



Hinckley & Bosworth Borough Council

Forward timetable of consultation and decision making

Finance & Performance Scrutiny

4 September 2023

Wards affected:

All

BUSINESS RATES AND POOLING UPDATE QUARTER 1 - 2023/24

Report of Head of Finance

1. Purpose of report

- 1.1 To inform the committee of business rates performance from 1 April 2023 – 30 June 2023.

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, except for that element associated with the multiplier compensation cap. 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 was budgeted to receive £3,478,000 of “section 31 grant” income. The allocated grant was based on the level of reliefs that were forecast to be granted in 2023/2024 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 2024.
- 3.4 The budgeted business rates performance for this council, along with outturn as at 30th June 2023 is summarised below.

<i>Table 1</i>	<i>Budget 2023/24</i> £	<i>Jun-23</i> £
NNDR collected (net of reliefs)	42,356	42,356
Less:		
Central Government share	(21,178)	(21,178)
County Council share	(3,812)	(3,812)
Fire Authority Share	(424)	(424)
HBBC notional share	16,942	16,942
S31 Grant compensation	3,478	3,754
Total before tariff	20,420	20,696
Tariff charged on HBBC	(11,339)	(11,339)
Levy charged on growth	(2,671)	(2,586)
Retained income total	6,410	6,771
The retained income is made up of:		
Baseline funding	2,696	2,696
Total growth	6,385	6,661
Less Levy	(2,671)	(2,586)
Total	6,410	6,771
Movement- Gain/(loss)	0	361
Retained income total	6,410	6,771
Baseline funding	2,696	2,696
Total Growth	3,714	4,075
Movement- Gain/(loss)	0	361

3.5 The above table shows that as at 30th June 2023, the council has £4,075,000 of retained growth for 2023/2024 compared to the £3,714,000 growth that was budgeted for. This Increase is mainly due to additional S31 grant being higher than budgeted.

3.6 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 2023/24.

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 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 There are no significant risks associated with this report or decisions needed.

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:

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|---------------------------------|--------------------------------|
| - Community Safety implications | - Procurement implications |
| - Environmental implications | - Human Resources implications |
| - ICT implications | - Planning implications |
| - Asset Management implications | - Data Protection implications |
| | - Voluntary Sector |

Background papers: DCLG/ MHCLG notifications
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