

EXECUTIVE DECISION RECORD
Officer

REF No: 244.24

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| A1 Service Area | Finance and Treasury Management |
| A2 Title | Continuing Membership of the Staffordshire Business Rates Pool for 2025/26 |
| A3 Decision Taken By | Cabinet Member/Chief Officer |
| A4 Chief Officer | Please print name: Lloyd Haynes Please sign name: [REDACTED] |
| A5 Leader / Deputy Leader consulted? | Please print name: Cllr A Chaudhry Please sign name: [REDACTED] |
| Sign off under Urgency Provisions | Cllr M. Fitzpatrick – Leader of the Council (Approval via email 09/10/24) Cllr Z. Krupski – Chairman of the Scrutiny (Value for Money Council) Committee (Approval via email 09/10/24) Cllr S. McKiernan – Mayor (Approval via email 09/10/24) |
| A6 Date of Decision | 09/10/2024 |

Confidential or Exempt Information

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| A7 Does this decision contain Confidential Information? | No |
| A7.1 Does this Decision contain Exempt Information as described in Schedule 12A of the Local Government Act 1972? | No |
| A7.2 If yes, please state relevant paragraph from Schedule 12A LGA 1972. | N/A |

Conflict of Interest

Are there any conflicts of interest to declare? No

(If "Yes" please contact the Chief Executive before making the Decision. A note of dispensation should be attached).

Scrutiny/Audit

A8 Which Committee should this decision be submitted to? *(Please tick as appropriate)*

- Scrutiny (Value for Money Council) Committee ✓
- Scrutiny (Regeneration Development and Market Hall) Committee
- Scrutiny (Health and Wellbeing) Committee
- Scrutiny (Climate Change and Environment) Committee
- Audit Committee

B1 What is the Decision?

To roll forward the existing business rates pooling arrangement to 2025/26

B2 What are the reasons for the Decision?

B2 Alternative options considered and rejected?

On the 18th September 2024 the Ministry of Housing, Communities and Local Government have in advance of the Financial Settlement requested confirmation that we wish to remain in the current business rates pool with the other Staffordshire Authorities for 2025/256.

The cut-off date of 29th October 2024 has been set for authorities, or pools of authorities to state whether they wanted existing pools to continue or to be revoked or reconfigured or new pools created. The deadline enables such a pool to be proposed (designated) in the provisional settlement.

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 2023/24 the current Staffordshire and Stoke on Trent Pool retained estimated growth of £11m (subject to final audit of accounts) which would normally be paid to Central Government as a levy.

Whilst the impact of the current economic circumstances on business rates remains uncertain, 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 also the case during the height of the Covid-19 Pandemic.

Based on forecasts for 2024/25, £12.518m of estimated growth might be expected to be retained, of which £1.138m relates to ESBC (see Appendix 1), which without maintaining a Pool would instead be payable to Government.

For East Staffordshire Borough Council, without a reset, this would amount to approximately:

- Estimated share of levy on growth saved: £455k (i.e. 40% of the estimated levy £1.138m)
- There would also be a redistributed potential windfall, which based on previous years we could estimate to be in the region of £250k (£285k for 23/24, and £249k for 22/23)

This position is likely to be similar for 2025/26, and the existing MTFs therefore assumes that the pool is maintained, meaning that without seeking to continue the pool it would result in a financial gap in those assumptions.

The alternative option would to revoke our membership in the pool. This has been rejected on the grounds that we would not benefit from retaining the retained levy or potential windfall share, and as

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| | above it would impact on the current funding assumptions contained within the MTFS. |
| B3 What are the contributions to Corporate Priorities? | Additional funds will contribute to all corporate priorities. Creating a Prosperous East Staffordshire |
| B4 What are the Human Rights considerations? | There are no Human Rights issues arising from this decision. |

Financial Implications

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| 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 current economic circumstances means there is more financial risk attached to remaining within the Pool. However safety net arrangements exist for individual members and also the pool as a whole in the unlikely event that these should be required.</p> <p>Retention of Share of Levy Saved by being in the Pool (indicative estimate based on 40% of figure provided by Cannock Chase Council = £0.455m); Potential redistributed Windfall from rolling forward existing Pool (indicative estimate in the region of £0.250m based on previous years actuals) – please note that as set out above the existing MTFS assumes that the pool is maintained, meaning that without seeking to continue the pool it would result in a financial gap in those assumptions.</p> <p>It is anticipated that the Business Rates Retention Scheme will be reset during the current MTFS period, however there is currently no confirmation of the date for that, meaning that the future of business rates pooling is uncertain and therefore any additional benefit from pooling is effectively windfall.</p> |
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| The finance section has been approved by the following member of the Financial Management Unit: | Please print name: Ross White Please sign name: Signed by email 09/10/24 |
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Policy Framework

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| 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)? | N/A |
| 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

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| B8 What are the Equalities implications: N/A |
| 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. |
| B8.4 [The equality impact assessment identified the following actions to be carried out:] N/A |

Risk Assessment

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| B9 What are the Risk Assessment implications: |
| B9.1 Positive (Opportunities/Benefits): Opportunity to continue to retain and benefit from business rates growth both within East Staffordshire and the region as a whole. |
| B9.2 Negative (Threats): Financial risks associated with business rates income contraction due to various factors, including appeals, the economy, and a business rates reset. These risks are |

B9 What are the Risk Assessment implications:

partially mitigated by the existing pooling arrangement and safety net provisions. Significant existing growth also provides a large buffer against any shocks.

B9.3[The risks are referred to in the Risk Register numbered. Any financial implications to mitigate against these risks are considered above.

Legal Considerations

B10 What are the Legal Considerations:

Pools are established under Part 9 paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 (as inserted by Schedule 1 to the Local Government Finance Act 2012). However governance arrangements are in place in relation to the existing pool with the Staffordshire Authorities pursuant to a Memorandum of Understanding and these will be reviewed following the settlement to ensure they remain fit for purpose.

B10.1 [There are no significant legal issues arising from this decision.] [The main legal issues arising from this decision are as follows:]

This section has been approved by the following member of the Legal Team

Please print name:

Please sign name:

Environmental Impact

B11 What are the Environmental Impacts:

Consider impacts related to the Climate Change & Nature Strategy aims:

- Reducing greenhouse gas emissions (climate change mitigation)
- Preparing for future climate change (adaptation)
- Protecting and enhancing nature
- Using resources wisely and minimising waste and pollution

B11.1 The impacts are **not significant** and are set out below without enhanced consideration by the Council's Climate Change and Adaptation Officers.

B11.3 Positive Impacts (Opportunities/Benefits):

N/A

B11.4 Negative Impacts (Threats/Mitigation):

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.**

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| 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? | Yes |
| 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? | Yes |

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:
democratic.services@eaststaffsbc.gov.uk