

Committee(s)	Dated:
Finance Committee	25 th January 2022
Subject: Report of (public) Action taken under DA or Urgency procedures since the last meeting of the Committee	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	N/A
Does this proposal require extra revenue and/or capital spending?	Y/N
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Town Clerk	For Information
Report author: John Cater, Committee Clerk, Finance Committee	

Summary

This report advises Members of urgent and/or delegated non-public action taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Orders No. 41(a) and 41(b).

Recommendation

Members are asked to note the report.

Main report

Subject: Eight Authority Pool (Urgency – 10th January 2022)

Background

As part of the business rates regime, Government has allowed Local Authorities with a geographic link to form a business rate pool. In forming a pool, the group of authorities are seen as a single entity from a business rate perspective and in doing this, should retain more of the business rate income generated locally.

From 2018/19 the 32 London Boroughs, Greater London Authority (GLA) and the City of London Corporation were part of the London Business Rates Pool. Significant financial benefits (£609m) were gained from this arrangement, until the pandemic.

A business rate pool works by lowering the amount paid to Government on business rate growth above the baseline level set by Government. At its highest, 50% of growth is paid to Government. By forming a pool, this rate can be lowered to 0%, and funds which were earmarked to Government would be retained locally.

The pandemic had a significant impact on the collection of business rate, which has led to an estimated £14.2m loss to be shared by pool participants.

Further modelling for 2021/22 and 2022/23 showed a mix of risks across London, which, matched with the comparatively low level of financial return (the 2020/21 pool was only forecast to make a total gain of £36m due to the levy rate only reducing to 19.4%), meant that it was agreed that the London Pool would not continue for 2021/22 and 2022/23.

Following the collective decision not to form a London wide business rates pool for 2022/23, the opportunity was still available for authorities to form their own pool groupings.

Having considered the experience from the London Pool, which whilst challenging in 2020/21, did produce significant financial gains in previous years, the City of London alongside Brent, Barnet, Enfield, Hackney, Haringey, Tower Hamlets and Waltham Forest, have applied to form a tactical pool – the “Eight Authority Pool” in 2022/23.

The pool is formed with the aim of keeping the levy payments the City of London and Tower Hamlets make to Government (potentially £35m), in London, which would otherwise leave London. The arrangement would support the Government’s levelling up agenda given four of the partner local authorities are ranked among the six most deprived boroughs in London.

The application is for a single year ‘tactical pool’ in 2022/23; with the intention to restore a pan-London pool as soon as risks are tolerable. There is no detrimental impact to the rest of London and the arrangement does not preclude boroughs from forming their own pooling arrangements.

Arrangements would mimic those of the London Pool with the City of London acting as lead authority. We estimate the Eight Authority Pool could potentially yield £12m for City Fund. The distribution formula was agreed with the other boroughs before Christmas: 40% to COL and 60% split equally between the remaining seven boroughs. Further details are set out in the attached background report.

REASON FOR URGENCY

All authorities have until 13th January 2022 (28 days after the Local Government Settlement) to pull out of the pooling arrangement, although it should be noted that if one authority pulls out, the whole pool falls. No financial commitment has been made by any authority.

RESOLVED – That the Town Clerk, in consultation with the Chairman and the Deputy Chairman:

1. Approved the establishment of the Eight Authority Pool
2. Approved the Memorandum of Understanding at Appendix 1.
3. Approved that the City Corporation hosts the Pool, as it did for the pan-London pool, with costs to be covered from the Pool.
4. Authorised the Chamberlain and the Town Clerk to carry out the administrative arrangements needed for the Pool.

Subject: Emergency Relief – Afghanistan Crisis Appeal (Delegated Authority – 14th January 2022)

Background

The International Disaster Fund (IDF) has an annual budget of £125,000 available to support appeals of this kind. To date two donations have been made in 2021/22 totaling £50,000, leaving a remaining budget of £75,000.

Families in Afghanistan cannot afford to buy food and children are dying. Health services are struggling to treat malnourished mothers and children as they lack medicines and supplies.

The head of the World Food Programme describes the situation as “the worst humanitarian crisis on earth.” Over three million children under five are expected to suffer from acute malnutrition by March 2022, with at least a million of them at risk of dying.

Even before the recent conflict, change of government and collapse of the economy, people were struggling to survive the worst drought in 27 years, the effects of years of conflict and the disruption caused by the pandemic. Now, chronic poverty and hunger have deepened and those who fled their homes in recent months are facing temperatures as low as -12 without suitable shelter.

The Disaster Emergency Committee (DEC) has launched an appeal to provide aid in this time of crisis.

RESOLVED – That the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Finance Committee, approved a donation of £25,000 to support the Afghanistan Crisis Appeal from the International Disaster Fund.

Contact:

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