

# Gloucester City Council

Meeting:	Audit & Governance	Date:	19 September 2016
Subject:	Business Rates Pooling Report 2015-16		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
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Appendices:	None		

## 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 2015/16 was the third 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 2015/16 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.
- 3.4 The position for 2015/16 is that the pool declared a surplus and additional funding of approximately £800k which will be retained in Gloucestershire and returned to the member authorities. This is a contrast to the 2014/15 situation where the large deficit at Tewkesbury Borough Council had the impacted of all pool authorities

making additional payments from the General Fund. The surplus returned to Gloucester City Council is £173k and was included in the sums being transferred to the Business rates reserve as part of the Councils outturn for 2015-16. As stated in the outturn report for 2014/15 any surplus from pooling going forward would in the first instance repay the General Fund against the deficit payment made of £345k for 2014-15.

- 3.5 The pool is to continue in 2016/17 with a different membership. Tewkesbury have withdrawn from the pool as their risk profile, after the reduction in their largest ratepayer, means that not only do they not currently benefit from pool membership but they expose the remaining pool members to additional risk and reduce the pool surplus.
- 3.6 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 was re-established without Tewkesbury Borough Council for 2016/17.
- 3.7 Table 1 sets out the finances for the Gloucestershire Business Rates Pool for the year ended 2015/16.

**Table 1 - Pooling Distribution 2013/14, 2014/15 (NNDR3) and 2015/16 (NNDR3)**

	<b>2013/14 Outturn (£)</b>	<b>2014/15 Outturn (£)</b>	<b>2015/16 Outturn</b>
<b>Retained Business Rates (outside pool)</b>	81,602,905	82,218,871	84,949,749
<b>Retained Business Rates (within pool)</b>	82,377,767	79,882,443	85,827,697
<b>Total Amount to Distribute</b>	<b>774,862</b>	<b>(2,336,563)</b>	<b>877,948</b>
<b>Share of gains/losses</b>			
Cheltenham	52,824	(284,955)	142,927
Cotswold	25,326	(228,988)	114,855
Forest of Dean	47,687	(267,340)	134,091
Gloucester	72,954	(345,190)	173,139
Stroud	37,547	(273,831)	137,347
Tewkesbury	67,573	(225,077)	0
County	75,978	(411,182)	175,589
Reserve Movement	300,000	(300,000)	0
SEDF Contribution	94,972		0
<b>Total Gain/Loss (Distributed)</b>	<b>774,861</b>	<b>(2,336,563)</b>	<b>877,948</b>

- 3.8 The forecast position for 2016/17 is possible further retention for Gloucester City. The final outturn position will not be known until May 2017 when the NNDR3 is completed.

- 3.9 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 in Tewkesbury Borough Council.

#### **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 2015/16.

#### **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**

- 8.1 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