



EXECUTIVE DECISION RECORD

REF No. 362.21

A1 Service Area	Finance
A2 Title	Staffordshire Business Rates Pool Arrangements for 2022/23
A3 Decision Taken By	Leader / Chief Officers
A4(a) Chief Officer	Please print name: Andy O'Brien Please sign name: Approval by email 300921
A4(b) Chief Officer	Please print name: Sal Khan Please sign name: Approval by email 300921
A5 Leader	Please print name: Cllr Duncan Goodfellow Please sign name: Approval by email 011021
A6 Date of Decision	1 st October 2021

Confidentiality

A7 Is this Decision confidential by containing exempt information as described in Schedule 12A of the Local Government Act 1972?	No
A7.1 If yes, please state relevant paragraph from Schedule 12A LGA 1972.	N/A

Scrutiny

A8 Which Scrutiny Committee should this decision be submitted to? *(Please tick as appropriate)* ✓
Scrutiny (Audit & Value for Money Council Services) Committee

B1 What is the Decision?	To roll forward the existing business rates pooling arrangement to 2022/23
B2 What are the reasons for the Decision?	
<p>The Department for Levelling Up, Housing and Communities (formerly MHCLG) have in advance of the Financial Settlement issued an “Invitation to Pool 2022-23“ to both existing pools and to non-pooling authorities.“ A cut-off date of 8th October 2021 has been set for authorities, or pools of authorities to state whether they wanted existing pools to continue or to revoked or reconfigured or new pools created. The deadline enables such a pool to be proposed (designated) in the provisional settlement. Our existing Business Rates Pool will not automatically continue past 31 March 2022 and authorities, including us are required to make a decision on whether to remain as a pool.</p> <p>Existing Government arrangements requires a Tariff Authority; whereby Business Rates is greater than funding requirement, to pay 50% of its growth to the Government (A top up authority is not subject to a Levy). We, as well as each other Borough/District Council are currently a Tariff Authority and would be subject to a 50% levy on growth unless in a pooling arrangement. The aggregation of the County Council, Stoke City Council and Fire authorities Top up amounts results in no levy being paid since a net Top Up position exists.</p> <p>A sound financial business case has existed to date for pooling, as demonstrated with all authorities being a member of Business Rates pool, in one form or another since 2013/14. The business case is based upon both “historical” growth, achieved since 2013/14, and the potential for new growth. In 2020/21 the current Staffordshire and Stoke on Trent Pool retained estimated growth of £7.2 million which would normally be paid to Central Government as a levy (representing 50% of growth above its baseline funding in 2013/14).</p> <p>Pooling of business rates for 2022/23 is once again complicated since as yet the Government have not determined how Business Rates Growth achieved since 2013/14 is to be treated and in particular whether there will be reset in full or part. Nevertheless, it is widely anticipated that the business rates reset is likely to be deferred again. In addition the impact of Covid 19 on the economy and business rates remains uncertain, particularly as the Government support packages (business rates relief and furlough are phased out).</p> <p>Nevertheless significant growth above the baseline set when the scheme was introduced in 2013/14 has been maintained to the benefit of the region and this was the case during the height of the Covid-19 Pandemic. case</p> <p>Based on the current forecasts £7.7m of estimated growth is expected to be retained, which without maintaining a Pool would be paid to Government. For East Staffordshire Borough Council, without a reset this would amount to approx:</p> <ul style="list-style-type: none"> • Estimate share of levy on growth saved: £242k (i.e. 40% of the estimated levy £604k) • There would also be a redistributed potential windfall, which is estimated to be in the region of £192K. 	
B3 What are the contributions to Corporate Priorities?	Additional funds will contribute to all corporate priorities and significantly help with the MTFs.

B4 What are the Human Rights considerations?	There are no Human Rights issues arising from this decision.
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Financial Implications

B5 What are the financial implications?	<p>The main financial issues arising from this decision have been considered in the main body to this document.</p> <p>The ongoing Covid-19 Pandemic means there is more financial risk attached to remaining within the Pool than existed before the Pandemic. However safety net arrangements exist for individual members and also the pool as a whole.</p>
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Revenue	2021/22	2022/23	2023/24
Retention of Share of Levy Saved by being in the Pool (estimate)		Est. £242k	
Potential redistributed Windfall from rolling forward existing Pool (estimate)		Est. £192k	

The finance section has been approved by the following member of the Financial Management Unit:	<p>Please print name: Lisa Turner</p> <p>Please sign name: Approval by email 300921</p>
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Policy Framework

B6 Is the Decision wholly in accordance with the Council's policy framework?	Yes
B6.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	NA
B6.2 Has it got the appropriate approvals under those provisions?	N/A
B7 Is the Decision wholly in accordance with the Council's budget?	Yes
B7.1 If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	N/A
B7.2 Has it got the appropriate approvals under those provisions?	N/A

Equalities Implications

B8 What are the Equalities implications:
B8.1 Positive (Opportunities/Benefits): n/a
B8.2 Negative (Threats): n/a
B8.3 The subject of this decision is not a policy, strategy, function or service that is new or being revised. An equality impact assessment is not required.

Risk Assessment

B9 What are the Risk Assessment implications:
B9.1 Positive (Opportunities/Benefits): Opportunity to continue to retain and benefit from business rates growth within the region.
B9.2 Negative (Threats): Financial risks associated with business rates income contraction due to various factors, including appeals, the impact of Covid-19 and Brexit on the economy, and a business rates reset. These risks are partially mitigated by the existing pooling arrangement and safety net provisions. Existing growth also provides a buffer against any shocks.
B9.3 The risks are referred to in the Risk Register. The financial implications to mitigate against these risks are considered above.

Legal Considerations

B10 What are the Legal Considerations: Governance arrangements are in place in relation to the existing pool, these will be reviewed following the spending review and settlement to ensure they remain fit for purpose.
B10.1 There are no significant legal issues arising from this decision.
This section has been approved by the following member of the Legal Team
Please print name: Caroline Elwood
Please sign name: Approval by email 290921

Sustainability Implications

B11 What are the Sustainability implications:
B11.1 The proposal would not result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures).
B11.2 Positive (Opportunities/Benefits): N/A
B11.3 Negative (Threats): N/A

Health & Safety Implications

B12 What are the Health & Safety implications: N/A

Key Decision

B13 Is this a Key Decision? Yes

Note: A Key Executive Decision is one where:

1. **REVENUE** – Any contract or proposal with an annual payment or saving of more than £100,000
2. **CAPITAL** – Any capital project with a value in excess of £150,000
3. A decision which significantly affects communities living or working in an area comprising two or more wards.

B13.1 If this is a Key Decision, is this an urgent decision such that a delay caused by use of the Call-in Procedure would <u>seriously</u> prejudice the public interest?	No
B13.2 If yes, has the Mayor or in his/her absence the Deputy Mayor or in his/her absence the Chair of the relevant Scrutiny Committee agreed that the decision will be exempt from Call-in?	N/A

NOTE: If this decision is subject to the Call-in Procedure it will come into force, and may then be implemented, on the expiry of 3 working days after publication – unless 10 Members of the Council call in the decision.

Please send the original signed document to andrea.davies@eaststaffsbc.gov.uk