

Appendix 1

CAMBRIDGESHIRE AND PETERBOROUGH COMBINED AUTHORITY BOARD	AGENDA ITEM No: X.X
30 May 2018	PUBLIC REPORT

CONSENT TO BUSINESS RATES SUPPLEMENT ORDER

1.0 PURPOSE

- 1.1. This report provides the background to the request from the Ministry of Housing, Communities and Local Government (MHCLG) for consent to the making of an Order to confer the power to levy a Business Rate Supplement on to the mayor of Cambridgeshire and Peterborough Combined Authority in accordance with Sections 105B(1) and 107D(9) of the Local Democracy, Economic Development and Construction Act 2009.

<u>DECISION REQUIRED</u>	
Lead Member:	Cllr Steve Count, Portfolio Holder for Fiscal Strategy
Lead Officer:	Interim Chief Finance Officer
Forward Plan Ref:	Key Decision: No
<p>The Combined Authority Board is recommended to:</p> <ol style="list-style-type: none"> 1. Approve the transfer of functions to Cambridgeshire and Peterborough Combined Authority (“CPCA”) conferred by the Business Rates Supplement Act 2009. 2. Give consent on behalf of the CPCA to the making of an Order giving effect to this transfer. 3. Give delegated authority to the Legal Counsel and Monitoring Officer in consultation with the Portfolio Holder and the Mayor to approve the final draft Order in order to meet the timetable 	<p>Voting arrangements</p> <p>Simple majority of Members Or</p> <p>At least two-thirds of all Members (or their Substitute Members) or</p> <p>At least two-thirds of all Constituent Council Members</p>

<p>for transfer of the powers.</p> <p>4. Note that the constituent councils have been requested to give their consent to the making of an Order giving effect to this transfer including the necessary delegation to approve the final draft Order</p> <p>5. Note that only the draft Order can be approved, as the Order cannot be deemed finalised until it has been presented to and approved by Parliament.</p>	
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2.0 BACKGROUND

- 2.1. The raising of funds through business rates was referred to in the original CPCA Devolution Deal as follows: "Following the implementation of the necessary primary legislation, the Mayor will be given the power to place a supplement on business rates to fund infrastructure, with the agreement of the local business community."
- 2.2. The Local Government Finance Bill 2017 would have enabled the Mayor of Cambridgeshire and Peterborough Combined Authority to ask for an additional payment of up to 2p in the pound from local businesses. This would have allowed the Mayor to raise funds for infrastructure projects to promote economic development.
- 2.3. However, the Local Government Finance Bill 2017 was "lost" due to the interruption of business caused by the 2017 general election.
- 2.4. The Ministry of Housing, Communities and Local Government (MHCLG) has now produced the attached draft Statutory Instrument and will shortly be writing out to ask for the consents of the mayor, the Combined Authority, and the constituent councils, to the making of an Order to confer the power to levy a Business Rate Supplement on to the mayor of the combined authority.

The making of the Statutory Instrument

- 2.5. Sections 105B(1) and 107D(9) of the Local Democracy, Economic Development and Construction Act 2009 require that a mayor, combined authority, and each of its constituent authorities, give consent to any conferral of powers on the combined authority under that Act.
- 2.6. The Cambridgeshire and Peterborough Combined Authority (Business Rate Supplements Functions) Order 2018 will give effect to commitments in the area's devolution agreement by giving the mayor the same powers as the

mayor of Greater London has to levy a supplement on business rates to raise money for a project that will promote economic development in the area.

2.7. These powers are provided in the Business Rates Supplements Act 2009 (see link provided under the source documents section).

2.8. Key features of the Business Rates Supplements Act 2009 are:

- (a) Money raised from the supplement cannot be put towards the authority's day-to-day costs for services it has existing obligations to provide.
- (b) Before levying any supplement, the mayor would be required to consult on and publish a prospectus setting out the benefits of the proposed project that the supplement would fund.
- (c) The proposed supplement is then subject to a ballot of businesses that would be affected. Both a majority of affected individual rate-payers must approve it and the aggregate rateable value of those businesses in favour must exceed those against.
- (d) The Business Rate Supplement may only be levied on business properties with a rateable value of £50,000 or more. The mayor may increase, but cannot reduce, this threshold, and can apply any other reliefs as may be set out in the prospectus.

2.9. The process for the making of the Order is as follows:

- (a) MHCLG instructs its lawyers to prepare a draft Order
- (b) The draft Order is given to the lawyers of the Joint Committee on Statutory Instruments (JCSI) to review.
- (c) Once both sets of lawyers have agreed the draft, MHCLG will write to the Combined Authority, the Mayor and the Constituent Councils for consent to the Order. This is likely to be the day after the local elections (i.e. Friday 4th May 2018)
- (d) Once consent from all parties has been confirmed, the draft will be laid in parliament. This gives the Order full status as a final 'Draft' order and will appear as a 'Draft' on the legislation website. The provisional date for the laying of the Order is Monday 4th June 2018.
- (e) The Draft Order will then be considered by the Joint Committee on Statutory Instruments (likely to be Wednesday 6th June 2018 or Wednesday 11th June).
- (f) If the JCSI agree to the Statutory Instrument, it will then be laid before each House of Parliament for approval.
- (g) Once approved by each House, the Order will be signed by the Minister and is likely to come into force in the following week.

3.0 FINANCIAL IMPLICATIONS

3.1. None.

4.0 LEGAL IMPLICATIONS


4.1. The Draft Order will be laid before Parliament under section 117(2) of the Local Democracy, Economic Development and Construction Act 2009, for approval by resolution of each House of Parliament.

5.0 SIGNIFICANT IMPLICATIONS

5.1. There are no other significant implications to bring to the Board's attention.

6.0 APPENDICES

6.1. None.

<u>Source Documents</u>	<u>Location</u>
Business Rates Supplement Act 2009. Link to website:	https://www.legislation.gov.uk/ukpga/2009/7/pdfs/ukpga_20090007_en.pdf
Draft Cambridgeshire and Peterborough (Business Rates Supplements Functions) Order 2018	 Adobe Acrobat Document