



## ITEM 8

**REPORT TO:** WECA OVERVIEW AND SCRUTINY COMMITTEE

**DATE:** 27 JANUARY 2021

**REPORT TITLE:** CITY DEAL BUSINESS RATES POOLING UPDATE

**DIRECTOR:** MALCOLM COE, DIRECTOR OF INVESTMENT AND CORPORATE SERVICES

**AUTHOR:** MALCOLM COE

### Purpose of Report

1 This report provides a summary of the West of England's Business Rates Pool estimated balances and transactions for 2020-21, in accordance with the monitoring requirements of the Business Rates Pooling Principles Agreement. It also summarises the 2020-21 estimated growth performance

### Recommendation

That the Committee note the update and current performance of the West of England Business Rate Pooling arrangements.

### Background / Issues for Consideration

- 2 The West of England City Deal arrangement was agreed with government in 2012. The Deal, which includes North Somerset Council, enables the region to retain local financial flexibility and freedoms in exchange for a focussed programme of investment to deliver economic growth.
- 2.1 The City Deal enables the region to retain 100% business rates growth within designated Enterprise Areas over a 25 year period which commenced in April 2014. There is a requirement to 'pool' and report on the overall growth across all of the areas.
- 2.2 The pooling agreement distributes business rates growth income on a three tier basis as follows:
- Tier 1 – reimburses each Unitary Authority based on the income that they would normally receive under the current national 50% business rates retention scheme;
  - Tier 2 – aims to generate £500m of business rates growth, above the approved 2013 baseline, over a 25 year period to reinvest in priority regional economic growth projects;

- Tier 3 – distributes any surplus growth, (above the £500m), back to the Unitary Authority, on an apportioned basis, to fund any demographic pressures that exist as a result of economic growth
- 2.3 Performance against the West of England Business Rates City Deal pooling is monitored through a ‘Pooling Board’ made up of all relevant Section 151 Officers and Unitary Authority technical officers. Updates are reported annually through the WECA Overview and Scrutiny Committee.
- 2.4 Economic growth over the last 12 months, due to the Covid pandemic, has been challenging. Quarter 1 forecasts were particularly low with some improvement made over the Quarter 2 period. **Appendix 1** details the Quarter 2 monitoring report that was presented to the WoE Business Rates Pooling Board in December 2020.
- 2.5 In summary, 2020/21 growth, as at quarter 2, is estimated as being £27.090m against a budget of £28.429m for the year. The overall performance of the West of England business rates pooling remains positive with sufficient growth forecast, (above baseline), to meet tier 1 and tier 2 commitments.

### **Consultation**

- 3 A West of England Business Rates Pooling Board governs the performance, reporting and allocation of the City Deal forecasted business rates growth. The Board includes the Section 151 Officers, and relevant technical officers, of all of the four regional Unitary Authorities and WECA Section 73 Officer. An update on the performance of the pool is presented to each quarterly Board meeting with an annual update presented to the Overview and Scrutiny committee.

### **Risk Management/Assessment (complete as appropriate)**

- 4 A risk register is regularly reviewed and maintained by the Business Rates Pooling Board. The key risks relate to (a) the potential for any changes in national business rates retention negatively impacting on the West of England City Deal arrangements and (b) our ability to achieve medium and long term business rates growth forecasts in the light of the Covid pandemic

### **Public Sector Equality Duties (complete as appropriate)**

- 6 The public sector equality duty created under the Equality Act 2010 means that public authorities must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act.
  - Advance equality of opportunity between people who share a protected characteristic and those who do not.
  - Foster good relations between people who share a protected characteristic and those who do not.
- 6.1 The Act explains that having due regard for advancing equality involves:
- Removing or minimising disadvantages suffered by people due to their protected

characteristics.

- Taking steps to meet the needs of people from protected groups where these are different from the needs of other people.
- Encouraging people from protected groups to participate in public life or in other activities where their participation is disproportionately low.

6.2 The general equality duty therefore requires organisations to consider how they could positively contribute to the advancement of equality and good relations. It requires equality considerations to be reflected in the design of policies and the delivery of services, including policies, and for these issues to be kept under review.

6.3 There are no direct equalities implications relevant to this report.

### **Climate Change Implications**

7 On 19 July 2019, the West of England Combined Authority declared a climate emergency, recognising the huge significance of climate change and its impact on the health, safety and wellbeing of the region's residents. The Combined Authority is committed to taking climate change considerations fully into account as an integral part of its governance and decision making process.

Each report/proposal submitted for Combined Authority / Joint Committee approval is assessed in terms of the following:

Will the proposal impact positively or negatively on:

- \* The emission of climate changing gases?
- \* The region's resilience to the effects of climate change?
- \* Consumption of non-renewable resources?
- \* Pollution to land, water or air?

Particular projects will also be subject to more detailed environmental assessment/consideration as necessary as part of their detailed project-specific management arrangements

7.1 Individual projects delivered through the Economic Development Fund (as part of the City Deal) will consider climate issues within their assessment criteria.

### **Finance Implications, including economic impact assessment where appropriate:**

8. The 2014 City Deal agreement for the West of England ensures that each Unitary Authority receives an equivalent proportion of business rates income as they would under the national business rates arrangements. The £500m Economic Development Fund is based on anticipated growth, (over 25 years), beyond the Unitary Authority base level which can be reinvested in regional priority economic growth projects.

Advice given by: Malcolm Coe, Director of Investment and Corporate Services

**Legal Implications:**

There are no legal implications arising as a direct result of this report.

Advice given by: Shahzia Daya, Director of Legal

**Appendices:**

Appendix 1: Report on (WoE Business Rates) 2020/21 Pool Activity based on Quarter 2

**West of England Combined Authority Contact:**

Any person seeking background information relating to this item should seek the assistance of the contact officer for the meeting who is Ian Hird on 07436 600313; or by email: [democratic.services@westofengland-ca.gov.uk](mailto:democratic.services@westofengland-ca.gov.uk)