



**Hinckley & Bosworth
Borough Council**

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

FINANCE & PERFORMANCE SCRUTINY

19 August 2019

WARDS AFFECTED: ALL WARDS

BUSINESS RATES AND POOLING UPDATE QUARTER 1 - 2019/20

Report of Head of Finance

1. PURPOSE OF REPORT

1.1 To inform the committee of business rates performance from 1 April – 30 June 2019.

2. RECOMMENDATION

2.1 That the committee notes the contents of the report.

3. BACKGROUND TO THE REPORT

3.1 Under the 2019/20 pilot scheme Hinckley and Bosworth BC as a billing authorities pay 25% of collected business rates to government. The remaining 75% is split between the billing authority (37.5%) and the precepting authorities (37.5%). This will give a one off increase of £0.5m to the Council.

3.2 Following these payments, the retained business rates of billing authorities are subject to a tariff set out in the respective Local Government Finance Settlement. Any growth in business rates over the set baseline will be subject to a “levy” payment of 50%, with the remaining half retained by the host Council. Correspondingly, if a Council loses 7.5% of their set threshold, a “safety net” payment will be triggered to compensate for the loss.

3.3 The Council will receive £1,482,085 of “section 31 grant” income. The allocated grant was based on the level of reliefs that were forecast to be granted in 2019/2020 in the submitted business rates budget form (the NNDR1). The actual grant that can be “banked” as retained rates will be determined based on the actual reliefs awarded by

31st March 2020. Therefore in order to be prudent, this income has been placed into the Business Rates reserve pending until this level is known.

- 3.4 The budgeted business rates performance for this council, along with the forecast as at March 2020 is summarised below.

<i>Table 1</i>	NNDR1 Rates Forecast 2019/20	Jun-19
	£'000	£'000
NNDR collected (net of reliefs)	33,024	33,093
Less:		
Central Government share	(8,256)	(8,273)
County Council share	(12,054)	(12,079)
Fire Authority Share	(330)	(331)
HBBC notional share	12,384	12,410
S31 Grant compensation	1,482	1,482
Total before tariff	13,866	13,892
Tariff charged on HBBC	(8,654)	(8,654)
Levy charged on growth 50%	(1,286)	(1,299)
Retained income total	3,926	3,939
The retained income is made up of:		
Baseline funding	2,641	2,641
Total growth	2,571	2,597
Less 50% Levy	(1,286)	(1,299)
Total	3,926	3,939
Movement- Gain/(loss)	0	13

- 3.5 The above table shows that as at 30th June 2019, the council is forecasting £1,299,000 of retained growth for 2019/2020, which will help support the general fund position.

- 3.6 Although this is a positive position, it is important to acknowledge the volatility of business rates which can be impacted negatively by many factors including:
- Companies going out of business or moving from the area
 - Empty properties – The redevelopment of the town centre for instances may have an impact on the rates for the council whilst development takes place
 - Awards of reliefs; most significantly charitable reliefs for schools which are awarded Academy status
 - Results of appeals lodged by businesses against their liabilities

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 Report to be taken in open session

5. FINANCIAL IMPLICATIONS (AW)

5.1 Contained in the body of the report.

6. LEGAL IMPLICATIONS (MR)

6.1 Section 59A of the Local Government Finance Act 1988 allows local authorities to pool business rates. The pooling between the Leicestershire Council's will be governed by a legal agreement between the parties

7. CORPORATE PLAN IMPLICATIONS

7.1 To ensure the Council's governance arrangements are robust

8. CONSULTATION

8.1 All members of the Business Rates Pool were included in decisions made on its operation for 2019/20.

9. RISK IMPLICATIONS

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

9.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

9.3 The following significant risks associated with this report / decisions were identified from this assessment:

None

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Various reliefs are available for businesses and charities under the business rate regulations.

11. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Revenues and Benefits Monitoring Reports
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