

LOCAL AUTHORITY BUSINESS GROWTH INCENTIVES

PROGRAMME AREA RESPONSIBILITY: ECONOMIC DEVELOPMENT, MARKETS AND PROPERTY; AND RURAL REGENERATION AND SMALLHOLDINGS

CABINET

23RD OCTOBER, 2003

Wards Affected

County-wide.

Purpose

To agree a response to the Local Authority Business Growth Incentives (LABGI) consultation paper.

Key Decision

This is not a Key Decision.

Recommendations

- That (a) the attached response to the Office of the Deputy Prime Minister in Appendix A be approved.
- (b) the Council volunteers to be part of the administrative dry run once more detailed advice is received on the requirements.

Reasons

As per attached paper.

Considerations

LABGI is part of the Local Government Act 2003, (Chapter 26, Section 71) which received Royal Assent on the 18th September and will "Reward councils which promote business development in their areas by allowing them to keep a proportion of their local business rates". There are two elements to the consultation. Firstly to respond to eight questions regarding the legislation and secondly to consider whether Herefordshire Council wishes to act as a partner in the administrative dry run.

The Consultation Paper distributed by the Office of the Deputy Prime Minister (ODPM) addresses the following issues:

- how the LABGI scheme supports their economic development policy objectives;
- a consideration of the key variables or factors which underpin the scheme.

The policy objectives are quite clear and the ODPM is keen to emphasise that the funds generated through this scheme will not only be additional to the overall level of central funds

Further information on the subject of this report is available from
Ben Albright, Economic Investment & Development Officer on 01432 383337

forecasted through the 2002 Comprehensive Spending Review, but also will not be ring fenced in any way. Local Authorities will be free to spend any additional business rates as they choose on local priorities.

The variables which underpin the scheme are more complex and we have been asked to select which we think would be the best baseline measuring the average growth in rateable values during a period before the scheme starts. These are explained in more detail in the consultation response in Appendix A. The options chosen suit Herefordshire best in light of the fact that nationally we are in the lowest quintile for economic growth. There is no need therefore to consider other options which would disadvantage the Council in maximising future income potential from the scheme.

Alternative Options

There are no alternative options.

Risk Management

This paper is not asking Cabinet to make any decisions other than agree the consultation and potentially act as a pilot authority. The risk inherent in not responding to the consultation is that it will marginalise our contribution to any future discussions on the scheme. The risk involved in signing up to the scheme will be the appraisal of any investment decisions taken in light of future expected income. Any decisions taken here will need to be deferred until the consultation period is over and the detailed scheme is known including specifically the baseline for Herefordshire.

Consultees

There are no consultees.

Background Papers

None identified.