

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:	Agreement to enter into the Business Rates Pool Agreement 2024/2025
OPEN/EXEMPT	Open
LEAD OFFICER	Michelle Drewery – Assistant Director
IS DECISION SUBJECT TO CALL IN?:	No - Urgent Decision – The deadline to submit decision to the DLUHC is 10 th October 2023.
DATE DECISION ADVERTISED:	
DATE OF DECISION:	n/a
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 2024/2025 under the Business Rates Retention Scheme. **Deadline to submit decision to DLUHC is 10 October 2023**

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.

Authorities in Norfolk collectively decided not to enter a business rates pool in 2021/2022 due to the uncertainty of the impact of the pandemic on the economy and business rates growth. However, following this, business rates for 2022/2023 were forecasting a positive return resulting in all eight Norfolk authorities agreeing to entering a pooling arrangement again. Since then, forecasts have remained positive and the pooling arrangement has continued. The forecast position for each authority has now been collated for 2024/2025 which indicates a total retained levy return of £7.211m to the pool.

The Department for Levelling Up, Housing and Communities (DLUHC) have issued an invitation to enter a pool for 2024/2025 with a Memorandum of Understanding (MOU) to be submitted by the lead authority (Norfolk County Council) by 10 October. 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 resources 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 sets out that the net retained levy (after running costs have been deducted) will be allocated on the following basis:

- i. One third (33.3%) of the net retained levy (gain) will be allocated to the Pool's top up authority – Norfolk County Council.
- ii. One third (33.3%) of the net retained levy (gain) will be allocated to the Pool's remaining authorities in equal shares (1/7th per District).
- iii. The remaining one third (33.3%) gain will be further split one third to Norfolk County Council (this represents 11.1% of the total net retained levy) and two thirds (representing 22.2% of the total net retained levy) shared among the Pool's remaining authorities based on business rates growth. This will be achieved by splitting the remaining 22.2% of the total net retained levy in proportion to the actual levy payment of the councils, had they acted individually.

For the avoidance of doubt, (i) to (iii) represents a 44.4% share of the total net retained levy to Norfolk County Council, and 55.6% of the total net retained levy to Districts (the breakdown of the District share being 33.33% equally split, 22.22% shared based on growth) to Norfolk County Council and the remaining 50% will be split amongst the remaining authorities.

The above method of allocation results in the following distribution amounts for each authority in the pool:

Local Authority	2024-25 Forecast	Option 1 - Current model	
	£m	£m	%
Breckland District Council	1.343	0.642	9%
Broadland District Council	1.147	0.598	8%
Great Yarmouth Borough Council	0.433	0.440	6%
Borough Council of King's Lynn and West Norfolk	1.713	0.724	10%
North Norfolk District Council	1.296	0.631	9%
Norwich City Council	0.056	0.356	5%
South Norfolk District Council	1.221	0.615	9%
District sub-total	7.211	4.006	56%
Norfolk County Council	0.000	3.205	44%
TOTAL	7.211	7.211	100%

The following authorities have indicated that they will be entering into the pooling arrangement for 2024/25 continuing with the same 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

Options considered

By choosing to not enter the pool, our estimated levy of £1.7m 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.

None known.

List of Background papers

Cabinet Report of 1 October 2013 Business Rates Pooling

Authorisation by Lorraine Gore, Chief Executive

Signature



Date

31/10/23.

Consultation with members/officers

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

Consultation with Chief Financial Officer Michelle Drewery

Signed by Officer as consulted:



Michelle Drewery

Date 02 October 2023

Consultation with Council Leader Cllr Terry Parish

Signed by Member as consulted:



Councillor Terry Parish

Date

Pre-Screening Equality Impact Assessment

Borough Council of
King's Lynn & West Norfolk



Name of policy/service/function	Business Rates Pool Arrangement for 2024/2025				
Is this a new or existing policy/ service/function?	Existing				
Brief summary/description of the main aims of the policy/service/function being screened. Please state if this policy/service rigidly constrained by statutory obligations	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.				
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 according to their different protected characteristic, 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>		Positive	Negative	Neutral	Unsure
	Age			x	
	Disability			X	
	Gender			X	
	Gender Re-assignment			X	
	Marriage/civil partnership			X	
	Pregnancy & maternity			X	
	Race			X	
	Religion or belief			X	
	Sexual orientation			X	
	Other (eg low income)			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: Name			
Assessment completed by: Name	Michelle Drewery				

Job title Assistant Director Resources	Date 29 September 2023
Please Note: If there are any positive or negative impacts identified in question 1, or there any 'yes' responses to questions 2 – 4 a full impact assessment will be required.	