

BOROUGH COUNCIL OF KING'S LYNN AND WEST NORFOLK

RECORD OF DECISION TAKEN BY OFFICERS UNDER DELEGATED POWERS

This is a record of a decision taken by an officers under delegated powers and where necessary taken in consultation with members and officers.

REPORT TITLE:	Business Rates Pool for 2025/2026
OPEN/EXEMPT	Open
LEAD OFFICER	Michelle Drewery, Assistant Director Resources & Section 151 Officer
IS DECISION SUBJECT TO CALL IN?:	No – urgent decision due to deadline Chair of CPP has been informed
DATE DECISION ADVERTISED:	24 October 2024
DATE OF DECISION:	24 October 2024
DEADLINE FOR CALL IN:	N/A
PRE-SCREENING EQUALITY IMPACT ASSESSMENT COMPLETED:	YES

Delegated Power

Cabinet 1 October 2013. Record of Decision CAB80.
That subject to the approval of the detailed pooling and governance arrangements the Deputy Chief Executive, in consultation with the Chief Financial Officer and the Leader of the Council, be given delegated authority to enter the Borough Council into a business rates pooling arrangement for Norfolk.

Decision Taken

Agreement to enter into Business Rates Pool arrangement with other Norfolk authorities for 2025/2026 under the Business Rates Retention Scheme. **Deadline to submit decision to MHCLG is 29 October 2024**

Reasons for the Decision

Under the business rates retention scheme, local authorities are able to voluntarily form a business rates retention pool. The main aim of the pool is to maximise the retention of locally generated business rates and to ensure that it further supports the economic regeneration across the Norfolk area.

The modelling work that has been undertaken by the Pool demonstrates that financially the named local authorities would retain a greater share of business rates revenue through pooling than it would otherwise do, as long as it experiences economic growth. This will act as a further incentive for all the pooling authorities to proactively work together to drive economic growth within Norfolk.

The Minister for Housing, Communities and Local Government (MHCLG) have issued an invitation to enter a pool for 2025/2026 with a Memorandum of Understanding (MOU) to be submitted by the lead authority (Norfolk County Council) by 29 October 2024. After this point, membership cannot be changed, although the pool could still be dissolved (by one or more councils withdrawing). The scheme allows for local autonomy to distribute these additional funds amongst pool members. How the additional amount is split between the members of the respective pool is determined by the pool through its governance arrangements.

The MOU sets out the following principles:

- Each individual authority, will receive at least the same level of funding they would have received without the Pool. The remaining amount will be the “Net Retained Levy”.
- Any additional resource that is generated will be shared by pool members using the basis of allocation below. This allocation methodology looks to reward members of the pool for achieving business rate growth.
- The rationale for the Pool is to encourage economic growth therefore Pool Members are encouraged to use the additional resource to promote further economic growth.

The basis of allocation for 2025/26 sets out that the net retained levy (after running costs have been deducted) will be allocated on the following apportionment basis:

- i) 50% of the Net Retained Levy (gain) will be allocated to the Pool's top up authority – Norfolk County Council.
- ii) The remaining 50% gain will be split among the Pool's remaining authorities based on business rates growth. This will be achieved by splitting the remaining 50% in proportion to the actual levy payment of the councils, had they acted individually.

This is a change from the current MOU for 2024/25 where the apportionment is based on splitting into 1/3rds with one third going to Norfolk County Council, one third allocated to the other councils in equal shares and then the last third being split across the councils where Norfolk County Council receives a third and the other councils receive the remaining share based on growth.

The following table shows:

- a) the estimated sums from each authority into the pool
- b) the allocations in accordance with the current adopted MOU
- c) the allocations based on moving to the proposed MHCLG methodology
- d) the impact of moving to the MHCLG methodology for each authority in the pool

The final amounts would be subject to the actual outturn at individual authority level.

Local Authority	(a) 2025/26 Forecast £m	(b) Current Norfolk Pool MOU Allocation £m	(c) Approved MHCLG Default MOU Allocation £m	(d) Difference £m
Breckland District Council	1.271	0.706	0.635	-0.071
Broadland District Council	1.328	0.719	0.664	-0.055
Great Yarmouth Borough Council	0.399	0.513	0.200	-0.313
Borough Council of King's Lynn and West Norfolk	1.965	0.861	0.982	0.122
North Norfolk District Council	1.766	0.816	0.883	0.067
Norwich City Council	0.060	0.437	0.030	-0.407
South Norfolk District Council	2.116	0.894	1.058	0.164
District sub-total	8.905	4.947	4.452	-0.494
Norfolk County Council	0.000	3.958	4.452	0.494
Total pool	8.905	8.905	8.905	0.000

The MHCLG methodology means that this council would receive an additional £122k based on the current projections. This is a fairer distribution of growth as it was felt that the methodology currently in use is a disincentive to those authorities with the most growth as they have a significantly higher proportion of growth redistributed.

The following authorities have indicated that they will be entering into the pooling arrangement for 2025/26 under the proposed MHCLG MOU allocation basis as set out above (subject to their own internal decision making processes):

- Norfolk County Council
- Breckland District Council
- Broadland District Council
- Great Yarmouth Borough Council
- North Norfolk District Council
- Norwich City Council
- South Norfolk District Council

All members of a pool must submit a consistent response, or it will not be accepted by MHCLG.

Details of alternative options, if any, considered and rejected.

As set out above, the MOU currently in use is a disincentive to those who are achieving growth as they have a higher percentage of funds removed.

By choosing to not enter the pool, our estimated levy of £1.965m would instead be paid to Central Government rather than be retained in Norfolk for the benefit of Norfolk.

Any declarations of interest and details of any dispensations granted in respect of interests (in relation to officers and any Members consulted).

None known

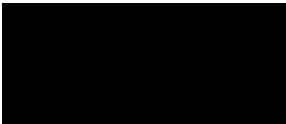
List of Background papers

Cabinet Report of 1 October 2013 Business Rates Pooling

Authorisation

Post Held: Chief Executive

Signature



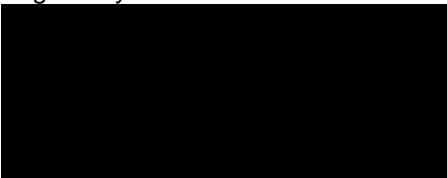
Date 21 October 2024

Consultation with members/officers

If the decision is taken following consultation with the members/officers, please give details:

Name of officers consulted: Michelle Drewery, Assistant Director Resources & Section 151 Officer

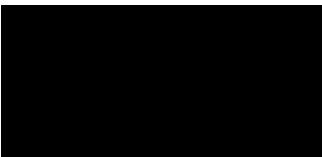
Signed by Officer as consulted:



Michelle Drewery

Date 18 October 2024

Name of Member consulted: Cllr Alistair Beales, Council Leader



Councillor Alistair Beales

Date 21 October 2024

Stage 1 - Pre-Screening Equality Impact Assessment

For equalities profile information please visit [Norfolk Insight - Demographics and Statistics - Data Observatory](#)

Name of policy/service/function	Business Rates Pool Arrangement for 2025/2026				
Is this a new or existing policy/service/function? (<i>tick as appropriate</i>)	New		Existing	X	
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service is rigidly constrained by statutory obligations, and identify relevant legislation.	By entering a pool arrangement with other Norfolk authorities, the council will benefit from access to additional funds retained from business rates revenue rather than pay it back to central government.				
Who has been consulted as part of the development of the policy/service/function? – new only (<i>identify stakeholders consulted with</i>)	Leaders, Chief Executives & Section 151 Officers of all Norfolk authorities				
Question	Answer				
<p>1. Is there any reason to believe that the policy/service/function could have a specific impact on people from one or more of the following groups, for example, because they have particular needs, experiences, issues or priorities or in terms of ability to access the service?</p> <p>Please tick the relevant box for each group.</p> <p>NB. Equality neutral means no negative impact on any group.</p> <p><i>If potential adverse impacts are identified, then a full Equality Impact Assessment (Stage 2) will be required.</i></p>		Positive	Negative	Neutral	Unsure
	Age			X	
	Disability			X	
	Sex			X	
	Gender Re-assignment			X	
	Marriage/civil partnership			X	
	Pregnancy & maternity			X	
	Race			X	
	Religion or belief			X	
	Sexual orientation			X	
	Armed forces community			X	
	Care leavers			X	
Other (eg low income, caring responsibilities)			X		

Question	Answer	Comments
2. Is the proposed policy/service likely to affect relations between certain equality communities or to damage relations between the equality communities and the Council, for example because it is seen as favouring a particular community or denying opportunities to another?	No	This decision is regarding entering a pool arrangement. Decisions on what the funding will be spent on will need to be undertaken separately.
3. Could this policy/service be perceived as impacting on communities differently?	No	As above
4. Is the policy/service specifically designed to tackle evidence of disadvantage or potential discrimination?	No	As above
5. Are any impacts identified above minor and if so, can these be eliminated or reduced by minor actions? If yes, please agree actions with a member of the Corporate Equalities Working Group and list agreed actions in the comments section	N/A	Actions:
		Actions agreed by EWG member:
<p>If 'yes' to questions 2 - 4 a full impact assessment will be required unless comments are provided to explain why this is not felt necessary:</p> <p>Decision agreed by EWG member:</p>		
Assessment completed by: Name	Michelle Drewery	
Job title	Assistant Director Resources & Section 151 Officer	
Date completed	18 October 2024	
Reviewed by EWG member		Date

x Please tick to confirm completed EIA Pre-screening Form has been shared with Corporate Policy (corporate.policy@west-norfolk.gov.uk)