

Coventry & Warwickshire Business Rates Pool

2014/15 Year End Briefing Note

1. As outlined in the Memorandum of Understanding the fundamental objective of the Pool is to generate increased resources for the region, and individual pool members.
2. The benefit of a Pool is produced by reducing the levy on any growth that would otherwise be paid to central government.
3. At the end of 2014/15 the Pool is showing that the retained income from business rates has increased by £7.641m across the Pool, compared to DCLG baseline figures. Under the rules of the business rates retention scheme 50% of this is due to DCLG, 40% of their growth is retained by the districts/boroughs with the balance due to the County Council and Coventry, as a unitary authority retain 49% of their growth, with West Midlands Fire Authority retaining the remaining 1%.
4. Of the growth retained by the districts/boroughs £1.767m is deemed to be 'excessive' and should be an additional payment to DCLG. By pooling we have reduced the amount deemed to be excessive to £1.256m. The benefit of the pooling is therefore the £0.510m that would otherwise have been payable in levy to central government.
5. The breakdown by Pool member is shown in the table below.

Authority	Growth / (Decline) before Levy £m	Levy Due £m	Growth / (Decline) after Levy £m
Warwickshire	714,436	-	714,436
North Warwickshire	(22,299)	-	(22,299)
Nuneaton and Bedworth	423,363	211,681	211,681
Rugby	1,601,485	800,742	800,742
Stratford-on-Avon	928,232	464,116	464,116
Warwick	580,599	290,300	290,300
Coventry	3,415,612	-	3,415,612
Without Pool	7,641,427	1,766,839	5,874,588
By Pooling		1,256,455	6,384,972
Gain from Pooling (Retained Levy)		510,384	510,384

6. In accordance with the MoU, the £0.510 million retained levy is notionally allocated as follows:

£0.030m	Pool Administration Fee
£0.120m	Local Safety Net
£0.120m	Allocated according to Performance across Pool Members
£0.240m	Allocated by Spending Baseline across Pool Members

7. Appendix A included with this note provides the breakdown in more detail. The key features of the outturn position are:
- Although there was a decline in business rate income in North Warwickshire, it was not sufficient to trigger a safety net payment from the pool.
 - Last year Warwick District Council received a safety net payment of £327,010, but this year have achieved growth, and their share of the retained levy of £25,000 in accordance with the MoU will be used to pay down the outstanding safety net payment from last year.
 - The allocation of 25% of the retained levy to fund the safety net volatility fund, plus the £25,000 repaid by WDC, will reduce the overdraft on the Pool account to £0.125 million.
 - As last year we will hold the overdraft within the WCC accounts as an overdrawn reserve.
 - The predicted spike in appeals at year-end has led to an £8.7m increase in the provision for appeals between Q3 and outturn, the impact has not completely eliminated growth across the Pool.
8. The table shows the retained levy to be distributed and balance on the safety net accounts payable (repayable) to/by pool members on dissolution of the pool.

Pool Member	Retained Levy to be distributed £m	Memorandum Safety Net Account Balance £m
Warwickshire	0.097	-
North Warwickshire	0.003	0.006
Nuneaton and Bedworth	0.020	0.045
Rugby	0.058	0.071
Stratford-on-Avon	0.035	0.034
Warwick	-	(0.282)
Coventry	0.122	-
Pool Total	0.335	(0.125)

9. These figures remain provisional until September, when the audited NNDR-3 forms are submitted. Details on the collection of the levy and payment of retained levy will be made once DCLG have confirmed the final figures.

Martin Smith

Principal Accountant - Financial Planning
Warwickshire County Council – Lead Authority