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**BUSINESS RATES RETENTION (BRR) POOL 2026/27**

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|----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Relevant Portfolio Holder                                                                                |                                                                                                                 | Councillor Sue Baxter – Portfolio Holder for Finance |
| Portfolio Holder Consulted                                                                               |                                                                                                                 | Yes                                                  |
| Relevant Head of Service                                                                                 |                                                                                                                 | Debra Goodall                                        |
| Report Author                                                                                            | Debra Goodall, Assistant Director of Finance and Customer Service<br>Debra.goodall@bromsgroveandredditch.gov.uk |                                                      |
| Wards Affected                                                                                           |                                                                                                                 | All Wards                                            |
| Ward Councillor(s) consulted                                                                             |                                                                                                                 | No                                                   |
| Relevant Strategic Purpose(s)                                                                            |                                                                                                                 | All                                                  |
| Non-Key Decision                                                                                         |                                                                                                                 |                                                      |
| If you have any questions about this report, please contact the report author in advance of the meeting. |                                                                                                                 |                                                      |

**1. RECOMMENDATIONS**

**The Cabinet RECOMMEND that:-**

- 1) The Council approves joining the Herefordshire and Worcestershire Business Rates Pool for 2026/27**
- 2) Authority for the decision on the financial arrangements be delegated to the Section 151 officer following consultation with the Portfolio Holder for Finance.**

**2. BACKGROUND**

- 2.1 This report provides an update on the Medium-Term Financial Plan 2026/27 – 28/29 in respect of the Business Rates Pool for 2026/27.
- 2.2 Under the Local Government Finance Act 2012, local authorities are permitted to form business rates pools to manage Business Rates income collectively. Pooling allows councils to:
  - Retain a greater share of business rates growth locally
  - Reduce the levy payable to central government
  - Share risks and rewards across a wider base
  - Support regional economic development through collaborative investment
- 2.3 The Ministry of Housing, Communities and Local Government has invited Councils to indicate their preferred pooling arrangements for the

financial year, 2026-27, with the deadline for submission of proposals for 2026-27 pools being 24<sup>th</sup> November 2026. Therefore, the Council needs to make an urgent decision as to the option of joining the Herefordshire and Worcestershire Pool. The Council was previously part of the Herefordshire and Worcestershire Pool so this would be a continuation. The other option the council has is:

- to not be in a Business Rates Pool and return a higher proportion of business rates growth (levy) to Central Government.

- 2.4 It is understood from other Districts across Herefordshire and Worcestershire that they will be entering the Pool for 2026-27, subject to a review of the figures across the area showing a positive benefit, enabling volatility risks to be shared with other councils and also additional financial benefits in terms of levy on business rates growth that was retained locally rather than paid over to the Government.

### **3. OPERATIONAL ISSUES**

- 3.1 The Council therefore needs to determine whether it wishes to continue to participate in a Herefordshire and Worcestershire wide pool for the year 2026/27 only.
- 3.2 As a general principle the Herefordshire and Worcestershire Pool and other Pools locally operate on the principle that no council is worse off in the Pool than outside the Pool. This means that the amounts paid into the Pool by councils are limited to the levy amount that they would have otherwise paid to the Government. However, in the event of significant losses, as in the case of the revaluation of GP surgeries, then the amount available from the Pool may be less than would be available from the Government National safety net facility.
- 3.3 The most significant factor in the Council's decision regarding Pool membership from 1 April 2026 is our view on the probability of further significant business rate losses in Bromsgrove. Based on current appeals outstanding we have no reason to suspect there will be such losses. We have already made reasonable provision for outstanding appeals and we are not aware of any changes which would lead to further significant losses.
- 3.4 There will be provision within the governance arrangements to ensure there is protection for Pool Members to ensure that there is no detriment to their position comparative to had they not joined the pool.

**4. FINANCIAL IMPLICATIONS**

- 4.1 The arrangements for the business rates pool will continue to mitigate some but not all of the financial risk of the current business rates system. Work is currently ongoing at this point in time to assess whether the pooling arrangements (if approved) remain of overall financial benefit to this Council.
- 4.2 The precise impact on Council finances cannot be known as this will vary depending on a range of factors including whether business rates grow or contract, future appeals and mandatory reliefs.

Based on the information available to date, if the Council's position together with the overall position of the wider Herefordshire and Worcestershire family will be best protected by joining the proposed pool then it is recommended that the Council do so.

- 4.3 The proposed pool is only concerned with the money which is generated through the levy which would have been paid to central Government if the Pool members were not in the pool. The Pool is designed to continue to protect member authorities from the ups and downs that are likely to arise in Business Rate income in the future. These will have a direct impact on the amount of funding for the Council. It may be shown that by remaining in a pool, the Council can better protect against these variations and thus provide some protection to its base funding.

**5. LEGAL IMPLICATIONS**

- 5.1 Any legal implications in relation to the business rates pool have already been assessed as part of previous work undertaken when the pool was originally established.

**6. OTHER - IMPLICATIONS**

**Local Government Reorganisation**

- 6.1 There are no implication at this stage arising from Local Government Reorganisation or Devolution

**Relevant Council Priority**

- 6.2 The Strategic purposes are included in the Council's corporate plan and guides the Council's approach to budget making ensuring we

focus on the issues and what are most important for the borough and our communities. Our Financial monitoring and strategies are integrated within all of our Strategic Purposes.

**Climate Change Implications**

- 6.3 There are no climate change implications as a direct result of this report.

**Equalities and Diversity Implications**

- 6.4 None as a direct result of this report.

**7. RISK MANAGEMENT**

- 7.1 The Government is currently in the process of making changes to business rates, due to apply from 2026/27 onwards and work is ongoing to assess the impact of this.

**8. APPENDICES and BACKGROUND PAPERS**

None

**AUTHOR OF REPORT**

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