

Gloucestershire Business Rates Pool Update

AGENDA NO:

| | |
|--|---|
| Meeting | Gloucestershire Economic Growth Joint Committee, Nov 2021 |
| Report author | Andrew Cummings – Strategic Director of Resources Stroud District Council Email: andrew.cummings@stroud.gov.uk |
| Background documents | Report to GEGJC September 2021 |
| Location/Contact for inspection of background documents | N/A |
| Main consultees | Gloucestershire Chief Financial Officers |
| Planned dates | N/A |
| Purpose of report | 1. To consider the anticipated position of the pool and SEDF balance for 2021/22 |
| Recommendations | The Committee: 1. Note the forecast position of the Business Rates Pool and estimated balance for the SEDF in 2021/22 |
| Reasons for recommendations | To update the Committee on the forecast for the Business Rates Pool, and the likelihood of the Pool continuing into future years |
| Resource Implications | There are no resource implications to implementing this recommendation. |

Background

1. Gloucestershire continues to operate a business rates pool under the 50% rates retention system. This pooling generates a saving in the levy returned to Central Government which is then distributed amongst Gloucestershire authorities.
2. The last update report to this Committee predicted that there would be a gain from the pool to the Strategic Economic Development Fund (SEDF) of £848k in 2021/22 as part of a total benefit from pooling of £4.238 million.

2021/22 Forecasts

3. As in previous years District Councils are carrying out monitoring of the in-year business rates position. This monitoring has been brought together to develop an estimated position for the Pool in this report.
4. The Covid pandemic clearly continues to have an impact upon businesses in the County and all Districts are closely monitoring income collected. As previously reported, many businesses still have pandemic related rates relief in this financial year. This is fully compensated to Councils by Central Government meaning there is no impact on the pool position.
5. The position in the second quarter has been broadly stable across the County. Bringing together the position from all of the Districts has seen the estimated pool gain reducing slightly to £4.027 million. This would lead to a SEDF allocation of £804k and other distribution as set out in the table below.

Table 1 – Estimated Pool Gain in 2021/22

| Distribution | 21/22 Forecast |
|--|-----------------------|
| Strategic Economic Development Fund (as administered by GEGJC) | £804k |
| District Councils | £2.58m |
| County Council | £643k |
| Total Pool Gain | £4.027m |

6. This gain is obviously subject to significant potential fluctuation and therefore should not be factored into any resource allocation decisions at this point.
7. The pool gain of £3.6 million for 2020/21, as reported to the previous committee, has not yet been confirmed in final reconciliations by DLUHC. This is expected later in this financial year.
8. The funding bid being considered by this committee has not been included in the expenditure figures at this stage. If approved, the allocation of £65k for investigating a range of transport solutions and options to better connect Kemble Train Station to

Cirencester Town Centre will be included within the listed allocations at Appendix A for the next update report.

Future of the Business Rates Pool

9. The Spending Review announced on October 27th of this year gave no clear statement on the future of Business Rates Pooling. However, it seems clear that there will be no reset of business rates growth in 2022/23 and potentially not for the three-year spending review period. More details are hoped for in the Provisional Local Government Settlement, expected in December.
10. As pooling is now likely next year, an allocation of pooling growth to the SEDF in 2022/23 has now been included as an indicative figure. This should not be used for resourcing decisions at this stage but reflects the likely impact of an additional year of pool growth.
11. The spending review also included a freeze in business rate increases and further reliefs for businesses in the retail, leisure and hospitality sectors. As in previous years these will be fully grant funded by Central Government and therefore no impact on the pool is expected.

Risk Assessment

12. Significant risks remain around the level of business rates income and arrears in the pandemic recovery. This is mitigated by the current high level of estimated pool gain which is likely to be enough to absorb any future reductions in rates income without putting the pool into deficit.

Officer Advice

13. No officer advice required

Equalities considerations

14. There are no equalities considerations associated with this decision. It is purely a financial consideration.

Consultation feedback

15. Each of the Business Rates Pool members has been consulted about this report.

Performance Management/follow-up

16. Further update reports on the current position and future outlook of the pool will be presented to this committee.

Projected Balance of the SEDF

| | GEGJC Decision Date | 2018/19 (£'000) | 2019/20 (£'000) | 2020/21 (£'000) | 2021/22 (£'000) | 2022/23 (£'000) |
|--|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Item | | | | | | |
| Funding | | | | | | |
| SEDF Balance b/f | | 336 | 3,998 | 4,562 | 4,525 | 1,527 |
| 2017/18 Pool (confirmed) | | 828 | | | | |
| 2018/19 Pilot Gain (confirmed) | | 3,438 | | | | |
| Pool Gain (indicative) | | | 970 | 731 | 848 | 800 |
| SEDF Funding | | 4,602 | 4,968 | 5,293 | 5,373 | 2,327 |
| Allocations | | | | | | |
| Operating Costs for Joint Committee | Nov 17 | (4) | 0 | (5) | (5) | (5) |
| LEP Core Funding (Match) | Nov 17/Feb 20/ | (250) | (250) | (250) | (250) | (250) |
| LEP/LA Inward Investment Programme (EU Match) | Nov 17 | (75) | 0 | 0 | 0 | 0 |
| J.10 Business Case Commission (contribution) | Nov 18 | (275) | 0 | 0 | 0 | 0 |
| Economic Intelligence Data Commissioning Fund | Nov 18 | 0 | 0 | 0 | (50) | 0 |
| Rail Investment Strategy | Sept 19 | 0 | (16) | (3) | (51) | 0 |
| LNP Capital Mapping | Feb 20 | | (40) | 0 | 0 | 0 |
| Cyber Central | Nov 19/Jan21 | | (100) | (100) | (100) | (100) |
| City Region Board | | | 0 | (410) | (1,590) | 0 |
| Strategic Plan for Growth | June 21 | | | | (1,800) | 0 |
| Total Allocations | | (604) | (406) | (768) | (3,846) | (355) |
| SEDF Balance c/f | | 3,998 | 4,562 | 4,525 | 1,527 | 1,972 |

Notes

- SEDF balance held and accounted for by Gloucestershire County Council