

# Worcestershire Business Rates Pool – Draft Annual Report

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## 2021/22 Pool

### Draft Report to the Governing Body of the Worcestershire Business Rates Pool as at 31<sup>st</sup> March 2022

#### Executive Summary

- This report is draft due to the audit process not being completed yet for 2021/22 for most Pool members.
- This is the ninth year of operation of the Business Rates Retention Scheme.
- The amount of Business Rates collected over the County area has decreased from initial estimates at the start of 2021/22 due to Covid-19. However, Covid-19 business rate reliefs have been awarded to compensate for the decrease in business rates income.
- All members of the Pool have benefitted from membership of the Pool.
- Bromsgrove gained £507,750, Malvern Hills £231,764, Redditch £691,230, Worcester City £346,157, Wychavon £902,643, Wyre Forest £338,975, Hereford and Worcester Fire £134,929 and Worcestershire County Council £1,877,417.

#### Recommendation

1. Confirm the payments to Pool Members as below:

Authority	Retained Levy Share received from Pool	Safety Net received from Pool
	£	£
Bromsgrove	507,750	
Malvern Hills	231,764	
Redditch	691,230	
Worcester City	346,157	
Wychavon	902,643	
Wyre Forest	338,975	
H&W Fire	134,929	
Worcestershire	1,877,417	
Total	5,030,865	

2. The administration fee payable to the lead authority is £2,500 per Pool member.

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## Introduction

The Worcestershire Business Rates Pool (WBRP) for 2021/22 comprises of eight members: Bromsgrove District Council, Malvern Hills District Council, Redditch Borough Council, Worcester City Council, Wychavon District Council, Wyre Forest District Council, Hereford and Worcester Fire Authority and Worcestershire County Council.

The aim of the Pool is to drive forward economic growth and create a positive framework for targeted investment across Worcestershire and reduce the impact of the volatility of business rates income over the Pool by spreading the risk.

## Final Pool Position 2021/22

The final pool position is based on the information included in the central government returns (NNDR3) made by the billing authorities. This report is draft as it should take account of any changes required to these returns following the audit process which is still ongoing for most Pool members.

The information shows that there was a benefit to pooling for the Worcestershire Pool area which arises because the billing authorities belonging to the Worcestershire Pool, when taken together, have been successful in collecting more business rates income (once compensated with Covid-19 business rates reliefs) than the baselines set by Central Government. This benefit was more than the initial forecast in January 2021 of £3.841m.

## Initial Estimates at 31<sup>st</sup> January 2021:

Authority	NNDR1 Net Rate Yield at 31 <sup>st</sup> January 2021	Levy Payable	Safety Net	Total WBRP Benefit
	£	£	£	£
Bromsgrove	25,716,365	749,492	0	
Malvern Hills	16,848,748	517,387	0	
Redditch	33,394,746	413,124	0	
Worcester City	42,774,777	1,098,568	0	
Wychavon	44,411,523	1,742,092	0	
Wyre Forest	28,544,494	630,285	0	
H&W Fire		0	0	
Worcestershire Pool		1,309,784	0	3,841,163

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The final benefit to pooling is £5.031m compared to the original estimate of £3.841m.

### Final position at 31<sup>st</sup> March 2022:

Authority	NDR1 Net Rate Yield at 31 <sup>st</sup> January 2021	NDR3 Collected NDR at 31 <sup>st</sup> March 2022 (pre- audit)	Change over NDR1	Levy Payable	Safety Net	Total WBRP Benefit
	£	£	£	£	£	£
Bromsgrove	25,716,365	22,954,075	-2,762,290	1,135,826	0	
Malvern Hills	16,848,748	12,739,838	-4,108,910	518,452	0	
Redditch	33,394,746	34,462,685	1,067,939	1,546,267	0	
Worcester City	42,774,777	32,198,795	-10,575,982	774,347	0	
Wychavon	44,411,523	36,962,374	-7,449,149	2,019,194	0	
Wyre Forest	28,544,494	22,060,788	-6,483,706	758,280	0	
H&W Fire				0	0	
Worcestershire				0	0	
Pool				1,721,501	0	5,030,865

Note: Covid-19 business rate reliefs have been awarded and are estimated as follows to compensate for the decrease in business rates income. These and other business rates reliefs are taken into account when calculating pre-levy business rates income:

	Covid-19 Business Rates Reliefs £
Bromsgrove	4,420,740
Malvern Hills	3,899,657
Redditch	4,423,190
Worcester City	8,909,567
Wychavon	8,497,827
Wyre Forest	6,983,608

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### Share of Retained Levy as at 31<sup>st</sup> March 2022

The table below shows how the levies paid into the Pool are distributed to Pool members and the Risk Reserve.

	£
Levies paid to Pool	6,752,366
Levy paid by Pool	-1,721,501
Retained Levy	<u>5,030,865</u>
Risk Reserve 0%	0
County Council**	1,877,417
H&W Fire**	134,929
Bromsgrove*	507,750
Malvern Hills*	231,764
Redditch	691,230
Worcester City*	346,157
Wychavon*	902,643
Wyre Forest*	338,975
	<u>5,030,865</u>

\*\*40% to Precepting Authorities in proportion to top-up grant.

\* 60% to District Councils in proportion to levy payable.

### Member Position

The table below compares the position of Pool members outside the Pool and in the Pool.

Authority	NO POOL		POOL		
	Levy paid to Govt	Safety Net received from Govt	Levy paid to Pool	Levy Share received from Pool	Safety Net received from Pool
	£	£	£	£	£
Bromsgrove	1,135,826	0	1,135,826	507,750	0
Malvern Hills	518,452	0	518,452	231,764	0
Redditch	1,546,267	0	1,546,267	691,230	0
Worcester City	774,347	0	774,347	346,157	0
Wychavon	2,019,194	0	2,019,194	902,643	0
Wyre Forest	758,280	0	758,280	338,975	0
H&W Fire	0	0	0	134,929	0
Worcestershire	0	0	0	1,877,417	0
Total	<u>6,752,366</u>	<u>0</u>	<u>6,752,366</u>	<u>5,030,865</u>	<u>0</u>

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The Governance Agreement states that the intention of the Pool is that members should be no worse off than if they were outside the Pool.

The table above shows that all Pool Members were better off in the Pool than out in 2021/22. All members received part of the levy retained by the Pool.

### **Review of Pool Operation**

- The management of the Pool has been efficient throughout the year with all cash flows exchanged between members on the correct date.
- The monitoring information was collected quarterly and used to forecast the outturn position.
- The fee of £2,500 to the lead authority from each Pool member covers administration of the cash flows between Pool Members and the Government, any audit requirements, both internal and external, and the accounting requirements of the Pool.