



**REPORT of
DIRECTOR OF FINANCE**

**to
STRATEGY AND RESOURCES COMMITTEE
20 NOVEMBER 2025**

URGENT ITEM OF BUSINESS

BUSINESS RATES POOLING 2026/27: EXPRESSION OF INTEREST

1. PURPOSE OF THE REPORT

- 1.1 To request the approval of the Committee to express an interest to government (Ministry of Housing, Communities and Local Government (MHCLG)) to be included in the business rates pool in Essex for 2026/27, consistent with previous years and dependent on more detailed review of government's prospectus for business rates pooling for 2026/27.
- 1.2 A final decision will be taken by the Council in February 2026 once more details are known, and risks and benefits have been assessed.
- 1.3 This matter is brought forward for consideration with the agreement of the Chairperson to comply with the government deadline for expressions of interest and to include a Member decision in support of that.

2. RECOMMENDATION

That the expression of interest to participate in the business rates pool in Essex in 2026/27 to be submitted to government, be approved pending the decision of the Council in February 2026.

3. SUMMARY OF KEY ISSUES

- 3.1 In general, business rates income is retained by local councils at a rate of 50%, with the balance being passed to central government.
- 3.2 Business rates pooling refers to a voluntary arrangement between local authorities in England where their combined business rates income is pooled as a single fund. This pooling aims to enhance economic growth and manage income volatility across a wider area. Participation in a fund can lead to wider benefits such as protection against volatility in particular market sectors. As an incentive to be part of a pool, government has previously allowed retention of a higher percentage of overall receipts within the pool, which can then be redistributed amongst its members.
- 3.3 The Council has participated in the business rates pool in Essex for a number of years, as noted in previous budget reports. The process for setting up a pool and determining participants can vary between areas and from year to year. The guidelines covering the operation of a pool are published as a prospectus alongside the Provisional Financial Settlement for Local Government in December each year by

the Secretary of State. Actual participants progressing with pool membership are decided in January-February following.

- 3.4 The proposed guidelines expected to be operating for 2026/27 indicate that creation of the pool may be less obviously advantageous than it has been in previous years.
- 3.5 Recommendation to progress or not will be made to the Council in February 2026 once the guidelines have been analysed and a financial model developed to inform the decision.

4. CONCLUSION

- 4.1 The Committee are advised to support the expression of interest to government to participate in a business rates pool in the coming year pending publication of the prospectus (expected in December) and modelling of financial risk and benefit. A full decision will be included in budget papers in February.

5. IMPACT ON PRIORITIES AS SET OUT IN THE CORPORATE PLAN 2025 - 2028

- 5.1 **Delivering good quality services.**
- 5.2 If indicated by the financial model, participation in the pool may allow financial benefit to the council with limited risk and investment, supporting services more generally.

6. IMPLICATIONS

- (i) **Impact on Customers** – None arising from this decision.
- (ii) **Impact on Equalities** – None arising from this decision.
- (iii) **Impact on Risk** – None arising from this decision.
- (iv) **Impact on Resources (financial)** – None arising from this decision.
- (v) **Impact on Resources (human)** – None arising from this decision.
- (vi) **Impact on Devolution / Local Government Reorganisation** – None arising from this decision; the business rates pools are usually agreed for one year only.

Background Papers: None.

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