

# Gloucester City Council

<b>Meeting:</b>	<b>Audit &amp; Governance</b>	<b>Date:</b>	<b>18 January 2016</b>
<b>Subject:</b>	<b>Business Rates Pooling Report 2014-15</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Jon Topping, Head of Finance</b>		
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<b>Appendices:</b>	<b>None</b>		

## FOR GENERAL RELEASE

### 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 2014/15 was the second 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 The 2014/15 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 The Gloucestershire Business Rates Pool governance arrangements determine how surpluses and deficits are distributed or recovered.
- 3.3 Gloucester City Council has been a member of the Gloucestershire Business Rates Pool since the inception of the retained Business Rates scheme in April 2013. Pool governance arrangements were put in place and the scheme commenced in the 2013/14 financial year. That year saw additional growth generated in businesses across Gloucestershire and as a result the Pool retained an extra £775k of business rates for the benefit of Gloucestershire as a whole. This money would have been paid to central government if pooling was not in place.
- 3.4 During the 2014/15 financial year, Tewkesbury Borough Council suffered significant losses within this scheme mainly as a result of successful appeals by Virgin Media.

This resulted in the Pool incurring a substantial deficit which was needed to be met by the individual authorities of Gloucestershire, including Gloucester.

- 3.5 As a result of this appeal a deficit on the pool of £2.3m resulted. This was partly funded by the retained pool surplus from 2013/14, and, in line with the pool's governance arrangements, additional contributions from the members of the pool. The share that Gloucester City Council contributed was £345k.
- 3.6 In addition to the issue above the Government placed a deadline for receipt of appeals against the 2010 ratings list of 31<sup>st</sup> March 2015 which consequently saw a significant number of appeals lodged in the final weeks of the year. This is a national issue and councils have had to increase their provisions significantly this also had a significant impact on the outturn of the pool
- 3.7 Table 1 sets out the finances for the Gloucestershire Business Rates Pool for the year ended 2014/15.

**Table 1 - Pooling Distribution 2013/14, 2014/15 (NND3)**

	<b>2013/14 Outturn (£)</b>	<b>2014/15 Outturn (£)</b>
<b>Retained Business Rates (outside pool)</b>	81,602,905	82,218,871
<b>Retained Business Rates (within pool)</b>	82,377,767	79,882,443
<b>Total Amount to Distribute</b>	<b>774,862</b>	<b>(2,336,563)</b>
<b>Share of gains/losses</b>		
Cheltenham	52,824	(284,955)
Cotswold	25,326	(228,988)
Forest of Dean	47,687	(267,340)
Gloucester	72,954	(345,190)
Stroud	37,547	(273,831)
Tewkesbury	67,573	(225,077)
County	75,978	(411,182)
Reserve Movement	300,000	(300,000)
SEDF Contribution	94,972	
<b>Total Gain/Loss (Distributed)</b>	<b>774,861</b>	<b>(2,336,563)</b>

- 3.8 The forecast position for 2015/16 is possible further retention for Gloucester City. The final outturn position will not be known until May 2016 when the NND3 is completed.
- 3.9 Following work undertaken by each authority a recommendation was made for Cabinet to resolve the current pool be disbanded to enable Tewkesbury Borough Council to be withdrawn from the Gloucestershire Business Rates Pool for the financial year 2016/2017.

3.10 The withdrawal of Tewkesbury Borough Council from the Gloucestershire Business Rates Pool on a temporary basis was recommended to protect both Gloucester City Council and the members of the Pool from the full effect of further successful appeals or single assessment requests of Virgin Media.

3.11 Government were notified of this by the statutory deadline of 31<sup>st</sup> October 2015 by Stroud District Council (pool lead authority), and the pool will be re-established without Tewkesbury Borough Council for 2016/17.

#### **4.0 Asset Based Community Development (ABCD) Considerations**

4.1 There are no ABCD implications as a result of this report.

#### **5.0 Alternative Options Considered**

5.1 There are no alternative options

#### **6.0 Reasons for Recommendations**

6.1 To review the performance of the Gloucestershire Business Rates Pool in 2014/15.

#### **7.0 Financial Implications**

7.1 Contained in the body of the report.

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

#### **8.0 Legal Implications**

7.1 There are no legal implications from this report

(One Legal 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, there 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