

EAST SUSSEX FIRE AUTHORITY

Meeting	Policy & Resources Panel
Date	11 November 2021
Title of Report	East Sussex Business Rate Pool
By	Duncan Savage, Assistant Director Resources / Treasurer
Lead Officer	Duncan Savage, Assistant Director Resources / Treasurer

Background Papers Fire Authority 11 September 2014 – Item 805 – Business Rate Pooling
Urgency Panel 24 October 2017 – Item 13 – Business Rate Pooling

Appendices None

Implications

CORPORATE RISK	✓	LEGAL	
ENVIRONMENTAL		POLICY	
FINANCIAL	✓	POLITICAL	
HEALTH & SAFETY		OTHER (please specify)	
HUMAN RESOURCES		CORE BRIEF	

PURPOSE OF REPORT To seek approval to continue to participate in the East Sussex Business Rates Pool

EXECUTIVE SUMMARY The County Council, the five Districts and Boroughs and the Fire Authority have operated the East Sussex Business Rates Pool during 2015/16 and 2016/17. They de-pooled in 2017/18 due to the risks associated with the revaluation of business rates properties and knock-on effects of business rates appeals. The Pool was re-established in 2018/19 and has continued operating through to 2021/22. During 2019/20 only it became a Business Rate Pilot.

The Chief Finance Officers of the Pool Members have reviewed the position for 2022/23 and building on previous analysis provided by Local Government Futures and consideration of the performance of and risks associated with the Pool have applied to DLUHC to continue the Pool in 2022/23. The deadline for this application was at short notice

in October 2021 and it was not possible to seek prior Member approval.

Formal approval of the Pool application will be announced as part of the Provisional Local Government Finance Settlement (LGFS) expected in late December. Any authority can withdraw from a Pool during the consultation period for the Provisional LGFS (normally four weeks), but this would result in the whole Pool ceasing to operate. It is likely that the consultation period will end before the Policy & Resources Panel meeting on 20 January 2022 and thus this report recommends that delegated authority is granted to the Assistant Director Resources / Treasurer, after consultation with the Chairman and the Chief Fire Officer, to make the final decision on Pool membership.

The Pool will be governed under the existing Pooling Agreement, key elements of which include:

- Appointing a lead authority (Wealden District Council)
- Resources gained on the basis of the levy amount that was saved by individual authorities be split as follows: 40% to ESCC, 10% to the Fire Authority and the remaining 50% split amongst the District/Borough Councils
- Pool Members should be no worse off than if they were outside the Pool

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. Pools allow local areas to retain a greater proportion (50%) of the growth in income from business rates that would otherwise have been paid over to HM Treasury.

Whilst the Districts and Boroughs have put in place measures to offset the risk of business rates yield reductions, there remains the risk that any pool could make a loss and the Authority needs to ensure it has sufficient provision in its reserves and balances to cover its share in this eventuality. Any Pool loss would be shared in the same proportions as any gains and therefore the Authority's share would be 10%.

The Pool has succeeded in retaining significant additional funding within East Sussex. The forecast Pool gain for 2020/21 is £4.224m of which the Authority's share is £0.422m. The quarter 1 forecast Pool gain for 2021/22 is £5.260m of which the Authority's share would be £0.526m. The Authority has used this funding to support local

businesses through its protection activities. This initially focussed on specific business safety initiatives but has been widened to support broader enhancement of the protection function in line with national developments and priorities post Grenfell.

RECOMMENDATION

The Panel is recommended to:

- (i) approve the Authority's continued membership of the East Sussex Business Rates Pool;
 - (ii) delegate the final decision on whether to participate in the Pool to the Assistant Director Resources / Treasurer after consultation with the Chairman and the Chief Fire Officer; and
 - (iii) authorise the Assistant Director Resources/ Treasurer to take any steps necessary to give effect to the decision in (ii) above
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