
- How do we prepare for the devolution of business rates?

Growth in Business rate income

- How do we grow our business rates locally?
- How do we encourage local economic growth?
- How do we improve collection rates?

- 3.2 The task group has made eleven individual recommendations, spread across the four key questions outlined in its Terms of Reference. The recommendations have been grouped into one of five discovery themes which the task group believes should form the basis of Brent Council's future devolution and business rates growth policies.

1. Future Business Rates Strategies

In response to the Government's business rates policy proposal, the task group recommends the development of a robust business rates growth strategy, which considers the wider skills, enterprise and infrastructure needs of the borough.

2. Skills and Enterprise (what new responsibilities should be devolved)

To mitigate any financial risks the devolution of business rates may impose on Brent, our strategies should have a keen focus on skills and enterprise.

3. Preparation for 100% Devolution of Business Rates

To reduce the possibility of any negative impacts of business rates devolution on Brent, the council should be making preparations to ensure that we have a healthy local economy and that we are in the best position to implement the change with minimal disruption to services.

4. Working in partnership

To ensure we make the most of the opportunities that devolution of business rates can provide to grow income, the task group proposes working in partnership where possible with London and sub-regional councils.

5. General and Best Practice

To be a model for best practice by developing ground breaking strategies for the implementation of business rates devolution within local government.

3.3 Task Group Recommendations

Future Business Rates Strategies

1. Brent Council must develop a strategy to attract and retain businesses that pay good wages to Brent residents. We must encourage further growth in our already successful businesses and attract incoming investment into the borough which will benefit from and harness a skilled multicultural workforce. The strategy should be a central function within the council, embedded in the council's income generation and civic enterprise strategies going forward as Brent will rely on this income to fund services to residents and business development for decades to come.
2. Brent Council must be innovative, designing schemes like Local Enterprise Partnerships, Business Improvement Districts, and must also build on current policies such as the London Living Wage business rate reduction programme. The council should explore how existing powers such as, varying the business rate could:
 - Enable Town centre development e.g. business improvement districts in Willesden High Road, Ealing Road and Chamberlayne Road
 - Offer incentives to businesses to provide supported employment opportunities and increase public convenience provision
 - Encourage businesses to share knowledge and skills such as improving local supply chains.
3. Brent Council will need to establish arrangements to ensure that decision making on whether to increase or decrease the business rate tax is evidence-based. This decision should be made in consideration with the wider strategy and will require debate in Cabinet and at Full Council.

Skills and Enterprise

4. Brent Council must support its businesses throughout the borough with the cultural shift that will be needed to implement this change. The council should have a role in supporting the businesses in that shift by encouraging the employment of local workers wherever possible and (developing skills and apprenticeships for Brent's workforce.)

5. As a result of successfully growing the business rates base, Brent Council should be given greater powers for employment such as working more closely with Job Centre Plus so that the Council can ensure that skills and employment are aligned with the Council's wider economic growth objectives.
6. Given the extremely low interest rates at present, Brent Council should, individually and in partnership with neighbouring boroughs and the Mayor of London create business cases for borrowing money to improve infrastructure. Mixed housing and business units for example will support economic growth in the borough.

Preparation for 100% Devolution of Business Rates

7. Brent Council must do more to show that the borough is open for business. All of the borough has a responsibility to do this, so officers, Councillors and partners must work together to look at what is unique to the borough such as, Wembley Stadium and the fact that Brent is one of the most diverse places in the UK and actively promote these to attract new business.
8. Brent Council must consider the impact the devolution of business rates will have on policy development and financial planning. It is vital senior officers and Councillors keep abreast of the latest developments and continue to feed into consultations ensuring that Brent's interests are heard. Regular bi-annual updates should be brought to the Resources and Public Realm Scrutiny committee. In addition given the significance of this policy change we would urge a Full Council debate on this matter.

Working in partnership

9. Brent Council must build on the West London Alliance and the work of the Economic Prosperity Board, as sub-regional alliances' with neighbouring boroughs of similar economic profile will be essential in developing a business strategy. The work of these boards should be expanded with input from backbenchers, and regular reporting back to Scrutiny Committee and Full Council.
10. Brent Council must continue to work with the Mayor of London to lobby for opportunities for Brent that may emerge from Mayoral initiatives such as Old Oak Common.

General and Best Practice

11. The extensive meetings with all relevant stakeholders held by this task group has confirmed that the policy remains nebulous in many aspects, so work on the Devolution of Business Rates will still require regular reviewing, with regular updates to Scrutiny Committee and Full Council. Brent Council must remain closely connected to the work the of the Department for Communities & Local Government (DCLG) and Local Government Association (LGA), London Councils, the Parliamentary Select Committee and the London Assembly/Mayor of London's office.

4.0 Financial Implications

- 4.1 None of the recommendations in this report require significant upfront investment from Brent Council. Some recommendations require officer time to conduct further investigations into supporting the creation of wider business growth, working with partners and maximising skills and employment opportunities, but the task group are certain that this will bring overall positive benefits to the council.

5.0 Legal Implications

- 5.1 As these are very high level strategic recommendations, there are no specific legal implications that need to flag up at this stage.

6.0 Diversity Implications

- 6.1 None

7.0 Staffing/Accommodation Implications (if appropriate)

- 7.1 The following Brent services and partners would be affected by the recommendations made:
- Brent Finance Team
 - Brent Business Rates Team
 - Brent Employment & Enterprise Team

Background Papers

Devolution of Business Rates task group Scope and Terms of Reference (September 2016).

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