

MINUTES OF MEETING CABINET MEMBER SIGNING HELD ON MONDAY, 20TH JANUARY, 2020, 12.35 - 12.40 PM

PRESENT:

Councillors: Joseph Ejiofor

148. FILMING AT MEETINGS

The meeting was not filmed or recorded.

149. APOLOGIES FOR ABSENCE

None.

150. URGENT BUSINESS

None.

151. DECLARATIONS OF INTEREST

None.

152. LONDON BUSINESS RATES RETENTION POOL 2020-21

The Leader considered the report which proposed that Haringey join the LGA and all London boroughs to form a pool of retained business rates from 1st April 2020.

A revised copy of the Memorandum of Understanding was tabled, as the original published copy contained some typographical errors:

- Page 5 – ‘Financial Benefitto’
- Pages 8 and 11 – ‘participating’
- Paragraph 6.1 – change to font sizes
- Removal of the ‘draft’ watermark.

RESOLVED that Haringey participate in the London-wide Business Rates Retention Pool for 2020/21 and:

- i. **The designation of the London Borough of Haringey by the Secretary of State as an authority within the London Business Rates Pool pursuant to paragraph 34(2) of Schedule 7B Local Government Finance Act 1988 in line with the Memorandum of Understanding at Appendix 1 be accepted;**
- ii. **that the London Borough of Haringey participate in the London Business Rates Pool for the 2020/2021 financial year;**

- iii. that the authority's administrative functions as a billing authority pursuant to the Non-Domestic Rating (Rates Retention) Regulations 2013 be delegated to the City of London Corporation ("CoLC") acting as the Lead Authority, and these functions to remain delegated to the City of the Corporate of London for subsequent financial years that the London Borough of Haringey decide to participate in the London Business Rates Pool;
- iv. that the Lead Authority be authorised to sub-contract certain ancillary administrative functions (regarding the financial transactions) within the Pool to the GLA as it considers expedient;
- v. that authority be delegated to the Chief Financial Officer, in consultation with the Cabinet Member for Finance & Strategic Regeneration, to agree the operational details of the pooling arrangements with the participating authorities;
- vi. to enter into such Memorandum of Understanding (MoU) with the participating authorities to implement and/or regulate the pool and delegate authority to the Chief Financial Officer (in consultation with the Assistant Director Corporate Governance) to negotiate, finalise and execute the same on behalf of the authority for 2020/21 at Appendix 1 and for any subsequent years any Memorandum of Understanding is required;
- vii. the Leader of the Council be authorised to represent the authority in relation to consultations regarding the London Business Rates Pool as may be undertaken by the Lead Authority pursuant to the Memorandum of Understanding; and
- viii. that authority be delegated to the Chief Financial Officer the authority to consider such consultative reports as the Lead Authority may circulate and to respond on behalf of the authority with regard to any recommendations.

Reasons for decision

The Government designated a pan-London business rates pool in 2018-19, which piloted 100% retention in that year, and was revised to pilot 75% retention in 2019-20. It confirmed in September 2019 its intention not to renew the London pilot in 2020-21, and for London to revert back to the pre-existing 2017-18 67% retention scheme (which was a partial pilot, reflecting the incremental impact of the rolling in of the Greater London Authority's (GLA) Revenue Support Grant (RSG) and the Transport for London investment grant).

Although this decision by Government means that the **pilot** ceases, under the original business rates retention legislation, groups of authorities can form pools where they deem that there is a financial benefit.

Analysis undertaken by London Councils suggests that by working together and forming a pool, London authorities can retain a greater proportion of business rates growth within London, providing additional resources to support local communities and strengthen financial resilience following a decade of significant funding reductions.

There are also deemed strategic and operational benefits from continuing with pooling business rates across London. The pilot pool was seen as a platform from which to develop further arguments about London Government genuinely retaining 100% of the business rates it collects, while providing an important step towards broader fiscal devolution ambitions, in line with the recommendations of the London Finance Commission in 2013 and 2017.

Maintaining a collaborative arrangement for a further year would likely give London Government a more influential voice with regard to the eventual design of the full 75% scheme, now due to be implemented in 2021-22.

The current pilot has provided a platform for greater openness and sharing of information about assumptions regarding those elements of the National Non-Domestic Rates (NNDR) process that authorities have more judgement over. It has enabled stakeholders to improve their technical understanding of how the system works and has raised the level of awareness amongst both members and officers of the key drivers of business rate growth, the importance of accurate forecasting, and the impact that appeals judgements have on the system.

Alternative options considered

The alternative option would be to formally opt out of participating in the pool however, Haringey would forego the estimated financial benefit of £0.4m-£0.5m in 2020/21 as well as the non-financial benefits of participating. It is therefore considered that this is not a viable option.

153. NEW ITEMS OF URGENT BUSINESS

None.

CHAIR:

Signed by Chair

Date