



Hinckley & Bosworth  
Borough Council

*A Borough to be proud of*

## FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

FINANCE & PERFORMANCE SCRUTINY 17 July 2017

WARDS AFFECTED: All Wards

---

### **BUSINESS RATES AND POOLING UPDATE QUARTER 4 - 2016/17**

---

#### **Report of Head of Finance**

##### **1. PURPOSE OF REPORT**

- 1.1 To inform the committee of business rates performance from 1 April 2016 – 31 March 2017 and to provide an update on pooling arrangements for 2016/2017.

##### **2. RECOMMENDATION**

- 2.1 That the committee notes the contents of the report.

##### **3. BACKGROUND TO THE REPORT**

- 3.1 Before 1 April 2013, business rates were collected by local authorities from businesses, before being paid into a central pool to be redistributed as part of grant funding. From 2013/14, billing authorities paid over 50% of collected business rates to government. The remaining 50% is split between the billing authority (80%) and the precepting authorities (20%).
- 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 £557,125 of “section 31 grant” income. The allocated grant was based on the level of reliefs that were forecast to be granted in 2016/2017 in the submitted business rates budget form (the NDR1). The actual grant that can be “banked” as retained rates will be determined based on the actual reliefs awarded by 31<sup>st</sup> March 2017. 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 2017 is summarised below.

	<b>Rates Forecast 2016/17</b>	<b>Localism Autumn Statement Reliefs</b>	<b>Cost of SBRR Extension</b>	<b>Tariffs</b>	<b>Retained Rates Income</b>	<b>Funding Baseline</b>	<b>Total Growth</b>	<b>Levy &amp; Retain Growth</b>	<b>Mvt</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
NNDR1	13,370	45	476	-9,042	4,849	2,378	2,471	1,235	-
Jun-16	13,452	52	482	-9,042	4,944	2,378	2,566	1,283	48
Sep-16	12,914	57	482	-9,042	4,411	2,378	2,033	1,016	-219
Dec-16	12,662	164	488	-9,042	4,272	2,378	1,894	947	-70
NNDR3 (Mar16)	12,734	108	512	-9,042	4,312	2,378	1,934	967	20

3.5 The above table shows that as at 31<sup>st</sup> March 2017, the council is forecasting £967,000 of retained growth for 2016/2017 will be set aside in the Business Rates Reserve. This figure has reduced from September 2016 mainly because of an increase in the provision for appeals.

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
- Due to these factors we have not included the current relatively small growth movement in budget changes.

#### Business rates retention

3.6.1 There were changes planned to the business rates retention scheme due to proposals by government for the implementation of 100% business rates retention by local authorities by 2020. This has now been put on hold following the Queen's Speech. Our understanding is there are no current plans for resurrecting or re-introducing the provisions of the Bill in relation to this element of business rates, which means that the introduction of 100% retention is effectively suspended with no current plans for its introduction. DCLG will be back in touch with authorities once they have proposals for a business rates policy going forward and how that might be introduced.

#### 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 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 future operation from 2016/17 onwards. The Pool was agreed to be extended for 2016/17 and the contingency held with the pool increased from £0.7m to £2m. This is created from amounts not returned to DCLG, but held within the pool to guard against future appeals. There is no reduction on the council's share of retained rates.

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.

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.

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

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
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:

Author:

Executive Member:

Revenues and Benefits Monitoring Reports

Ashley Wilson, Head of Finance ext 5609

Cllr M Hall