



## EXECUTIVE DECISION RECORD

<b>A1 Service Area</b>	Finance
<b>A2 Title</b>	Staffordshire Business Rates Pool Arrangements for 2020/21
<b>A3 Decision Taken By</b>	Leader/Chief Officers
<b>A4(a) Chief Officer</b>	Please print name: Sal Khan  Please sign name: 
<b>A4(b) Chief Officer</b>	Please print name: Andy O'Brien  Please sign name: <i>AO'Brien</i>
<b>A5 Leader</b>	Please print name: Cllr Duncan Goodfellow  Please sign name: 
<b>A6 Date of Decision</b>	11 October 2019

## Confidentiality

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

## Scrutiny

<b>A8</b> Which Scrutiny Committee should this decision be submitted to?	<i>(Please tick as appropriate)</i> ✓
Scrutiny (Audit & Value for Money Council Services) Committee	<input checked="" type="checkbox"/>
Scrutiny (Community Regeneration, Environment and Health and Well Being) Committee	<input type="checkbox"/>
<b>B1</b> What is the Decision?	To join the Staffordshire and Stoke on Trent Business Rates Pool by rolling forward the existing Pool (pilot) to 2020/2021 and until the introduction of the 75% Business Rates Retention Scheme. In doing so reflecting the necessary changes to allow the Pilot agreement to transition from a 75% retention scheme to a 50% retention scheme.

**2 What are the reasons for the Decision?**

**Background:**

Details of the 2020/21 Local Government Funding Settlement are still awaited however the announcements following the 2019 Spending Review confirmed the assumption that the current regime will roll forward into 2020/21.

The introduction of 75% Business Rates Retention (and Fair Funding) is to be delayed until 2021/22 and the Secretary Of State has announced that all pilots, other than Devolution Pilots, will cease after the 31 March 2020.

MHCLG have in advance of Technical Consultation on the Financial Settlement issued an "Invitation to Pool 2020-21" to both existing pilot/pools and to non-pooling authorities." A cut-off date of 25 October 2019 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 (75%) will not continue past 31 March 2020 and pilot authorities, including us are required to make a decision on whether to remain as a pool.

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 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.

In the event that there is no Staffordshire wide pool there would be a loss in the region of £8.1 million as a result of losing the levy saved.

The termination of the pilot pool would in the first instance have a direct impact on District/Borough Councils who have enjoyed pooling status for a number of years with

	<p>£3.2 million of avoided levy being specifically allocated and contained in 2019/20 budgets. The residual balance has historically been set aside for economic development and to provide a contingency fund and amounted to £4.9 million.</p> <p><b>Future Options:</b> The possibility of reforming and re-joining the GBSLEP Business Rates Pool has been considered, but there is no appetite for this from both Birmingham CC and Solihull MBC. It may actually be legally not possible for Birmingham to be part of the GBSLEP Pool.</p> <p>If no pooling arrangement is in place then there would be an estimated loss of the £8.1million across Staffordshire.</p> <p>There is also the possibility of creating/forming a new pool but the most logical step would be to roll forward the existing Pool (pilot) to 2020/2021 and until the introduction of the 75% Business Rates Retention Scheme. The reasoning being that the Pool already exists and any new Pool requires the Secretary of State to approve its designation. The timescale for which to make a decision is very tight.</p> <p>Meetings held with Staffordshire Chief Executives and Staffordshire Chief Finance Officers have both come to the conclusion that rolling forward the existing Pool is the most sensible thing to do.</p> <p>For East Staffordshire Borough Council, this would amount to:</p> <ul style="list-style-type: none"> <li>• Estimate share of levy on growth saved <b>£205K</b></li> <li>• Redistributed potential windfall – this would be up to <b>£ 215K</b></li> </ul>
<p><b>B3</b> What are the contributions to Corporate Priorities?</p>	<p>Additional funds will contribute to all corporate priorities and significantly help with the MTFS.</p>
<p><b>B4</b> What are the Human Rights considerations?</p>	<p>There are no Human Rights issues arising from this decision.</p>

### Financial Implications

<b>B5</b> What are the financial implications?	The main financial issues arising from this decision have been considered in the main body to this document.
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Revenue	2019/20	2020/21	2021/22
Retention of Share of Levy Saved by being in the Pool (estimate)		<b>£205K</b>	
Potential redistributed Windfall from rolling forward existing Pool		<b>£215K</b>	

The finance section has been approved by the following member of the Financial Management Unit:	Please print name: <p style="text-align: center; margin-left: 40px;">ANYA MURRAY</p> Please sign name: <div style="background-color: black; width: 150px; height: 20px; margin-left: 40px;"></div>
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### Policy Framework

<b>B6</b> Is the Decision wholly in accordance with the Council's policy framework?	Yes
<b>B6.1</b> If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	N/A <i>(please delete as appropriate)</i>
<b>B6.2</b> Has it got the appropriate approvals under those provisions?	N/A <i>(please delete as appropriate)</i>
<b>B7</b> Is the Decision wholly in accordance with the Council's budget?	Yes and this will be built into the developing MTFS
<b>B7.1</b> If No, does it fall within the urgency provisions (Part 3 of the Constitution)?	N/A
<b>B7.2</b> Has it got the appropriate approvals under those provisions?	N/A

## Equalities Implications


<b>B8</b> What are the Equalities implications:
<b>B8.1</b> Positive (Opportunities/Benefits):  Additional funding which will be utilised to support the MTFS will allow the Council to continue to underpin the delivery of services to all residents.
<b>B8.2</b> Negative (Threats):
<b>B8.3</b> 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

<b>B9</b> What are the Risk Assessment implications:  The Business Rates Retention Scheme is already incorporated into the risk register and is formally reported on a quarterly basis through reports to Cabinet and Scrutiny (Audit and Value For Money Services Committee).
<b>B9.1</b> Positive (Opportunities/Benefits):  The main benefit is that participation in the Pool will enable the Council as well as all other County authorities to utilise the saved levy and windfall monies to support the medium term financial strategy
<b>B9.2</b> Negative (Threats):  The main risk is that the Council would be responsible for more of the Government's share if business rates contracted below the current level of use.
<b>B9.3</b> The risks are referred to in the Corporate Risk Register

## Legal Considerations

<b>B10</b> What are the Legal Considerations  These are incorporated into Memorandum of Understanding which became the Agreement as per the original 75% Pilot Pooling arrangement. Governance arrangements have been updated to reflect the 50% Pool and have been approved by Staffordshire Chief Executives.
<b>B10.1</b> There are no significant legal issues arising from this decision.

<p>This section has been approved by the following member of the Legal Team:</p>	<p>Please print name: Angela Wakefield</p> <p>Please sign name: </p>
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### Sustainability Implications

<p><b>B11</b> What are the Sustainability implications: There are none directly arising from this decision.</p>
<p><b>B11.1</b> The proposal [would/would not] result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures). The positive/negative impacts are set out below (please refer to guidance notes).</p>
<p><b>B11.2</b> Positive (Opportunities/Benefits): N/A</p>
<p><b>B11.3</b> Negative (Threats): A/A</p>

### Health & Safety Implications

<p><b>B12</b> What are the Health &amp; Safety implications: There are none directly arising from this decision</p>
<p><b>B12.1</b> A Risk Assessment has not been carried out and entered into Safety Media for all significant hazards and risks because there are no significant hazards or risks arising from this decision.</p>
<p><b>B12.2</b> N/A</p>
<p><b>B12.3</b> N/A</p>
<p><b>B12.3.1</b> Positive (Benefits) N/A</p>
<p><b>B12.3.2</b> Negative (Threats) N/A</p>

### Key Decision

<b>B13</b> Is this a Key Decision?	Yes/No <i>(please delete as appropriate)</i>
<b>Note: A Key Executive Decision is one where:</b>	
<ol style="list-style-type: none"> <li>1. <b>REVENUE</b> – Any contract or proposal with an annual payment or saving of more than £100,000</li> <li>2. <b>CAPITAL</b> – Any capital project with a value in excess of £150,000</li> <li>3. <b>A decision which significantly affects communities living or working in an area comprising two or more wards.</b></li> </ol>	
<b>B13.1</b> 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/No/NA <i>(please delete as appropriate)</i>
<b>B13.2</b> 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/No/NA <i>(please delete as appropriate)</i>

**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](mailto:andrea.davies@eaststaffsbc.gov.uk)