

# Gloucester City Council

<b>Meeting:</b>	<b>Audit and Governance</b>	<b>Date:</b>	<b>8<sup>th</sup> September 2014</b>
<b>Subject:</b>	<b>Business Rates Pooling Report 2013-14</b>		
<b>Report Of:</b>	<b>Head of Finance</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
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## 1.0 Purpose of Report

- 1.1 The Gloucestershire Business Rates Pool was set up to maximise the business rate income retained within the County and to support economic growth within the area of the Local Enterprise Partnership.
- 1.2 2013/14 was the first year of operation of the Pool and this report sets out the outturn position for the year.

## 2.0 Recommendations

- 2.1 Audit & Governance is asked to **RESOLVE** that
  - (1) The 2013/14 outturn position and performance of the Gloucestershire Business Rates Pool be noted.

## 3.0 Background and Key Issues

- 3.1 The Business Rates Retention Scheme was introduced on 1<sup>st</sup> April 2013. Under the Scheme, the Council retains some of the business rates raised locally.
- 3.2 In order to maximise the value of business rates retained within Gloucester, the Council entered into the Gloucestershire Business Rates Pool.
- 3.3 The Gloucestershire Business Rates Pool governance arrangements determine out how the surplus is to be distributed and this is set out in the **Table 1** below. The first £300,000 has been set aside in an appeals/losses reserve. 20% of the remaining surplus, £94,352, has been set aside in a Strategic Economic Development Fund with the remaining 80% distributed amongst the pool members in accordance with the governance arrangements.
- 3.4 Table 1 sets out the finances for the Gloucestershire Business Rates Pool for the year ended 2013/14. To summarise, Gloucestershire retained £771,761 more

business rates by pooling than if each authority had operated as a standalone authority of which Gloucester City was able to retain £72,670.

- 3.5 As anticipated, this was a difficult first year with a large number of backdated appeals settled as the Government urged the Valuation Office to deal with all outstanding appeals by July 2015. Cotswold DC was paid a safety net payment of £14,854 largely as a result of lower than anticipated business rate income in part due to the effect of appeals and refunds. Other pool members will have experienced similar losses reducing the surplus that could have been achieved. The Governments policy on Small Business Rate Relief and the funding for the associated losses added a further layer of complexity.

**Table 1 - Pooling Distribution 2013/14 (NNDR3) and 2014/15 (NNDR1)**

	<b>2013/14 (£)</b>	<b>2014/15 (£)</b>
<b>Retained Business Rates (outside pool)</b>	81,594,294	84,948,896
<b>Retained Business Rates (with pool)</b>	82,366,055	86,658,932
<b>Total amount to distribute (before putting authorities back to pre-pool position)</b>	<b>786,615</b>	<b>1,710,035</b>
<b>1a. Put all authorities in same position as before pooling</b>		
Cotswold Safety Net Payment	14,854	
<b>Total amount to distribute (after putting authorities back to pre-pool position)</b>	<b>771,761</b>	<b>1,710,035</b>
<b>1b. Share of losses if Pool in deficit (if no pool reserve)</b>	0	0
<b>2. Pool Reserve for Safety Net/Appeals/Losses</b>	300,000	300,000
<b>3. Strategic Economic Development Fund (20%)</b>	94,352	282,007
<b>4. Remaining balance to Districts &amp; County (80/20 split)</b>	<b>377,409</b>	<b>1,128,028</b>
Cheltenham	52,590	154,613
Cotswold	25,161	114,074
Forest of Dean	46,897	107,107
Gloucester	72,670	205,454
Stroud	37,351	143,602
Tewkesbury	67,258	177,573
Gloucestershire	75,482	225,606

- 3.6 It must be noted that the 2014/15 figures and possible further retention for Gloucester City are budgeted figures and the final outturn position will not be known until May 2015 when the NNDR3 is completed. Risks to this figure are possible reduced business rates income plus the effect of appeals and refunds.

#### **4.0 Alternative Options Considered**

- 4.1 There are no alternative options

#### **5.0 Reasons for Recommendations**

- 5.1 To review the performance of the Gloucestershire Business Rates Pool in 2013/14.

#### **6.0 Financial Implications**

- 6.1 Contained in the body of the report.

(Financial Services have been consulted in the preparation this report.)

## **7.0 Legal Implications**

7.1 There are no legal implications from this report

(Legal Services have been consulted in the preparation this report.)

## **9.0 Risk & Opportunity Management Implications**

9.1 Contained in the body of the report

## **10.0 People Impact Assessment (PIA):**

10.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety

11.1 Nil

### Sustainability

11.2 Nil

### Staffing & Trade Union

11.3 Nil

**Background Documents:** None