


Cabinet 27 November 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director of Resources (Section 151 Officer)	Classification: Unrestricted
Continuation of Business Rates Pooling	

Lead Member	Cllr Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	Abdulrazak Kassim - Director of Finance, Procurement & Audit Chris Leslie – Head of Strategic and Corporate Finance
Wards affected	All wards
Key Decision?	No
Reason for Key Decision	n/a
Forward Plan Notice Published	27 September 2024
Exempt information	n/a
Strategic Plan Priority / Outcome	Investing in Public Services

Executive Summary

By continuing in the business rates pool in 2025/26 the Council is projected to gain £2m in additional income.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Continue the Council's participation in the 8 Authority Pool for Business Rates with seven other London Local Authorities for 2025-26.
2. Provide delegated authority to the Corporate Director of Resources in consultation with the Mayor and Cabinet Member for Resources and Cost of Living to agree membership of the business rates pool in future years.

1 REASONS FOR THE DECISIONS

- 1.1 Through membership of the business rates pool the Council is projected to have gained £8.0m by the end of the financial year (£3.5m in 2022-23, £2.5m in 2023-24 and £2m in 2024-25). It is expected that through continued membership in 2025-26 the Council would benefit from a further £2m based on past performance, which is built into the Medium Term Financial Strategy (MTFS).
- 1.2 Each year the Government requires Local Authorities to confirm their membership of business rates pools. This report seeks approval for Tower Hamlets to continue in the 8 Authority Pool for Business Rates with seven other London Local Authorities.
- 1.3 Delegated authority is requested for the Corporate Director of Resources to agree membership to the pool in future years as the pool is of financial benefit and will allow for the most up to date financial modelling to be considered each year.

2 ALTERNATIVE OPTIONS

- 2.1 The alternative is not to join the pool. As there must be geographical connections between pooling authorities there are no alternative pools to join currently. As the £2m benefit is included in the MTFS, this would result in a budget pressure next year if the Council did not join the pool.

3 DETAILS OF THE REPORT

- 3.1 A business rate pool is a voluntary arrangement between a group of local authorities whereby their combined business rates income and any growth is collected as one common fund or 'pool'. The pooling process which is a statutory mechanism is based on powers conferred by Part 9 of Schedule 7B to the Local Government Finance Act 1988 (inserted by Schedule 1 to the Local Government Finance Act 2012). Broadly the Act provides a mechanism for two or more authorities to pool business rates and that pools will start in each financial year from 1 April.
- 3.2 There is a strong incentive to pool because, in many cases, authorities that pool can be better off collectively. This is because the levy rate for a pool as a whole can be lower than that for individual pool members if they remained outside the pool.
- 3.3 Members of the Pool are:
 - Barnet
 - Brent
 - City of London
 - Enfield
 - Hackney

- Haringey
- Tower Hamlets
- Waltham Forest

- 3.4 The pool uses LG Futures to support its projections and modelling. Based on past performance it is expected the Council could gain c£2m in levy payments through the pool in 2025/26, that would have been paid to central government. Savings are based on actual business rates retained at the year-end so are subject to change.
- 3.5 Each authority is required to renew their agreement to the pool every year, Given the sizeable financial incentive and benefit to date it is expected that the pool will continue, and the Council will have the option to join it again.
- 3.6 Members of the pool have until 28 days after the provisional Local Government Finance settlement to withdraw from the pool. However, a withdrawal of any single member would cause the pool to end and therefore impact on all other members.
- 3.7 Membership of the pool does not impact on the Council's decision-making abilities, and there is an administrative change where payments are made/received from the pool administrator (City of London) instead of directly to Central Government.

4 EQUALITIES IMPLICATIONS

- 4.1 There are no equality implications directly resulting from this report.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:
- Best Value Implications,
 - Consultations,
 - Environmental (including air quality),
 - Risk Management,
 - Crime Reduction,
 - Safeguarding.
 - Data Protection / Privacy Impact Assessment.
- 5.2 There are no other statutory implications contained in this report.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 Continued membership of the business rates pool is projected to save the Council £2m in payments to central government, which is included in the MTFS for 2025/26.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The Council has the power to enter into the statutory pooling process under Part 9 of Schedule 7B to the Local Government Finance Act 1988 (inserted by Schedule 1 to the Local Government Finance Act 2012).
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Linked Reports, Appendices and Background Documents

Linked Report

None

Appendices

None

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

None

Officer contact details for documents:

Chris Leslie – Corporate Head of Financial Management