



## Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Finance & Performance Scrutiny                      25 July 2022

Wards affected:    All

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### **BUSINESS RATES AND POOLING UPDATE QUARTER 4 - 2021/22**

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Report of Head of Finance

#### **1. Purpose of report**

- 1.1 To inform the committee of business rates performance from 1 April 2021 – 31<sup>st</sup> March 2022.

#### **2. Recommendation**

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

#### **3. Background to the report**

- 3.1 Hinckley and Bosworth BC as a billing authorities pay 50% of collected business rates to government. The remaining 50% is split between the billing authority (40%) and the precepting authorities (10%).
- 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 has received £3,318,622 of “section 31 grant” income. The allocated grant was based on the level of reliefs that were shown to have been granted in 2021/2022 in the submitted business rates form (the NNDR3).
- 3.4 The budgeted business rates performance for this council, along with outturn as at March 2022 is summarised below.

<i>Table 1</i>	NNDR1 Rates Forecast 2021/22	NNDR3 2021/22
	<b>£'000</b>	<b>£'000</b>
<b>NNDR collected (net of reliefs)</b>	34,424	31,209
Less:		
Central Government share	(17,212)	(17,212)
County Council share	(3,098)	(3,098)
Fire Authority Share	(344)	(344)
HBBC notional share	13,770	13,770
S31 Grant compensation	1,584	3,319
<b>Total before tariff</b>	<b>15,354</b>	<b>17,089</b>
Tariff charged on HBBC	(9,646)	(9,646)
Levy charged on growth	(1,555)	(1,422)
<b>Retained income total</b>	<b>4,153</b>	<b>6,021</b>
<b>The retained income is made up of:</b>		
Baseline funding	2,599	2,599
Total growth	3,109	4,844
Less Levy	(1,555)	(1,422)
<b>Total</b>	<b>4,153</b>	<b>6,021</b>
Movement- Gain/(loss)	0	1,868
Retained income total	4,153	6,021
Baseline funding	2,599	2,599
<b>Total Growth</b>	<b>1,554</b>	<b>3,422</b>
Movement- Gain/(loss)	0	1,868

- 3.5 The above table shows that as at 31<sup>st</sup> March 2022, the council has £3,422,000 of retained growth for 2021/2022 compared to £1,554,000 growth budgeted for. This additional growth is in response to COVID 19 where by additional reliefs were awarded to Business Rate Payers. To aid cash flow an additional £1,735,000 of section 31 grant was received from central government. The underlying position is that the level of relief given will generated a deficit in the Collection Fund due to the non-collection of business rates, but due to accounting requirements, this is not recognised in the year generated, but in the following financial year. The increased growth will be put into a reserve to cover HBBCs portion of the deficit payable in 2022/23. The Reserve will be fully utilised to avoid that deficit falling on the council's general fund.
- 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 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 2021/22.

#### **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. Climate implications**

11.1 There are no direct implications arising from this report

#### **12. Corporate implications**

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

- Community Safety implications

- Environmental implications
  - ICT implications
  - Asset Management implications
  - Procurement implications
  - Human Resources implications
  - Planning implications
  - Data Protection implications
  - Voluntary Sector
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Background papers: DCLG/ MHCLG notifications  
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