

# CORPORATE SERVICES POLICY AND REVIEW PANEL

Meeting held on Thursday, 8 September 2016 at the Concorde Room, Council Offices, Farnborough at 7.00 pm.

## **Voting Members**

Cllr P.J. Moyle (Chairman)  
Cllr D.S. Gladstone (Vice-Chairman)

Cllr D.M.T. Bell  
Cllr R.L.G. Dibbs  
Cllr B. Jones  
Cllr Marina Munro  
Cllr A.R. Newell  
Cllr P.F. Rust  
Cllr J.E. Woolley

## **8. MINUTES**

The Minutes of the meeting held on 5th July, 2016 were approved and signed by the Chairman.

## **9. BUSINESS RATES RETENTION SCHEME**

The Panel welcomed the Head of Financial Services, Amanda Fahey, who gave a presentation on the current business rates retention scheme. It was noted that the Council was in the fourth year of the current scheme and there was an intention, nationally, to move to 100% retention by the end of the current Parliament.

Members were provided with an overview on national non-domestic rates and the Panel was informed that the Local Government Finance Act, 1990, but introduced the current arrangements for business rates. The Act provided the framework for administration and billing but did not define the legal unit of property; this had later been developed through rating case law.

The Council's total payable business rates equated to £48 million and Members were shown a list of the top twelve commercial properties.

A new system had been introduced in 2013 which had allowed local authorities to keep up to half of the rates income collected and transfer half to central government as previously all business rates collected had been put into a single national pot and distributed in the form of formula grants. Reasons were given for the changes made to the scheme, including the opportunity it had provided to local authorities to have more influence over their funding.

The Panel heard that the Council's position in the current scheme was being monitored quarterly and reported to the Government at the start and end of each

year. Whilst the scheme had been difficult at times for the Council to administer, it had had little effect of ratepayers.

The history of appeals was discussed and it was noted that some had been outstanding for a number of years and the potential changes to business rates was likely to increase the number of appeals made. However, there was a consultation on the appeals process planned for the year ahead.

Members were then advised of the 100% rates retention scheme that was expected to be adopted by the whole sector by the end of the current Parliament. The main change was that local authorities would keep all growth and be given new roles and responsibilities by the Government, which were likely to bring additional financial implications. Other potential changes included the phasing out of revenue support grants. It was noted that a full review of the methodology was due to take place.

The Panel raised a number of issues and noted the potential effects that devolution could have on business rates.

The Panel **NOTED** the presentation and requested further updates in due course.

## 10. **PROPERTY ACQUISITION**

The Panel welcomed Ann Greaves, the Solicitor to the Council, who gave a presentation to the Panel informing them of the Council's approach to property acquisition. It was noted that the strategy had started as a part of the 8-Point Plan programme to achieve financial sustainability.

Members were advised that the Council had started work with Eastleigh Borough Council to develop an Asset Management Strategy that would focus on buying commercial investment in order to increase revenue. An Investment Strategy would ensure that the property portfolio remained fit for purpose. It was noted that the delivery of the Asset Management Strategy had not been as quick as the Council had hoped, although it had been agreed to pursue purchasing properties.

The aim of the strategy was to have a balanced portfolio, which had been evident in the recent properties acquired by the Council. Members heard that there was also a number of pending acquisitions.

The Panel was informed of the search criteria followed by the Property Acquisition team. It was noted that there had not been many opportunities within the Borough; however, the Council would consider investing in local properties if they provided a rate of return of 5% or more and if there was a good covenant or a strategic reason. Properties outside of the Borough had been identified by purchasing agents but it was important for the Council that each property was within a reasonable driving distance. Other important factors considered were:

- The strength of the covenant
- The length of the lease

- Any added value

It was noted that, in some circumstances, the Council had been required to act quickly in order to meet the bid deadline and there had therefore not been time to seek Cabinet approval. In those instances, the Council had agreed an urgency procedure to follow to enable acquisition of the property

The due diligence process was explained to Members. This had included the use of a spreadsheet to calculate the internal rate of return over a 50 year period.

The Panel was informed that once an offer had been made on a property, the Council was either successful, unsuccessful or invited to make a further bid. It was noted that the Council was recording the reasons for unsuccessful bids, where possible, in order to help with future bids. A record of all properties that the Council had chosen not to bid for was also being kept.

It was then explained that the Council was currently in a period of consolidation whilst the acquisition process on current properties was completed and the financial and property management issues were fully understood. This was also giving the Council the opportunity to assess whether any of the assets could increase in value.

The Solicitor to the Council answered Members questions and the Chairman thanked Ms. Greaves for her presentation.

The Panel **NOTED** the presentation and **ENDORSED** the approach being taken.

## 11. **WORK PROGRAMME**

The Panel **NOTED** the work programme for 2016/17.

The meeting closed at 8.25 pm.

CLLR P.J. MOYLE (CHAIRMAN)

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