



**Executive Board
(Supplementary Agenda)
Thursday, 9 January 2014 2.00 p.m.
The Boardroom, Municipal Building**

A handwritten signature in blue ink, appearing to read 'David W R'.

Chief Executive

**ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC**

PART 1

Item	Page No
8. RESOURCES PORTFOLIO	
(A) BUSINESS RATES POOLING	2 - 10
9. COMMUNITY SAFETY PORTFOLIO	
(A) TRADING STANDARDS SERVICE - PROCUREMENT OF IT SERVICES FOR DATA TRANSFER	11 - 14

In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

*Please contact Angela Scott on 0151 511 8670 or
Angela.scott@halton.gov.uk for further information.
The next meeting of the Committee is on Thursday, 23 January 2014*

REPORT TO: Executive Board

DATE: 9 January 2014

REPORTING OFFICER: Operational Director – Finance

PORTFOLIO: Resources

SUBJECT: Business Rates Pooling

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 To confirm whether the Board wish to continue with establishing a Business Rates Pool with Warrington Borough Council and St Helens Borough Council from 1st April 2014.

2.0 RECOMMENDED: That;

- (i) **The proposal to establish a Business Rates Pool from 1st April 2014 along with St Helens Borough Council and Warrington Borough Council, be approved.**

3.0 BACKGROUND

- 3.1 The Business Rates Retention Scheme was implemented on 1st April 2013. The scheme allows councils to retain 50% of the business rates income collected within their borough, with 50% being paid over to Government.
- 3.2 To encourage councils to work together and to support economic priorities across the area, the Business Rates Retention Scheme provides councils with the ability to pool their business rate income. In order to establish a pool DCLG expect councils to border each other and usually for no more than three or four councils to be involved in order to avoid excessive complexity.
- 3.3 For councils within a business rates pool the Business Rate Baseline and Baseline Funding are calculated as the aggregate of the individual councils. This enables the Top-Up grants and Tariffs to be netted off, allowing the pool to retain and share the Safety Net Levy which would otherwise have been charged and paid over to Government on any business rates growth.

4.0 BUSINESS RATES POOL

- 4.1 On 17th October 2013 the Board received a report setting out the proposal to establish a Business Rates Pool from 1st April 2014, along with St Helens Borough Council and Warrington Borough Council. An application was submitted to the Department for Communities and Local Government (DCLG) who confirmed on 17th

December 2013 their agreement to the establishment of the Business Rates Pool from 1st April 2014.

- 4.2 The proposed Business Rates Pool would provide the three councils with a net Top-Up grant position of £1.9m. As the Pool would have a net Top-Up grant position, this means that the Pool would retain the full 50% of any growth in business rates across all three councils, including Warrington BC who currently only retain 27% of their growth.
- 4.3 Halton BC and St Helens BC would still retain the full 50% of their own business rates growth in future (with the other 50% being passed to Government as now). Only the extra 23% retained relating to Warrington BC would be shared between the three councils. Any reduction in business rates experienced by any of the councils would, as now, only affect those particular councils.
- 4.4 The total additional business rate income which would be retained by the Pool if Warrington BC were to experience varying levels of business rate growth, is as follows;
- 1% growth = £226,000
 - 2% growth = £452,000
 - 3% growth = £678,000
- 4.5 The above additional business rate income would be shared pro rata to each councils' Business Rate Baseline ie. 25% Halton BC, 25% St Helens BC and 50% Warrington BC.
- 4.6 The table below shows the results of sharing the retained business rates growth on this basis.

Potential Warrington Business Rate Growth	Retained Business Rates £'000	Halton BC Share £'000	St Helens BC Share £'000	Warrington BC Share £'000
1%	226	56	56	114
2%	452	113	113	226
3%	678	170	170	340

- 4.7 Each council will continue to operate their processes for the billing and collection of business rates as they currently do. They will also individually prepare business rates returns for DCLG at the beginning and end of each year, upon which the monthly payments of business rates to DCLG are based. The individual returns will then be aggregated and submitted to DCLG on behalf of the Pool.
- 4.8 Warrington BC will be the lead council for the Pool, as they have the largest business rates baseline. The lead council will be responsible for undertaking a number of tasks on behalf of the Pool, including submission of the aggregated business rates returns to DCLG, making monthly business rates payments to DCLG and receiving any payments due from DCLG.

- 4.9 A Governance Agreement has been prepared as shown in Appendix 1, which sets out how the Pool will operate and includes that it will be established for an initial one year period, with annual reviews and an appropriate notice period for any council wishing to leave the pool. In the event of any council wishing to leave the pool, the Secretary of State will automatically dissolve the pool from the start of the following financial year. If the Council wishes to leave the Pool for 2014/15 the Secretary of State must be notified by 14th January 2014.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The proposal would generate additional business rates income for the Council, dependent upon the level of future growth in business rates in Warrington, as outlined in paragraph 4.6 above.
- 5.2 There may be additional administration costs from operating a Pool, however these are expected to be minimal and will be absorbed within the Pool.

6.0 POLICY IMPLICATIONS

- 6.1 None.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 7.1 Business rates income provides significant funding for the Council's revenue budget, which supports the delivery and achievement of all the Council's priorities.

8.0 RISK ANALYSIS

- 8.1 There is an impact upon the business rates Safety Net mechanism as a result of establishing a Pool, which provides an increased financial risk. However, this would be substantially mitigated by receiving advance notice of significant reductions in business rates and the ability to dissolve the pooling arrangement.
- 8.2 The Government will reset the level of Top-Up Grants and Tariffs in 2020, therefore depending upon any changes made in this respect for the three councils, it may not be considered beneficial to operate a Pool after 2020. The ability to dissolve the pooling arrangement as outlined in paragraph 5.9 above will overcome this risk.
- 8.3 Arrangements will be established for the Pool, which will include putting in place systems within each council to ensure that payments of business rates are made on schedule, between the three councils and between the lead council and DCLG.

9.0 EQUALITY AND DIVERSITY ISSUES

- 9.1 None.

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072

Document	Place of Inspection	Contact Officer
DCLG Business	Municipal Building	Ed Dawson
Rates Retention		
Pooling Prospectus		

**MID MERSEY BUSINESS RATE POOL
GOVERNANCE ARRANGEMENTS**

OCTOBER 2013

1. Title

- 1.1. Mid Mersey Business Rates Pool

2. Membership

- 2.1. Warrington Borough Council, Halton Borough Council and St Helens Metropolitan Borough Council

3. Commencement

- 3.1. This governance document will come into force on 1st April 2014 and will continue until any one of the members formally leaves the pool (see Section 9)

4. Rationale and Objectives

- 4.1. The Pool exists to benefit the individual members, to help stimulate the economy in the Mid-Mersey region and to provide funding to invest into the economic development of the area and to explore additional shared working streams between the three authorities.
- 4.2. The income received by the Pool will be shared out so that each member authority receives the same amount that they would have received if they were treated individually under the Business Rates Retention scheme except for the adjustment for the Levy Saving and Safety Net Losses as discussed in section 7.
- 4.3. Additional Levy Savings income will be used to set up two funds, the 'Economic Development & Shared Working Fund' and the 'Safety Net Reserve' and provide additional revenue income to the pooled authorities, details of which are given in Section 7.

5. Lead Authority

- 5.1. Warrington Borough Council will be responsible for the administration of the pool. Contact details shown below:
- Matt Guest
Senior Accountant
5th Floor Quattro, New Town House
Buttermarket Street
Warrington
WA1 1BN

- 5.2. Each member of the Pool will be jointly and severally liable for any payments required to the Department for Communities and Local Government, but the lead authority will take responsibility for all matters in relation to the administration of the pool including:
- All liaison with DCLG and other government departments including the completion of all forms and returns associated with the pool
 - Administration of payments to and from the Pool and all calculations relating to the collection fund for the pool
 - Producing quarterly and annual reports detailing the performance of the pool and any payments made
- 5.3. The Economic Development & Shared Working Fund and Safety Net Reserve (See Section 7) will be maintained by Warrington Borough Council, the interest earned by these reserves will be retained by the authority to fund the lead authority administration costs.

6. Decision Making

- 6.1. The Section 151 Officers of the three pooled authorities shall be responsible for overseeing the operation of the Pool and the decision making surrounding the Economic Development & Shared Working Fund as detailed in Section 7.
- 6.2. Each authority will send an estimate of the business rate position to the lead authority on a quarterly basis, along with any assumptions made. The lead authority will then distribute a report to members detailing the performance of the pool.

7. Treatment of Levy Savings and Safety Net Losses

- 7.1. As stated in 4.2, the income from the pool will be distributed as if the individual authorities were not in a pooling arrangement.
- 7.2. The three authorities will only see a change to the income they receive if either the pool receives additional funding due to the distribution of Warrington Borough Council's Levy Saving, or if any of the pooled authorities breach the Safety Net Threshold.

Levy Savings

- 7.3. Without a pooling arrangement, Warrington Borough Council pay a levy on any additional Business Rates income and due to the Mid-Mersey Pool being a Top-Up, there will be no levy payable. The estimated additional income will be calculated using the NNDR1 for each authority.
- 7.4. The saving will be calculated net of the payments to the 'Economic Development & Shared Working fund' and 'Safety Net Reserve' which are detailed below.
- 7.5. The additional income will be distributed with the first Business Rate / RSG payment of the financial year and will be based on a pro-rata split using the 'Gross Rate Yield after reliefs' figure from the NNDR1 returns.
- 7.6. The business rate outturn will be estimated in January each year (based on Quarter 3 estimates) and any shortfall/overpayment will be adjusted against the following year's levy saving payment in April.

Economic Development & Shared Working fund

- 7.7. To encourage shared working between the three authorities, 20% of the Levy Saving will be used to investigate any possible shared working opportunities and to invest in the economic regeneration of the Mid Mersey region.
- 7.8. This fund can only be used on the unanimous agreement of the three Section 151 Officers and, as long as it meets the objectives of 7.7, there are no other restrictions on how this funding can be utilised.
- 7.9. The fund will have a maximum value of £200k, anything over this will be distributed pro-rata as discussed in 7.5

Safety Net Reserve

- 7.10. To mitigate the risk of any authorities that would have breached the safety net threshold 30% of the Levy Saving will be used to set up a reserve. This fund will be called upon before any loss is passed onto the three pooling authorities.
- 7.11. The percentage payable and the maximum level of the reserve retained is to be agreed by the Section 151 officers on an annual basis.

Safety Net Payments

- 7.12. Due to the Safety Net threshold of the combined pooled authorities being much lower than that of the individual authorities, the pool may lose funding if the safety net is breached
- 7.13. This drop in funding will be netted off against any levy savings, and any further loss will firstly be taken from the Safety Net Reserve (discussed in 7.10) and the remainder will be shared using the principals used in 7.5.

8. Payment Schedule & Defaults

- 8.1. As all Business Rate funding and RSG payments will be made payable through the Lead Authority, a payment schedule will be distributed before the start of the financial year. The Schedule will be in the same format as that received from DCLG and will be split between the three authorities to ensure that the payments made will match those that individual authorities would otherwise have made / received.
- 8.2. The payment schedule must be adhered to by all authorities. If any pooled authority defaults on a payment, compensation will be paid to recover the interest lost and any bank charges incurred by the receiving authority.

9. Dissolving the pool

- 9.1. If any member decides to leave the Pool, the regulations require that the pool will be dissolved.
- 9.2. For the first year Local Authorities can withdraw from a designated pool before it comes into effect after seeing the draft Local Government Finance Report. To exercise this option the local

authority must write to the Department of Communities and Local Government within 28 days of the publication of the draft report.

- 9.3. The continued operation of the pool for the following financial year will be reviewed and agreed by the S151 Officers before 31st August each year
- 9.4. Pools can only be dissolved at the end of the year, but if any authority is seeking to leave the pooling arrangement they need to inform other members and the DCLG as soon as possible, and by 31st August at the latest. This will give pool members chance to designate a new pool for the following year.
- 9.5. When the pool is dissolved any remaining funds in the Shared Working & Economic Development Fund and Safety Net Reserve will be distributed in that financial year using the method detailed in 7.5. A final calculation will be made using the audited NNDR3 and any remaining funds will be distributed in the following financial year.

10. Agreement & Sign Off

10.1. The Governance Arrangements set out above are agreed on behalf of each member as follows:

Warrington Borough Council

.....

Steven Broomhead
Chief Executive

.....

Lynton Green
Section 151 Officer

Halton Borough Council

.....

David Parr
Chief Executive

.....

Ed Dawson
Section 151 Officer

St Helens Metropolitan Borough Council

.....

Carol Hudson
Chief Executive

.....

Ian Roberts
Section 151 Officer

REPORT TO: Executive Board

DATE: 9 January 2014

REPORTING OFFICER: Strategic Director – Policy and Resources

PORTFOLIO: Community Safety

SUBJECT: Trading Standards Service – Procurement of IT services for Data Transfer

WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 To seek approval to waive procurement standing orders in relation to the specialist IT services required to transfer data from Warrington to Halton to facilitate the transfer of the Trading Standards Service.

2.0 RECOMMENDATION: That Executive Board:

Approve using Procurement Standing Orders 1.8.4 (C) and (E) to waive Procurement Standing Order 4.1 because compliance would lead to a clear financial detriment to the Council and would not be practicable because the Council's requirements can only be delivered by one provider.

3.0 SUPPORTING INFORMATION

- 3.1 In September 2013 the Executive Board resolved to return in house the Trading Standards Service currently provided by Warrington BC.
- 3.2 As part of this process data relating to Halton that is held on Warrington's database must be returned to Halton's database. This should be facilitated by the fact both organisations use the same Software. This software is a database specifically designed for Environmental Health and Trading Standards Services. The current provider is Civica who provide a number of other public sector software solutions. The service has been using the current software provider for in excess of 12 years.
- 3.3 The Transfer of data is a specialist process. The possibility of this work being carried out in house has been investigated. IT services have advised that they will not be able to conduct the data transfer because they are not able to write the programmes required to transfer the data. The software is intellectual property held by the current software provider. Therefore the coding required to write the software programmes is protected and will not be available to other IT providers. Therefore it is impractical to tender for alternative providers as only the current software provider can realistically provide the service

3.4 The software company has quoted a fee of £26,010 to transfer the data from Warrington to Halton. This includes project management, extraction of data, conversion of data and transfer of data to Halton. The trading standards service operates a paperless office this process will also ensure that all indexed and archived documents are transferred and linked to the relevant database activity.

3.5 It is proposed to hold an initial project planning meeting between the software provider and Halton and Warrington IT departments to identify which tasks could realistically be carried out in house by HBC staff. This will ensure Halton only pays for external specialist services that it cannot deliver in house. This may reduce the fee quoted. The purchase order for external services will be broken down to clearly identifiable tasks to ensure transparency regarding the services that are required.

4.0 **BUSINESS CASE FOR WAIVING PROCUREMENT STANDING ORDERS**

4.1 Although there are one off costs associated with data transfer. The transfer of the service in house will realise savings of around £80,000 per year based on the current contract price. The maintenance of a paperless office will reduce the accommodation costs associated with the service. This IT project will facilitate the maintenance of a paperless office. HBC IT services will conduct all other IT work associated with the project such as the transfer of personal documents and emails.

4.2 A delay to allow for an open tender to take place may result in the authority having to extend the existing contract beyond April 2014. The current monthly cost of the contract is £37,000. The authority has not budgeted to continue paying this fee beyond April 2014

4.3 Environmental Health and Trading Standards will share the same database. This will enable the costs of the database to be shared between the two services and will not result in a significant increase to the annual maintenance fee.

5.0 **POLICY IMPLICATIONS**

5.1 The transfer of the data relating to Halton's trading standards service is an essential part of the process to transfer the service in house. Halton has a responsibility to ensure data relating to its activities is compliant with data protection requirements. Some data may be required to provide returns to Government departments.

6.0 **FINANCIAL IMPLICATIONS**

6.1 The cost of consultancy and support for the transfer of data is £26,010. This is a one off cost and can be met from existing budgets. The transfer of the service will deliver savings to the authority of £80,000 based on the current contract price. If the project is delayed by a tendering process this may prevent the service returning before April 2014. Any extension of the contract beyond 2014 will cost the authority around £37,000 per month.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 Children & Young People in Halton

The trading standards service protects the health and safety of children and young people in the borough through the enforcement of age restricted products such as tobacco and alcohol.

7.2 Employment, Learning & Skills in Halton

The trading standards service seeks to provide a level economic playing field and ensure legitimate law abiding businesses are not undermined by the criminal activity of rogue traders.

7.3 A Healthy Halton

The work of trading standards contributes to Halton's health objectives particularly in relation to tobacco and alcohol control. Integration of the service with the public health team would ensure regulatory activity is directed at the borough's health concerns.

7.4 A Safer Halton

The work of the trading standards service contributes to community safety particularly in relation to alcohol and tobacco enforcement, the night time economy, doorstep crime and illegal money lending.

7.5 Halton's Urban Renewal

None identified.

8.0 RISK ANALYSIS

8.1 In addition to the financial risks set out in section 6 above the provision of a trading standards database is essential to the delivery of an effective Trading Standards Service

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 None identified.

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

