

<b>REPORT TO:</b>	<b>Policy and Finance Committee – 20 October 2022</b>
<b>SUBJECT:</b>	<b>Business Rates Pooling</b>
<b>LEAD OFFICER:</b>	<b>Carolyn Martlew – Interim Group Head of Finance and S151 Officer</b>
<b>LEAD MEMBER:</b>	<b>Councillor Gunner</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION:</b>	
The recommendation supports: <ul style="list-style-type: none"> <li>• Improving the wellbeing of Arun;</li> <li>• Fulfilling Arun’s economic potential.</li> </ul>	
<b>DIRECTORATE POLICY CONTEXT:</b>	
The realisation of extra income into the County has a potential effect on all Directorates of the Council.	
<b>FINANCIAL SUMMARY:</b>	
The financial effects are contained in the body of the report.	

## **1. PURPOSE OF REPORT**

- 1.1. The purpose of this report is to seek retrospective Member approval for the Interim Group Head of Finance and S151 Officer, in consultation with the Chairman of this Committee, to continue membership of a business rate pool with selected other West Sussex authorities. The retrospective approval is requested as the Department for Levelling Up, Housing and Communities (DLUHC) required Councils to indicate their intentions by 22 September 2022 for the 2023/24 financial year.

## **2. RECOMMENDATIONS**

- 1.2. It is recommended that the Committee:
- Agrees to Arun continuing to participate in a business rates pool in West Sussex from 1 April 2023.

## **2. EXECUTIVE SUMMARY**

- 2.1. This report seeks retrospective Member approval for the Interim Group Head of Finance and S151 Officer, in consultation with the Chairman of this Committee, to continue membership of a business rate pool with selected other West Sussex authorities. The retrospective approval is requested as the Department for

Levelling Up, Housing and Communities (DLUHC) required Councils to indicate their intentions by 22 September 2022 for the 2023/24 financial year.

### **3. DETAIL**

- 3.1. This Committee considered a report at its meeting on 9 December 2021, titled Business Rates Pooling. Members may wish to review this report to assist with their consideration of this report.
- 3.2. At that time, the option for Councils to form Business Rates Pools had been reintroduced following its withdrawal during the COVID19 pandemic. Councils in West Sussex had undertaken financial modelling and determined the pooling option providing the optimal return for 2022/23 would consist of:
  - West Sussex County Council;
  - Adur District Council;
  - Arun District Council;
  - Horsham District Council
  - Mid-Sussex District Council.

This pool, assuming modelling was accurate, would produce business rates growth of £10.924m in West Sussex for 2022/23, resulting in a retained levy of £5.462m across the County. The recommendation to pool on this basis was agreed for 2022/23.

- 3.3. Government has invited Councils to form Business Rate Pools for 2023/24. A modelling exercise has again been undertaken which indicated the optimal pooling arrangement is a continuation of the 2022/23 pool arrangement. This pool, again assuming modelling is accurate, would produce business rates growth of £11.767m in West Sussex for 2023/24, resulting in a retained levy of £5.884m across the County.
- 3.4. Government requested Councils to indicate their intentions for 2023/24 by 22 September 2022. Agreement has been provided for the current pool to remain in place, subject to Member approval.

### **4. CONSULTATION**

- 4.1. No consultation has been undertaken with external bodies.

### **5. OPTIONS / ALTERNATIVES CONSIDERED**

- 5.1. No other options have been considered.

## **6. COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER**

- 6.1. Agreeing to continue the pool from 2022/23 to 2023/24, means that extra Business Rates income can be retained in the County than if there is not a pool.

## **7. RISK ASSESSMENT CONSIDERATIONS**

- 7.1. There is a risk that if income declines, then participating Councils will receive less income if income is not realised. This is partly mitigated by a clause in the Memorandum of Understanding for the Pool that no Council will be worse off in the pool than what it would be if pooling were not in place. The modelling indicates this is not likely. However, it is important that all participating Councils enter into agreement aware of the potential risks of doing so. If agreement is not reached, the Council can withdraw.

## **8. COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER**

- 8.1. It is expected the governance arrangements agreed for the pool in 2022/23 will continue in to 2023/24.

## **9. HUMAN RESOURCES IMPACT**

- 9.1. There are no direct implications.

## **10. HEALTH & SAFETY IMPACT**

- 10.1. There are no direct implications.

## **11. PROPERTY & ESTATES IMPACT**

- 11.1. There are no direct implications.

## **12. EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE**

- 12.1. There are no direct implications.

## **13. CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE**

- 13.1. There are no direct implications.

## **14. CRIME AND DISORDER REDUCTION IMPACT**

- 14.1. There are no direct implications.

## **15.HUMAN RIGHTS IMPACT**

15.1. There are no direct implications.

## **16.FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS**

16.1. There are no direct implications.

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### **CONTACT OFFICER:**

Name: Carolin Martlew

Job Title: Interim Head of Finance and S151 Officer

Contact Number: 01903 737568

### **BACKGROUND DOCUMENTS:**

Report to Cabinet; 13 October 2014; Business rates Pooling;

Report to Policy and Finance Committee; 9 December 2021; Business Rates Pooling.

## Appendix

<b>2023/24 Pool Modelling - based upon 2021/22 NNDR1</b>									
Authority	Business Rates for purpose of safetynet/levy	Business Rates Growth	Business Rates for purpose of safetynet/levy	Business Rates Growth <b>Current Pool</b>	Business Rates for purpose of safetynet/levy	Business Rates Growth <b>Modified Pool</b>	Business Rates for purpose of safetynet/levy	Business Rates Growth <b>Original Pool</b>	
Adur	8,146,619	1,307,423	8,146,619	1,307,423	8,146,619		8,146,619	1,307,423	
Arun	16,876,583	4,195,160	16,876,583	4,195,160	16,876,583	4,195,160	16,876,583	4,195,160	
Chichester	21,014,016	1,373,311	21,014,016		21,014,016		21,014,016	1,373,311	
Crawley	44,953,189	2,039,907	44,953,189		44,953,189		44,953,189		
Horsham	19,242,621	3,098,544	19,242,621	3,098,544	19,242,621	3,098,544	19,242,621		
Mid Sussex	21,638,318	3,166,186	21,638,318	3,166,186	21,638,318	3,166,186	21,638,318		
Worthing	14,035,918	1,026,075	14,035,918		14,035,918		14,035,918	1,026,075	
West Sussex									
	145,907,263	16,206,604	145,907,263	11,767,312	145,907,263	10,459,889	145,907,263	7,901,968	
Pool:									
Baseline Funding (including WSCC)		97,474,473		88,887,090		87,119,937		89,637,138	
Business Rates Baseline (including WSCC)		167,183,290		88,445,078		81,552,171		85,572,221	
Pool levy percentage		<b>41.70%</b>		<b>0.00%</b>		<b>0.00%</b>		<b>0.00%</b>	
<b>Retained levy - all authorities with growth</b>		<b>not viable %&gt;0</b>		<b>5,883,656</b>		<b>5,229,945</b>		<b>3,950,984</b>	