

Dear Councillor

CABINET - THURSDAY, 13 SEPTEMBER 2012

I am now able to enclose for consideration at the above meeting the following reports that were unavailable when the agenda was printed.

**Agenda Item
No.**

12. LOCALISATION OF BUSINESS RATES - UPDATE (Pages 1 - 18)

To consider a report by the Head of Financial Services.

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CABINET

13 SEPTEMBER 2012

LOCALISATION OF BUSINESS RATES - UPDATE (Report by the Head of Financial Services)

1. PURPOSE

- 1.1 The Cabinet considered a report explaining the Localisation of Business Rates and proposing agreement to pooling with other Cambridgeshire authorities at its July meeting. A copy of this report is attached at Annex A.
- 1.2 Cabinet agreed to pooling on the understanding that the governance arrangements will be based on no authority losing from pooling and noting that there will be an opportunity to review that decision later in the year.
- 1.3 This report provides further information and the proposed agreement.

2. DEVELOPMENTS

- 2.1 All Cambridgeshire authorities have now agreed to the principle of pooling and so on 26th July 2012, the County Council submitted to the government an expression of interest on behalf of Cambridgeshire authorities. This was based on the County Council being designated as lead authority for administrative purposes.
- 2.2 Work has since been undertaken by the Public Services Board to agree management proposals for the scheme that need to be endorsed by each authority and these are attached at Annex B.
- 2.3 Benefit sharing is based on each authority first receiving a sum equivalent to what they would have received if there had been no pooling. The residue would then be allocated 50% to a Strategic Investment Fund to support future business rate growth. The remainder would be split in the following proportions based on population:

<i>Cambridge City Council:</i>	<i>5.0%</i>
<i>East Cambridgeshire District Council:</i>	<i>3.4%</i>
<i>Fenland District Council:</i>	<i>3.8%</i>
<i>Huntingdonshire District Council:</i>	<i>6.8%</i>
<i>South Cambridgeshire District Council:</i>	<i>6.0%</i>
<i>Cambridgeshire County Council:</i>	<i>25.0%</i>

- 2.4 It is envisaged that there may need to be some minor changes to the management proposals as a result of any queries from authorities as they formally consider them. It is therefore recommended that Cabinet delegate authority to the Managing Directors to make minor changes, after consultation with the Leader. The deadline for submission of final pooling proposals, following agreement from all authorities, is Friday 19th October 2012.
- 2.5 The Government will designate pools in November 2012, alongside the publication of the draft Local Government Finance Review. Financial details in the Review will allow each authority to compare its anticipated position through pooling with the position it could otherwise expect to be in for any assumed level of increase and decrease in Business Rates. The consultation period on the Finance Review will provide the final opportunity to withdraw from the pooling arrangement. A copy of a relevant email from the DCLG is attached as Annex C.
- 2.6 County Council modelling suggests that 2% business growth could result in a benefit from pooling of over £2.5M, with Huntingdonshire's direct share of 6.8% representing £175k. However it should be remembered that the County modelling shows a worse position from pooling if there is a 0.25% loss in business rates. It will be important to consider the latest assumptions and modelling once the Government data is received in November in order to decide whether pooling is still likely to be in Huntingdonshire's interests. It should be noted that if any authority withdraws at that stage then there can be no alternative pooling option for any Cambridgeshire authorities for 2013/14. Confirmation will be sought from the County Council that it is not intended that the requirements for dissolution notice (para 5.3 Annex B) will apply this year.

3. RECOMMENDATION

3.1 Cabinet is recommended to:

- Note the developments outlined above.
- Approve acceptance of the proposed scheme at Annex B and give delegated authority to the Managing Directors to make any subsequent minor changes, after consultation with the Leader.

ACCESS TO INFORMATION ACT 1985

Government proposals and PSB report held by Head of Financial Services.

Contact Officers:

Steve Couper, Head of Financial Services ☎ 01480 388103

**LOCALISATION OF BUSINESS RATES
(Report by the Head of Financial Services)**

1. PURPOSE

- 1.1 A commitment to review local government finance was part of the Coalition Agreement when the Government came to office. Reform of the system of business rates, with some element of the rates being retained by local authorities rather than all rates being retained centrally and redistributed as a part of Formula Grant is the first part of that reform.
- 1.2 Following consultation, the Government published its plans for the rates retention scheme in December 2011 with the scheme coming into effect in April 2013.
- 1.3 The scheme includes an option for local authorities to come together to form local pools for business rates income. If they wish to do this the authorities must express an interest by 27 July though final confirmation is not required until later in the year.
- 1.4 This report explains how the both the retention system and pooling will work, based on information received to date, and seeks Cabinet approval to the Council “expressing an interest” in pooling with the County Council and other Cambridgeshire districts.

2. THE BASIS OF THE NEW SYSTEM

- 2.1 The proposals focus on the distribution of business rate income, rather than changes to the system of business rate taxation. Businesses will see no difference in the way they pay tax or the way the tax is set. Rate setting powers will remain under the control of central government and the revaluation process will be unchanged.
- 2.2 The overall position will be that each authority will receive in 2013/14 the level of funding from Business Rates and Grant that the Government would have provided if there had been no change to the system. These sums are not yet known and the Government will have to take account of a range of economic pressures in arriving at these figures. There is certainly concern that these could be lower than previously forecast.

- 2.3 Of the Business Rates collected by each “collection authority” (i.e. District Councils in Cambridgeshire) the first 50% will be passed to the Government, 10% will go to the County, 1.25% to the Fire Authority and the remaining 38.75% goes initially to the District Council as its “**Business Rates baseline**”. Thus, if it were not for the levy, see 2.6 below, the District Council would gain 38.75% of any increase in Business rates and lose 38.75% of any reduction in Business Rates.

Total Business Rates Collected by District	100.00%
Proportion to Government	50.00%
Proportion to County and Fire	11.25%
Proportion to “collection authority” = Business Rates Baseline	38.75%

- 2.4 However, the Government will then decide how much funding an authority should receive and how much of this should be funded from grant and how much from retained Business Rates (the “**Spending Baseline**”). If the **Spending Baseline** is higher than the **Business Rates Baseline** then the authority will receive a **Top Up** from the Government from the Business Rates pool (most if not all County Councils will be **Top Up** authorities). Conversely if the **Spending Baseline** is lower than the **Business Rates Baseline** then the authority will pay a **Tariff** to the Business Rates pool (most Districts will be **Tariff** authorities).

authority	FUNDING			Business Rates Base Line	Top Up from Gov't	Tariff To Gov't
	From Grant and Business Rates	From Grant	From Business Rates Spending Base Line			
A	£9M	£4M	£5M	£23M		£18M
B	£30M	£8M	£22M	£20M	£2M	

- 2.5 The **Top Ups** and **Tariffs** will automatically increase for inflation. This gives **Top Up** authorities a guaranteed increase in part of their resources and means that a **Tariff** authority will lose resources if there is any reduction in the **volume** of Business Rates (the Business rate poundage itself rises by the rate of inflation).
- 2.6 In addition there will be a **Levy** on what the Government refers to as “disproportionate growth” which will be used to provide a safety net for those authorities experiencing reductions. The levy rate is based on the relationship between the **Business Rates Base Line** and the **Spending Base Line**. The result is that for each 1% extra in Business Rates a **Tariff** Authority will only receive 1% of their **Spending Baseline**.

Levy = 1 - (Spending Base Line/Business Rates Base Line)

authority	Spending Base Line	Business Rates Base Line	Levy
A	£5M	£23M	78%

2.7 Thus if a District Council's Business Rates were to increase it would not keep 38.75% because it would have to pay 78% of this to the Government as a **Levy** leaving it with just 8.3%. However if its Business Rates were to fall it would lose 38.75% unless protected by the Safety Net (see below).

IMPACT ON DISTRICT COUNCIL A		
Real terms change in Business Rates Collected	+£3M	-£3M
Business Rates Base Line	£23M	£23M
Spending Base Line	£5M	£5M
Levy rate	78%	78%
Impact on District Council	+£250k	-£1,163K

2.8 If an authority's income drops below the safety net threshold, the authority will receive safety net payments to take income back up to that threshold level. The Government proposes to set the safety net threshold between 7.5% and 10% below the authority's **Spending Baseline**. For example, a 10% safety net threshold would mean that no authority would see more than a 10% drop in their retained income from business rates. However, even a 7.5% loss could have severe implications for any authority.

SAFETY NETS	
Spending Base Line	£5M
Maximum loss if Safety net:	
7.5%	£375k
10%	£500k

2.9 Local authorities may combine to form Business Rate pools. Where local authorities enter into pooling arrangement individual **Top Ups** and **Tariffs** will be combined as will **Levy** arrangements. Authorities in pooling arrangements will need to agree how they will share risks and potential rewards between the individual.

2.10 The Government share of Business rates, referred to above, will be fixed at 50% until any reset of the system. It is intended that this

share will remain unaltered for seven years to 2020 in order to provide authorities with the certainty that they need to plan and budget. Longer term, the Government remains committed to its aspiration for 10 year reset periods though it would still retain flexibility for more frequent resets in exceptional circumstances.

- 2.11 Business Rate growth in Enterprise Zones is dealt with separately and allocated via the LEP. Large pre-agreed Tax Increment Financing Schemes (TIFS) are excluded from the reset mechanism and the levy. These will be where an authority intends to invest significant sums to support economic development and obtains DCLG consent to keeping the extra Business Rates to fund the borrowing costs of the investment.
- 2.12 Business rates income from new renewable energy projects will be retained in full by the Council that approves the planning application which will normally be the District Council.

3. POOLING

- 3.1 The Government considers that pooling offers opportunities for encouraging joint working, sharing the benefits from economic growth investment across a wider area, managing volatility in Business Rate income levels and potentially supporting the delivery of further economic growth.
- 3.3 Pooling combines the Tariffs/Top Ups of individual authorities within the pooling area and treats the area as a single authority (although individual authorities would still be notified of their Tariffs/Top Ups). A single levy rate applies to the sum of the pool's income and growth levels. Similarly, safety net eligibility is also calculated at aggregate pool level.
- 3.4 Pool members will determine their own governance arrangements including how to distribute resources amongst pool members; for example, authorities could decide that each member will receive at least the same amount as they would have if a pool had not been in place, and additional resources could be distributed in whatever way they wished.
- 3.5 Authorities need to inform the Government if they are interested in Pooling by 27 July. The government intends to allow authorities the chance to withdraw from pooling arrangements once the draft Local Government Finance Report is published (if the request is made within 28 days of the draft report being published).

- 3.6 Apart from the perceived benefits of pooling referred to in 3.1 above there can be financial benefits. If one, or more, Tariff authorities combine with a Top Up authority the net result is that a lower Levy rate results and so a greater share of any growth in Business Rates will be retained locally. At a recent meeting of the Cambridgeshire Public Services Board there was support from all authorities for the principle of pooling on a countywide basis.
- 3.7 The County Council have modelled a range of scenarios using the Society of County Treasurer's model and consider that there is a net benefit as long as there is not an overall reduction in the pooled Business Rates of more than 0.25%.
- 3.8 The table below provides the assumptions on Spending Baselines that the County Council have derived from their model. It shows that the levy rate changes from a range of 0% to 89% without pooling to 36% with pooling. Because the levy rate is applied to the Business Rates Baseline where only 20% is allocated to the County Council the reductions to 36% for the Districts exceeds the impact of the County rising to 36%.

Authority	Business Rates Baseline (£m)	Spending Baseline (£m)	Tariff (-) Top-up (+) (£m)	Levy Rate No Pool	Levy Rate With Pool
Cambridgeshire	25.950	61.740	+35.791	0%	36%
Cambridge City	34.958	4.689	-30.269	87%	36%
East Cambridgeshire	6.957	2.747	-4.210	61%	36%
Fenland	8.812	3.897	-4.915	56%	36%
Huntingdonshire	23.202	5.166	-18.036	78%	36%
South Cambridgeshire	26.626	2.951	-23.675	89%	36%
Total	126.505	81.191	-45.314		36%

- 3.9 Using these figures the following tables illustrate the impact of 2% real terms growth **for one year** with or without pooling. They show that the total growth in rates retained within a Pool would be £1.7M as opposed to £1M without pooling.

2% GROWTH NO POOLING	Gross Business Rates Increase	Less Gov't Share	County/Fire Transfer	Business Rates Baseline	Less Levy	Growth retained	Levy Rate
	£m	£m	£m	£m	£m	£m	£m
Fire			0.065	0.065	0.000	0.065	0%
Cambridgeshire			0.519	0.519	0.000	0.519	0%
Cambridge City	1.804	-0.902	-0.203	0.699	-0.608	0.091	87%
East Cambridgeshire	0.359	-0.180	-0.040	0.139	-0.085	0.054	61%
Fenland	0.455	-0.227	-0.051	0.176	-0.099	0.078	56%
Huntingdonshire	1.198	-0.599	-0.135	0.464	-0.362	0.102	78%
South Cambridgeshire	1.374	-0.687	-0.155	0.533	-0.474	0.059	89%
Total	5.190	-2.595	0.000	2.595	-1.628	0.967	

2% GROWTH WITH POOLING	Gross Business Rates Increase	Less Gov't Share	County/Fire Transfer	Business Rates Baseline	Less Levy	Growth retained	Levy Rate
	£m	£m	£m	£m	£m	£m	£m
Fire			0.065	0.065	-0.023	0.042	36%
Cambridgeshire			0.519	0.519	-0.187	0.332	36%
Cambridge City	1.804	-0.902	-0.203	0.699	-0.252	0.447	36%
East Cambridgeshire	0.359	-0.180	-0.040	0.139	-0.050	0.089	36%
Fenland	0.455	-0.227	-0.051	0.176	-0.063	0.113	36%
Huntingdonshire	1.198	-0.599	-0.135	0.464	-0.167	0.297	36%
South Cambridgeshire	1.374	-0.687	-0.155	0.533	-0.192	0.341	36%
Total	5.190	-2.595	0.000	2.595	-0.934	1.661	

3.10 The County modelling includes a significant number of further assumptions and suggests higher benefits but the benefit illustrated above would still be a significant and welcome benefit.

3.11 Before the deadline for withdrawal (potentially November) the following points would need to be determined:

- The basis for allocating any gain (or loss) from pooling
- The likelihood of Business Rates growth in 2013/14.
- The financial benefit incorporating the final details of the scheme modelled for a range of potential growth and reduction scenarios.

This would allow each authority to make their final decision as to whether to withdraw from the Pooling at that stage.

4. CONCLUSION

- 4.1 Businesses should see no changes from the proposed changes unless it is via a greater local authority interest in business growth.
- 4.2 The localisation of business is not intended to change the resources available to authorities in 2013/14 but it will, over time, result in a higher proportion of resources going to growth areas.
- 4.3 It is extremely difficult to forecast what the Council's level of Business Rate growth will be especially as the Enterprise Zone is excluded.
- 4.4 A Levy system results in District Councils only getting a small share of any growth in Business Rates.
- 4.5 Safety nets exist but are not expected to apply until an authority has lost 7.5% or more of its Spending Baseline.
- 4.6 Based on current knowledge, Pooling will provide a benefit where one, or more, Tariff authorities pool with a Top Up authority in a growth situation.
- 4.7 Any pooling arrangement should be based on ensuring that no authority loses as a result of pooling.
- 4.8 Interest in pooling must be notified by 27 July but withdrawal will then be allowed up until a date to be specified.

5. RECOMMENDATION

5.1 Cabinet is recommended to:

- Note the planned basis for the localisation of Business Rates
- Express to the DCLG the Council's interest in pooling with the County Council and other Cambridgeshire Districts on the understanding that the governance arrangements will be based on no authority losing from pooling and noting that there will be the opportunity to review that decision later in the year.

ACCESS TO INFORMATION ACT 1985

Government proposals and PSB report held by Head of Financial Services.

Contact Officers:

Steve Couper, Head of Financial Services ☎ 01480 388103

'Growing Cambridgeshire': a proposal for business rates pooling

1. Introduction

This proposal relates to a business rates pool to cover all of Cambridgeshire. This will cover all local authorities in the county, namely:

- *Cambridge City Council*
- *East Cambridgeshire District Council*
- *Fenland District Council*
- *Huntingdonshire District Council*
- *South Cambridgeshire District Council*
- *Cambridgeshire County Council*

As per the expression of interest submitted on 26th July 2012, the name for this pool is proposed to be 'Growing Cambridgeshire'. The lead authority for this pool is proposed to be Cambridgeshire County Council.

2. Aims and objectives

The main aim of the pool will be to more effectively drive economic growth within Cambridgeshire to secure the maximum possible benefit for the county and allow for targeted strategic and local investment of business rates revenue. This will facilitate an improved level of already effective integrated working on strategic investment in economic growth.

Pooling will also provide an additional incentive to all pooling partners to do what it takes to secure economic growth by providing further benefits to the county when growth is experienced. Modelling undertaken to date demonstrates that, financially, the county would retain a greater share of business rates revenue through pooling than it otherwise would do, as long as it experiences economic growth.

Finally the pool will aim to manage, to as great an extent as possible, the volatility that the partner authorities would otherwise face through the business rates retention scheme. In effect, the pool will be able to act as insurance for the pooling partners in the case of negative economic events affecting one of the prospective partner authorities. How this precisely would work needs to be discussed and determined locally.

3. Use of revenues

As the lead authority, Cambridgeshire County Council is expected to be the channel through which payments from and to the pool are made. Cambridgeshire County Council will also be responsible for supplying information on behalf of the pool concerning the operation of the scheme. It is extremely important that any revenue that is to be distributed to the partner authorities is distributed rapidly to ensure that disruptions in

funding are not experienced. All partners should gain feedback from their external auditors on these arrangements.

3.1 'No worse off'

It is crucial to the operation of this pool that, as long as countywide economic growth is experienced, no partner authority is worse off than it would be without having entered into the pool. Failure to do so would disrupt the delivery of necessary services and the use of economic growth levers by the partner authorities and would be to the detriment of all partners. If negative economic growth is experienced to the point at which a safety net payment would have been triggered by an individual authority, modelling demonstrates that the pool would be worse off than if each of the partner authorities operated independently, due to the safety net payment arrangements working on a pool-wide level rather than at an individual authority level. This provides a strong growth incentive but is also an area of risk, and arrangements will need to identify actions in the case of negative economic growth as the 'no worse off' principle could not then be applied to individual authorities whose business rates income has reduced significantly.

The annual Local Government Finance Review is expected to make available figures for the level of business rates revenue that each local authority is able to retain. Where those authorities are in a pool, this is expected to demonstrate both the revenue retained by the pool as a whole and the amount that each individual authority could expect to retain if it were not a member of a pool. This will meet the need for a system of shadow calculations, with the latter figure taken as the baseline figure in this pool in a context of economic growth being experienced, and each partner authority being guaranteed at least that amount of revenue. Under a pooling arrangement in which economic growth is experienced, Cambridgeshire is expected to retain more revenue than the sum of those baselines – this is referred to here as the “pooling gain”.

3.2 Use of the pooling gain

There are two apparent options for the use of the pooling gain: to distribute the increment between the partner authorities on a pro rated basis; and to retain the increment as a strategic investment fund to be invested on behalf of all pooling partners. It is proposed that 'Growing Cambridgeshire' will adopt a hybrid stance with half of the gain being distributed on a pro rated basis between the partner authorities and the other half being retained for strategic investment. However, to protect all authorities through the 'no worse off' principle, any authority who would have been better off if they had remained outwith the pool will receive a balancing payment to remedy their loss, and this would be a first call on any pooling gain. The balance would then be distributed under the hybrid approach.

Pro rated distribution

It is proposed that the share of the pooling gain that is distributed between the partner authorities is distributed on the basis of population. This would lead to the following distribution of this share (according to Census 2011 results):

- *Cambridge City Council: 10%*
- *East Cambridgeshire District Council: 6.75%*
- *Fenland District Council: 7.65%*
- *Huntingdonshire District Council: 13.6%*
- *South Cambridgeshire District Council: 12%*
- *Cambridgeshire County Council: 50%*

Strategic investment

The remaining 50% of any pooling gain will be retained for strategic investments to support economic growth across the county. Decisions regarding the investment of the share of the pooling gain that is to be allocated for strategic investment will be made in collaboration between all of the pooling partners through a governance framework (detailed in section 5), and according to an agreed set of investment priorities (as per section 4).

Strategically investing this share of the pooling gain will help to bring a greater recognition of cross-boundary issues and of cross-boundary investment and economic growth potential. By making decisions regarding this investment in a collaborative way, the partners can ensure that it is used in a truly effective manner to help drive economic growth in and around Cambridgeshire, for example by targeting investment where it would contribute the greatest Gross Value Added.

3.3 Treasury Management

As the lead authority, Cambridgeshire County Council's Treasury Management Strategy and Policies will be used for any investments made from when the pooled funds are held (subject to agreement from all partners external auditors). A mechanism to redistribute investment income to the Districts will be agreed in line with the 'no worse off' principle.

4. Investment

There will need to be a framework implemented through which investment decisions can be made regarding the strategic investment share of the pooling gain, along with an agreed set of priorities to guide that investment, which will need to reflect economic growth potential in particular. It is proposed that these priorities are initially agreed and confirmed through the process detailed in section 5.1. These would then be reviewed on an annual basis.

5. Governance

Investment decisions will need to be made in accordance with agreed investment priorities and by the elected representatives of the authorities making up the pool.

5.1 Decision-making structure

It is proposed that decisions regarding strategic investment and the governance of the pool will be made collectively by the Leaders of each of the partner authorities, supported by senior officers. This Leaders Group would act as the strategic lead for the pool. It is proposed that this group have responsibility for setting and reviewing the investment priorities, making investment decisions and reviewing progress. Meetings of this group will operate in an integrated, accountable and transparent way.

On an annual basis – expected to be in January of each year – the Leaders Group would meet to review the investment priorities and set them for the coming financial year, as well as to decide on an investment programme for that period. These decisions would then be put to the member processes of each partner authority for approval in time for the coming financial year.

5.2 Transparency

Through the key role played by each partner authority's member processes, transparency would be ensured. For the sake of transparency the pool will need to regularly publish financial information to allow public and political scrutiny of the arrangements and of performance. It is proposed that annual statements are published through each of the partner authorities, detailing business rates retained, use made of the pooling gain, and investments made over that financial year. It is proposed that Overview and Scrutiny functions are exercised through the existing effective arrangements of the partner authorities to ensure transparency and accountability.

5.3 Dissolution

When a partner authority requests a pool's dissolution, it must be dissolved by DCLG. For the following financial year, unless a new pool is formed, the partner authorities would return to their individual tariff, top-up, levy and safety net arrangements. Given the significant disruption involved in dissolution, the pooling arrangements will include a requirement for any partner authority that intends to request dissolution to notify the other partner authorities of that intention before the end of the first half of the financial year (30th September). If that notification is not made before this time, then this would take effect from the financial year following the next financial year.

If the pool is dissolved, then it will continue on its pooled basis until the end of the financial year. Arrangements within the pool would be expected to continue until that time. If this is the case, then arrangements to re-form the

pool with altered membership can be worked up and put in place, as long as this meets DCLG's timeframes.

5.4 Term commitments

As part of business rates pooling, the partner authorities can agree to commit to remain members of the pool for a number of years, although there is no obligation to do so. It is proposed that no term commitments are set for the Growing Cambridgeshire pool, however the possibility of committing to set terms in the future to provide greater certainty to all partners should be kept under consideration.

ANNEX C

From: Elizabeth Cowie [<mailto:Elizabeth.Cowie@communities.gsi.gov.uk>]
Sent: 04 September 2012 19:08
Subject: Re: pooling follow up

Dear Lead Authority,

Following a number of questions raised directly to me and through the Local Government Finance working group meeting on Monday I am writing to clarify a couple of point in my letter of 13 August.

In that letter I asked for two things for 10 September. Firstly, that you confirm the membership of your respective pools to enable us to undertake consultation with interested parties before designations are made. This is important and we must have such confirmation as we cannot undertake consultation where the geographic scope of the pool has not been established.

Secondly, we asked for sight of any emerging governance proposals. In doing so, we fully recognised that the pooling timetable this year is particularly challenging and were not therefore expecting to see anything like completed proposals on 10 September. Instead, we were looking for some assurance that work was underway and that any pools the Government decided to designate would not, ultimately, have to be pulled because of inadequate governance arrangements. Any data that pools can provide would help provide the assurance we need to proceed to consultation. Similarly, in asking for views on any impacts on other parties, we were not requesting pools to undertake consultation – the Secretary of State's statutory consultation will take care of that – but simply whether pools were aware of any possible impacts that we should take into consideration when targeting our consultation exercise.

I also wanted to take this opportunity to make address other points some of you have raised.

A number of you have asked about delegations and the 'cooling off period'. The cooling off period exists for local authorities to take stock of their settlement figures and to see if they wish to proceed with pooling. If, following the publication of the draft Local Government Finance Report (LGFR), a local authority decides to opt out of the pool that will mean the Department must revoke the designation and the pool will be dissolved. There is no mechanism within the Local Government Finance Bill to change designations after the publication of the draft LGFR for a year it is published so should the remaining members of the pool wish to continue, they would have to wait until the following year and go through the same process again.

A number of you have also asked about the role of the lead authority. The lead authority will be formally identified in the designation letter (and therefore must be a member of the pool) and will be responsible for the operational management of the pool. DCLG will channel single pool-wide tariff and top-up payments through the lead authority. How the lead authority operates the pool beneath that will be a matter for the pool members to agree. In terms of information requirements local authorities in a pool will still complete individual NNDR1 & 3 forms, DCLG will then use that information to establish an aggregate position the including the calculation, notification and payments (to or from) for the pool's levy or safety net.

Happy to discuss and please let me have any further questions.

Many thanks

Liz

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