



Enterprise and
Growth Scrutiny
Committee

11th June 2015

10.00 am

Item
3

Public

**MINUTES OF THE ENTERPRISE AND GROWTH SCRUTINY COMMITTEE MEETING
HELD ON 2 APRIL 2015
10.00 - 11.45 AM**

Responsible Officer: Julie Fildes
Email: Julie.fildes@shropshire.gov.uk Tel: 01743 252893

Present

Councillor Steve Davenport (Chairman)
Councillors Pauline Dee (Vice Chairman), Andrew Bannerman, Charlotte Barnes,
Dean Carroll, John Hurst-Knight and Jean Jones

61 Apologies for Absence and Substitutes

Apologies were received from Councillor Nicholas Bardsley.

62 Disclosable Pecuniary Interests

There were none disclosed.

63 Minutes

RESOLVED:

That the minutes of the meeting held on 29th January 2015 be approved as a correct record and signed by the Chairman.

64 Public Question Time

There were no Public Questions.

65 Member Question Time

There were no questions from Members.

66 Business Rates

The Head of Finance, Governance and Assurance tabled a briefing paper for Members on business rates [copy attached to the signed minutes]. He explained that in 2013 the funding mechanism for Local Government had changed, with 50% of business rates being retained locally, of which 1% went to the Fire Authority. Prior to 2013, 100% of business rates collected had been paid to Central Government.

The Financial Advice Manager explained that the level of business rates payable by a company was based on the rentable value of the property they occupied, multiplied by a multiplier based on the size of the business. Larger businesses were subject to a higher multiplier. The Valuation Office was responsible for establishing the rentable value of the property. It was the practice that business rates increased each year by the rate of the Retail Price Index (RPI), although for 2014/15 this had been capped by the Government at 2%. This capping had led to a lower level of funds than expected being collected. However, a separate Top-up Grant had been received from Central Government to address this shortfall.

Members noted that Central Government was reducing the level of the Revenue Support Grant paid to Local Authorities, and at its current rate of reduction it was expected that it would cease to be paid by 2020. Should the Revenue Support Grant be abolished, the income from business rates would form 25% of the Council's income.

In answer to a Member's query, the Head of Finance Governance and Assurance explained that there were a series of mandatory and discretionary reliefs which reduced the level of business rates payable by companies. The mandatory reliefs were set by Central Government Policy and the discretionary local reliefs were set by the Council. In answer to a Member's question the Head of Finance Governance and Assurance explained that mandatory reliefs were part funded by the Government but discretionary reliefs had to be fully funded by the Council and the Council remained liable to pay the Government's percentage to the Treasury. He confirmed that all discretionary Local reliefs would be detailed in the Business Rates Policy, but there were none currently agreed.

The Financial Advice Manager confirmed that businesses with a value of less than £12,000 were not subject to business rates. Those with a value of between £12,000 and £18,000 did not pay the full amount, the amount paid was on a sliding scale according to value. Full business rates were only paid by businesses with a value in excess £18,000.

Members noted that the Council did not have the authority to set its own business rates, the Valuation Office provided the property valuations and the multiplier was set by Central Government. The only way in which the Council could increase its income from business rates was to encourage the establishment of larger businesses in the County. The Head of Finance Governance and Assurance referred Members to the Council's Economic Development Strategy.

In response to a Member's query, the Financial Advice Manager confirmed that in buildings where there were multiple units rented by different companies the company

occupying the unit was responsible for the payment of the business rates and the owner of the property could apply for relief on any empty units.

A Member asked whether allowance was made by Central Government for Shropshire as a rural county which did not have the same opportunities for the generation of a business rates income stream as urban areas. The Head of Finance, Governance and Assurance explained that authorities with a disproportionately high income from business rates were subject to a Levy on the excess income, whereas counties with a low level of income received a Top-up payment. He continued that in some circumstances this may be considered as a disincentive in attracting businesses to the County.

The Head of Finance, Governance and Assurance confirmed that the Revenue Support Grant was a funding resource and was used for the provision of all Council Services. He continued that there was no specific link between the payment of business rates and the services a business received from the Council.

67 Economic Growth Redesign Task and Finish Group Report

The Economic Growth Redesign Manager introduced the Economic Growth Redesign Task and Finish Group Report and together with Councillor Dean Carroll, who was the Chair of the Group, outlined the format and contents of the report.

Councillor Carroll explained that it had been intended to complete the work of the Task and Finish Group by the end of January but the Group had felt that this timescale should be extended so as not to compromise the quality of the work being produced. He continued that the Group had identified further work to be done which was detailed at the end of the report, but this had been outside the scope and timescale of his Task and Finish Group.

A Member commented that the redesign work was on-going and asked if the Scrutiny Committee would continue to receive updates. The Economic Growth Redesign Manager confirmed that they would.

Referring to recommendation 6.2, a Member asked whether acknowledging that Shropshire Council had responsibility for promoting the County as a business location would impact on the planning process. The Economic Growth Redesign Manager explained that the planning process was a statutory one and operated within defined procedures which included public consultation about the nature of development and this could not be overridden. She continued that the Redesign work had identified the need to simplify the process for businesses through the establishment of relationship managers who would act as a single point of contact to guide businesses through the different processes involved in relocation or development. She continued that improved relationships with businesses and encouraging them to become involved in local place shaping work would lead to improved intelligence about future investments or withdrawals and better inform the planning process.

With reference to recommendation 6.3, the Economic Growth Redesign Manager confirmed that this referred to all parties with an interest in promoting economic growth in the county, such as land agents.

Councillor Carroll recommended that Members view the Invest in Suffolk Website referred to in Recommendation 6.4 that had been recognised as an excellent investment website. He continued that the Invest in Shropshire website should be of an equivalent commercial standard to sell the strengths of the County and promote investment.

The Economic Growth Redesign Manager explained that the final three recommendations in the report were interlinked and were about the property assets under the control of the Local Authority and how these should be managed to attain their maximum potential and promote the aims of the Council. She confirmed that an asset review would be undertaken as part of the process. Member discussed the importance of having a clear strategy for asset management and the role of the Council. It was recognised that there was still substantial further work to be undertaken on these issues.

The Portfolio Holder for Business Growth, ip&e, Culture and Commissioning [North] thanked the Task and Finish Group Members for the report they had produced and the quality of the work that had been undertaken. In response to a Member's question he explained that many of the recommendations that had come from the redesign work were in the process of being implemented and there would be further implementation within the next six weeks.

The Portfolio Holder continued that the Marches LEP intended to establish business hubs in Shrewsbury, Telford and Hereford to act as a self-service point for businesses in the Marches, providing information on available support and grants.

RESOLVED:

That the Economic Growth Redesign Task and Finish Report be accepted and formally presented to the Portfolio Holder for consideration.

68 Future Work Programme for the Enterprise and Growth Scrutiny Committee

Members expressed an interest in learning more about the work of the LEP and it was suggested that the LEP Officer be invited to a future meeting of the Scrutiny Committee to answer Members questions.

A Member suggested that further time should be taken to look at the way Tourism was promoted within the County.

RESOLVED:

That the future work programme be noted.

69 Dates for Future Meetings

RESOLVED:

That the Committee next meets at 10am on Thursday 2nd July 2015.

Signed (Chairman)

Date: