

Report – Policy and Resources and Finance Committees

Report of Urgent Action Taken: Eight Authority Pool

To be presented on Thursday, 10th March 2022

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY OF ACTION TAKEN

1. 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, which had a significant impact on the collection of business rates, resulting in an estimated £14.2m loss being shared by pool participants.
2. Further modelling for 2021/22 and 2022/23 showed a mix of risks across London. The comparatively low level of financial return resulted in a decision not to continue with a London Pool 2021/22 and 2022/23. However, the opportunity was still available for authorities to form their own pool groupings.
3. Having considered the experience from the London Pool pre-pandemic, the City of London Corporation, alongside the London Boroughs of Brent, Barnet, Enfield, Hackney, Haringey, Tower Hamlets, and Waltham Forest, applied to form a tactical pool in 2022/23.
4. An urgent decision was taken in January 2022 by the Court of Common Council, together with your Finance and Policy and Resources Committees, as all authorities had until 13th January 2022 (28 days after the Local Government Settlement) to pull out of the pooling arrangement. It should be noted that if one authority had pulled out, then the whole pool would have failed.
5. The pool aims to keep the levy payments, which the City of London Corporation and the London Borough of Tower Hamlets make to Government (potentially £35m) within London. The arrangement would also support the Government's levelling up agenda, given that four of the partner local authorities are ranked among the six most deprived boroughs in London.
6. An application was made 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.
7. Limiting the membership also limits the risk to participants. Whilst there is a risk that Business Rates collections may dip following the pandemic, it would need to

fall by over 20% to create a liability. Throughout the pandemic the greatest impact has been a 5% fall in our collection rates. We are confident, therefore, of a financial benefit to the Eight Authority Pool and estimate that it could potentially yield £12m for City Fund.

8. Due diligence was undertaken, to ensure that all participating authorities were comfortable in continuing with the Pool. Section 151 Officers from the partner boroughs will meet quarterly to monitor the Pool, underpinned by a Technical Group, with revenues and accounting officers from each of the boroughs.
9. The decision, taken under urgency, approved the establishment of the Eight Authority Pool, with the City of London Corporation hosting, as it did for the pan-London Pool (with costs covered from the Pool) and authorised the Chamberlain and Town Clerk to put the necessary administrative arrangements in place.

RECOMMENDATION

10. We **recommend** that the action taken be noted.

All of which we submit to the judgement of this Honourable Court.

DATED this 12th day of January 2022.

SIGNED on behalf of the Committees.

Deputy Jamie Ingham Clark
Chairman, Finance Committee

Deputy Catherine McGuinness
Chair, Policy and Resources Committee