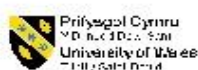




Swansea Bay City Region Joint Committee – 10<sup>th</sup> February 2022

## Apportionment of National Non Domestic Rates

<b>Purpose:</b>	The purpose of this report is to inform Joint Committee of the arrangements in respect of the retention and distribution of the additional NNDR generated through projects of the Swansea Bay City Deal programme.
<b>Policy Framework:</b>	Swansea Bay City Deal Joint Committee Agreement.
<b>Recommendation(s):</b>	It is recommended that Joint Committee:  Review and agree the proposed officer recommendation of option 1 in respect of the disbursement of the agreed programme retention of NNDR.
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## 1. Introduction

This report highlights arrangements in respect of the retention of NNDR by the City Deal Portfolio. Included are several options for consideration which detail the distribution basis of the retained NNDR from the Accountable Body to the Lead Authorities.

It should be acknowledged that for illustrative purposes the projects identified and used in this modelling are the original City Deal Projects. It is recognized that some projects have changed including the projects from NPT.

## 2. Background

NNDR is managed on a national basis. Local Authorities are responsible for collecting rates due from ratepayers in its area but forward the proceeds into the NNDR pool administered by the Welsh Government who redistribute the sums payable back to local authorities on the basis of a fixed amount per head of population as per the RSG settlement.

### **Retention of National Non Domestic Rates**

Welsh Government have agreed in principle (as per below) 50% of the additional net yield generated through City Deal developments can be retained by the region to support revenue costs associated with the programme. This has been acknowledged by the Lead Authorities within the Joint Committee Agreement (JCA - 29<sup>th</sup> April 2018).

### **Welsh Government (Cabinet Secretary for Finance, 11<sup>th</sup> April 2018)**

*'I intend to initiate arrangements to allow the region to retain 50% of the additional net yield in Non-Domestic rates generated by the 11 projects which are to be delivered by the Deal'*

Welsh Government have further clarified (informally), distribution of the additional net yield generated will be transferred to the Programme in the form a regional grant.

### **NNDR Estimates**

An initial estimate has been attained in respect of the potential yield from the current projects undertaken by the Programme. These are **only** indicative figures, but highlight the potential grant that can be expected to be receipted over the term of the Programme (as per below).

## Estimated NDR Retention Grant Income

Project	Project Detail	Assumptions	Estimated Net Annual NDR Income (£m)*	Estimated 50% Retention (£m)
<b>Swansea</b>				
Swansea Waterfront	Box Village	Assumed 50% exempt due to various reliefs	0.060	0.030
Swansea Waterfront	Innovation Precinct		0.278	0.139
Swansea Waterfront	Digital Village		0.431	0.215
Swansea Waterfront	Digital Square and Arena		0.160	0.080
LS & WB Campus	LS & WB Campus - phase 1		0.078	0.039
LS & WB Campus	LS & WB Campus - Phase 2		0.078	0.039
			<b>1.085</b>	<b>0.542</b>
<b>Neath Port Talbot</b>				
CENGs	Swansea Bay Tech Centre		0.115	0.058
Factory of the Future	FoTF	Floor space split not available - assumed 50% FoTF/ 50% SSC	0.288	0.144
Steel Science Centre	SSC	Floor space split not available - assumed 50% FoTF/ 50% SSC	0.288	0.144
			<b>0.690</b>	<b>0.345</b>
<b>Carmarthenshire</b>				
Yr Egin	Phase 1		0.180	0.090
Yr Egin	Phase 2		0.098	0.049
LS & WB Village	LS & WB Village		0.444	0.222
			<b>0.721</b>	<b>0.361</b>
<b>Pembrokeshire</b>				
Pembroke Dock Marine	Marine Testbed	Assumed no NNDR	-	-
Pembroke Dock Marine	Pembroke Dock Centre	Assumed £100k	0.100	0.050
			<b>0.100</b>	<b>0.050</b>
<b>Total Estimated NNDR</b>			<b>2.596</b>	<b>1.298</b>

\*All figures based on SQM prorated.

## Allocation of Retained National Non Domestic Rates

The retention of NNDR yields generated will be paid to the Accountable Body, with the basis for distribution falling to that of the Joint Committee for decision. Several options for consideration are outlined in *Appendix 1*, the basis of apportionment in respect of each option are detailed below;

### Option 1 - Current Yield

Grant will be dispersed to Local Authorities based on where the yield is generated.

### Option 2 - Allocation of City Deal Grant

Grant will be dispersed to Local Authorities proportionate to the allocation of City Deal grant to the programme.

### **Option 3 - Population Basis**

Grant will be dispersed to Local Authorities, weighted on county population numbers.

### **Recommendation:**

To ensure fairness and equity across the region the Regional Section 151 Officers recommend apportioning retained NNDR using an apportionment method based on Option 1 - Current Yield. This will ensure NNDR is fairly distributed to authorities based on the yield that developments generate within their constituent area.

## **5. Financial Implications**

The impact of any retention would support the projects with delivery and ensure that local authorities are eligible for a fair and equitable proportion of retention generated.

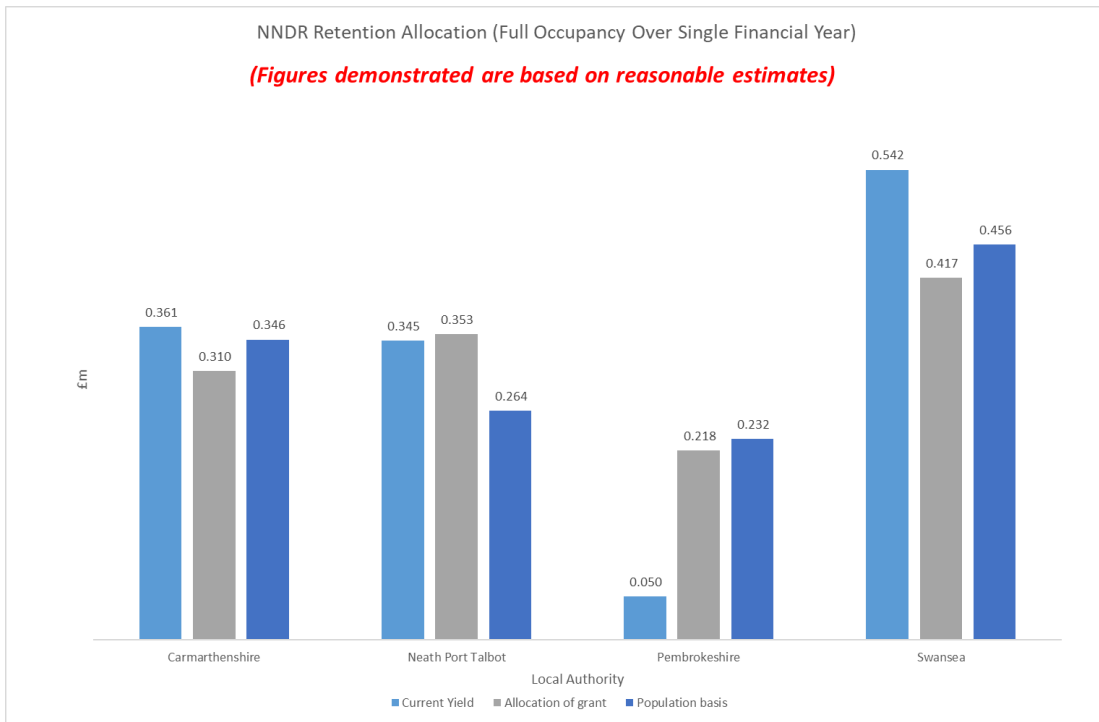
## **6. Legal Implications**

Paragraph 14.3 of the Joint Committee Agreement provides that the retention of 50% of the additional net yield of non-domestic rates from projects in the Swansea Bay City Deal shall be applied across the Swansea Bay City Region proportionate to the Swansea Bay City Deal projects subject to the method of ascertaining the proportions to be determined by the Joint Committee at the relevant time.

## **Alignment to the Well-being of Future Generations (Wales) Act 2015**

The SBCD Portfolio and its constituent projects are closely aligned to the Well-being of Future Generations (Wales) Act 2015 and the seven well-being goals for Wales. These alignments are outlined in a Portfolio Business Case for the SBCD, as well as in individual project business cases.

National Non Domestic Rates – Retention Allocation



*Please note: Regional projects have been apportioned based on 2019 Mid-Year population size as per [www.statswales.gov.wales](http://www.statswales.gov.wales)*