

Non-Domestic Rating Account (Wales)

Receipts and Payments Account 1 April 2020 to 31 March 2021

Local Government Finance Act 1988

**Account prepared under Paragraph 1 of Schedule 8 to the Local Government
Finance Act 1988 (c.41)**

Non-Domestic Rating Account (Wales)

Receipts and Payments Account 1 April 2020 to 31 March 2021

Contents	Page
Foreword	
Statutory Background	
Review of 2020-21	3-5
Statement of Principal Accounting Officer's Responsibilities with Respect to the Account	6
Governance Statement	7-11
The Certificate and Independent Auditor's Report of the Auditor General for Wales to the Senedd Cymru / Welsh Parliament	12-15
Receipts and Payments Account for the Year ended 31 March 2021	16-17
Notes to the Account	18-19

POOLING OF NON-DOMESTIC RATES AND DISTRIBUTION TO LOCAL AUTHORITIES AND POLICE AND CRIME COMMISSIONERS IN WALES

Account prepared under Paragraph 1 of Schedule 8 to the Local Government Finance Act 1988 (c.41)

FOREWORD

STATUTORY BACKGROUND

1. The account for 2020-21 shows the following.
 - a. Sums received by the Welsh Ministers in 2020-21:
 - i. under Section 54¹ in respect of non-domestic rates paid by ratepayers on the central rating list;
 - ii. under paragraph 5(5)² in respect of the provisional amount of non-domestic rates estimated by Billing Authorities³ to be collectable in 2020-21;
 - iii. under paragraph 5(9) in respect of the additional rates collected by Billing Authorities following the calculation of the final amounts of non-domestic rates due for 2019-20 and previous years, and from ratepayers on the central rating list following recalculations of amounts due.
 - b. Payments made by the Welsh Ministers in 2020-21:
 - i. under paragraph 5(10) in respect of the repayments to Billing Authorities of excess contributions following the calculation of the final amounts of non-domestic rates due for 2019-20 and previous years, and to ratepayers on the central rating list following recalculations of the amounts due; and
 - ii. under paragraph 12 in respect of non-domestic rates distributed to Receiving Authorities in proportion to resident adult population.
2. Related accounts concerned with this expenditure are the Welsh Government Consolidated Accounts for the Welsh Ministers for the period 1 April 2020 to 31 March 2021.

¹ Except where otherwise specified all references to "sections" relate to sections of the Local Government Finance Act 1988. The 1988 Act has been amended in particular by Schedule 5 to the Local Government and Housing Act 1989, Schedule 12 to the Local Government Finance Act 1992, The Non-Domestic Rating Act 1994 and the Local Government Act 2003.

² Except where otherwise specified all references to "paragraphs" relate to paragraphs of Schedule 8 to the 1988 Act

³ "Billing Authorities" are the County and County Borough Councils. "Receiving Authorities" are Billing Authorities and Police and Crime Commissioners.

Pooling and Distribution of Non-Domestic Rates

3. The Welsh Ministers receive non-domestic rates collected from ratepayers by Billing Authorities or paid directly to the Welsh Ministers by ratepayers on the central rating list. The Welsh Ministers are required to distribute the contributions to Receiving Authorities in proportion to the resident adult population (aged 18 or over) in each administrative area (Local Government Finance Reports 2020-21, No's 1 and 2, Section 4.1). All non-domestic rates are thus pooled and distributed. The operation of the pool is governed by Schedule 8 to the 1988 Act and regulations made under section 141.
4. Sums required for the making of payments by the Welsh Ministers for the distribution of non-domestic rates are to be charged on the Welsh Consolidated Fund. Welsh Ministers' receipts of non-domestic rates are to be surrendered to the Welsh Consolidated Fund (section 120 of the Government of Wales Act 2006). However, to avoid unnecessary cash transfers between the Welsh Government and Billing Authorities, only net payments are made. The account shows as items of account all the non-domestic rates entitlements and liabilities which have been discharged and not just the net cash sums received or paid out.

Receipts from Billing Authorities (receipts less costs of collection)

5. A Billing Authority's contribution into the non-domestic rates pool represents the amount which would be payable by ratepayers in the authority's area if the authority acted diligently, after allowing for certain prescribed deductions (eg costs of collection and recovery). A provisional calculation of the amount is made before the start of the financial year. The Welsh Ministers would make their own calculation if they believed a Billing Authority's calculation was unlikely to have been made in accordance with regulations (made under paragraph 4). A Billing Authority may recalculate its provisional contribution during the year if the amount payable by ratepayers falls below the level of the prescribed threshold. The Welsh Ministers then have to adjust the Billing Authority's payments accordingly.

Prior Year Adjustments

6. After the end of the year, each Billing Authority has to calculate its actual contribution, arrange for it to be audited and send a copy of the unaudited claim form to the Welsh Ministers. The appointed auditor then undertakes the audit and forwards the original claim, certified and audited to the Welsh Ministers. On receipt of the audited claim, any necessary adjustments are made to the Billing Authority's payments to accord with the calculation, either by refunding any sum overpaid or requiring additional payments from the authority as appropriate. The prior years' adjustments shown in this account relate to 2019-20 and previous years. The adjustments for 2020-21 will appear in the 2021-22 non-domestic rating account.
7. Any subsequent changes to the amount payable to the Billing Authority in the relevant financial year (which might occur for example because of appeals which may retrospectively alter rateable values) are treated as prior year adjustments to the pool contribution for a subsequent year.

Distribution of the Pool

8. An amount equivalent to the Welsh Ministers' estimate of the yield of non-domestic rates is distributed to Receiving Authorities each year. The sum to be distributed is calculated by the Welsh Ministers before the beginning of the financial year using estimates of the items to be credited and debited to the account in the year. This is the distributable amount. It is unlikely the aggregate of payments into the pool in any one year would exactly equal the distributable amount. Any surplus or deficit on the account is carried forward. For 2020-21, a revised settlement was agreed by the Senedd as a result of the Covid-19 pandemic. Fuller details are set out in paragraph 28 of the Governance Statement to these accounts.

REVIEW OF 2020-21

9. In 2020-21, the Welsh Ministers received £1,155 million of non-domestic rates and paid £1,081 million to Receiving Authorities. The account for the year shows a surplus of contributions over amounts distributed of £74 million.
10. Receipts from central list ratepayers during 2020-21 totalled £102.7 million.
11. The surplus of £40 million brought forward from 2019-20 has been added to the total surplus of £74 million for 2020-21. The surplus carried forward at 31 March 2021 is therefore £114 million. The surplus or deficit at the end of each year is taken into account in the calculations for the following year so that, over time, all the sums paid into the non-domestic rates pool are distributed to Receiving Authorities.

Auditors

12. The non-domestic rating account is audited by the Auditor General for Wales.

Dr Andrew Goodall
Permanent Secretary and Principal Accounting Officer
Welsh Government
31 March 2022

STATEMENT OF ACCOUNTING OFFICER'S RESPONSIBILITIES WITH RESPECT TO THE ACCOUNT

13. Section 129(6) of the Government of Wales Act 2006 designates the Permanent Secretary as Principal Accounting Officer for the Welsh Ministers. The Principal Accounting Officer is responsible for the overall organisation, management and staffing of the Welsh Government. This includes responsibility for Welsh Government-wide systems in finance and other matters, where these are appropriate, and for the management of the Welsh Ministers' net cash requirement.
14. Under Schedule 8 of the Local Government Finance Act 1988, the Welsh Ministers are required to produce a non-domestic rating account. Under The Welsh Ministers (Transfer of Functions) Order 2018, the Welsh Ministers may keep the account in such form as they consider appropriate. Responsibility for preparing and signing the account rests with the Principal Accounting Officer. The account is required to properly present the receipts and payments for the financial year and the balance held at year end.
15. Under Section 133 of the Government of Wales Act 2006, the Principal Accounting Officer may designate other members of the Welsh Government staff as Additional Accounting Officers. The Principal Accounting Officer designated the Director General for Education and Public Services as Additional Accounting Officer for the non-domestic rating account from 12 January 2018. This designation does not detract from the Permanent Secretary's overall responsibility regarding the non-domestic rating account as Principal Accounting Officer.
16. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records, for safeguarding the Welsh Government's assets, and for taking reasonable steps to prevent and detect fraud and other irregularities, are set out in the Accounting Officers' Memorandum issued by the Principal Accounting Officer based on the guidance produced by HM Treasury.
17. The relationship between the Principal Accounting Officer and the Additional Accounting Officers, as described in paragraph 15 above, and their respective responsibilities are set out in a written agreement between the officials concerned.

GOVERNANCE STATEMENT 2020-21

Scope of Responsibility

18. As Principal Accounting Officer, I am responsible for ensuring there is a high standard of probity in the management of public funds. In discharging this duty, I am responsible for maintaining a sound system of internal control which supports the achievement of the Welsh Government's policies, aims and objectives, facilitates the effective exercise of the Welsh Ministers' functions, and includes effective arrangements for the management of risk.
19. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Welsh Government's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and the processes to manage them efficiently, effectively and economically.
20. The system of internal control was in place for the year ended 31 March 2021 and up to the date of approval of these accounts.

Financial Devolution of Non-Domestic Rates and Ministerial Responsibilities

21. The financial devolution of non-domestic rates to the Welsh Ministers occurred on 1 April 2015 (policy responsibilities have been devolved since 1999). The revenue from non-domestic rates available to the Welsh Government is now more directly linked to the performance of the Welsh economy. From 1 April 2015, non-domestic rates became Annually Managed Expenditure (AME) in the Welsh Budget (with a consequent reduction to the Departmental Expenditure Limit, DEL).
22. From December 2018 until May 2021, the Minister for Finance and Trefnydd was responsible for most non-domestic rates matters, including rates policy and the management of the non-domestic rates budget and pool. However, the Minister for Housing and Local Government had responsibility for the distribution of the distributable amount through the annual local government settlements. Since May 2021, the Minister for Finance and Local Government has had responsibility for non-domestic rates and the local government settlements.

Impact of Covid-19 rates reliefs on the non-domestic rating pool

23. The Retail, Leisure and Hospitality Rates Relief scheme for Wales was announced on 19 March 2020 in response to the Covid-19 pandemic. The scheme provided rates relief to eligible businesses from 1 April 2020 to 31 March 2021. The relief scheme does not alter the total amounts of non-domestic rates administered by Billing Authorities in the 2020-21 financial year: the relief replaces the revenue which would otherwise be collected from eligible ratepayers. The Welsh Government provided Section 31 Grant funding to Billing Authorities to administer the rates relief provided to eligible businesses. A further

scheme, Enhanced Hospitality and Leisure Rates Relief, was announced in February 2021 and applied to eligible businesses and ratepayers for the whole of 2020-21.

24. Both schemes were fully funded by the Welsh Government. As a result, the schemes have no financial impact on the funding available to local authorities.

The Risk and Control Framework

25. The non-domestic rating account is used to manage a significant component of the Welsh Government funding provided to local government in Wales and, in addition to the audit of this Account by the Auditor General for Wales, it is subject to a number of regulatory and internal control checks.

26. The distributable amounts of non-domestic rates for each financial year are based on estimates of the amounts which will be collected and are set out in the annual Local Government Finance Reports:

<https://gov.wales/sites/default/files/publications/2020-02/final-local-government-finance-report-2020-to-2021.pdf>

https://gov.wales/sites/default/files/publications/2020-01/final-police-finance-report-2020-to-2021_0.pdf

27. The reports are subject to Ministerial approval and are laid before the Senedd Cymru / Welsh Parliament. Throughout the financial year, the Welsh Government must also set out adjustments to the legislative requirements for the collection of non-domestic rates. These adjustments are subject to Ministerial approval and must be laid before the Senedd.

28. As a consequence of the Covid-19 pandemic and its impact on the anticipated rates yield for 2020-21, the Senedd gave approval for a technical revision of the Local Government and Police Settlements for 2020-21. The revised Local Government Finance Reports reflect the adjustments made in the 3rd Supplementary Budget, which provided for the increase in Revenue Support Grant. The revised Local Government Finance Reports rebalance the proportions of RSG and NDR in the Settlements. The overall Aggregate External Finance was unchanged at the all-Wales level and at individual authority and police force levels, meaning no authority or police force lost or gained from this change. The revised reports are available at:

<https://gov.wales/sites/default/files/publications/2021-03/report.pdf>

<https://gov.wales/sites/default/files/publications/2021-03/report-police.pdf>

29. Other specific controls which apply include:

- The distributable amounts of non-domestic rates are included as part of the Final Budget as a direct charge on the Welsh Consolidated Fund. The amounts represent a material contribution to the overall financing of the Welsh Budget and, as such, are an integral part of the plans which are subject to approval by the Senedd Cymru / Welsh Parliament.
- The estimates of non-domestic rates to be distributed in the forthcoming year and forecasts for future years are provided, together with explanatory notes

on sources and methodology, to the Office for Budget Responsibility for consideration and inclusion in its forecasts of UK public finances.

- Throughout the financial year, the amounts of non-domestic rates collected by Billing Authorities are reported to the Welsh Government via formal submissions. These submissions, notably the NDR3 returns, are subject to checks undertaken by external auditors.
- Income and Expenditure relating to non-domestic rates is monitored throughout the financial year as part of the month-end financial monitoring procedures employed by the Welsh Government.

Effectiveness of Internal Control

30. As Principal Accounting Officer, I am responsible for the effectiveness of the system of internal control. I take assurance from a wide spectrum of activities and am informed by the work of the internal auditors and also of the executive managers within the Welsh Government who have responsibility for the development and maintenance of the internal control framework, and for acting on comments made by the Auditor General for Wales in his reports. I have been advised on matters of risk and assurance by the Board and the Audit and Risk Assurance Committee.
31. The Welsh Government has an Internal Audit Service which operates to standards defined in the Public Sector Internal Audit Standards. It undertakes a programme of audit work based upon an analysis of the major risks facing the organisation as a whole. For the year covered by this Governance Statement, an internal audit was undertaken specific to non-domestic rates for the COVID-19: Non-Domestic Rates (NDR) Relief Scheme. The scheme provided 100% relief for financial year 2020-21 for eligible retail, leisure and hospitality ratepayers occupying properties in Wales with a rateable value of up to £500,000.
32. The purpose of the review was to consider whether the Welsh Government has appropriately managed and controlled the NDR Relief scheme and to provide an assurance to management and the Accounting Officer that the scheme rules have been followed and there is appropriate documentation to evidence all key governance and spending decisions and processes are in place to ensure the successful outcomes of the scheme. A report presenting the findings was distributed by Internal Audit Service in October 2020 and was also sent to members of the Audit and Risk Assurance Committees and Audit Wales.
33. The report concluded that Internal Audit Services could provide substantial assurance on the management and controls in place over the NDR Relief scheme. In their view, the scheme has been successful, well received, and has provided urgent and necessary financial support to Welsh businesses.
34. More generally, the general processes and procedures in this area exist in a control environment which has been subject to internal audit and which has been judged to be effective.

35. The Head of Internal Audit submits regular reports to the Welsh Government Audit and Risk Assurance Committee (ARAC) on progress in implementing her annual audit plan. There is also a separate Education and Public Services ARAC in place which feeds assurances to the main Welsh Government ARAC. The Internal Audit Service also prepares an annual independent opinion on the adequacy and effectiveness of the framework of risk management, governance and control. I regularly meet members of the Service to discuss the current activity and specific internal control issues.
36. Throughout the year, the Internal Audit Service continued to coordinate its work with that of Audit Wales. A joint working protocol underpins the approach taken by all parties and liaison meetings are held to share information.
37. For the 2020-21 financial year, the Director General for Education and Public Services had Additional Accounting Officer responsibility for the management of the non-domestic rates budget and pool, including the preparation of this Account.
38. The opinion of the Head of Internal Audit, set out in her annual assurance report, is that, overall, the Welsh Government can take reasonable assurance that arrangements to secure governance, risk management and internal control, within those areas under review, are suitably designed and applied effectively.
39. Drawing on the work of the EPS Audit and Risk Assurance Committee, over the year, the Chair's Annual Report for 2020-21 provided overall reasonable assurance on the adequacy of audit arrangements for the Welsh Government and also on the arrangements for governance, risk management and internal control for the Welsh Government, based on the range of assurances presented to the Committee and the information provided to it by officials.
40. Based on my review of internal controls and all other information available to me, I am satisfied that the non-domestic rating controls in place during the year were appropriate.

Information Governance

41. As Principal Accounting Officer, I am responsible for ensuring appropriate arrangements are in place to comply with the core set of mandatory minimum measures to protect information in UK Government Departments and Devolved Administrations. These require me to assess our risk and ensure appropriate mitigation strategies are in place.
42. Information risk management continues to have a high priority throughout the Welsh Government, featuring in departmental risk registers. There were no instances of reported information losses which specifically relate to the non-domestic rating account.
43. Where third parties handle our information, it is vital we tell them how to do so as we often retain legal liability for that information even if it is the third party which releases the information in error. Information assurance clauses which clearly

specify how Welsh Government information must be handled are included as a standard requirement in contracts.

Dr Andrew Goodall
Permanent Secretary and Principal Accounting Officer
Welsh Government
31 March 2022

The Certificate and independent auditor's report of the Auditor General for Wales to the Senedd

Opinion on financial statements

I certify that I have audited the financial statements for the Non-Domestic Rating Account (Wales) of Welsh Ministers for the year ended 31 March 2021 under the Local Government Finance Act 1988. These comprise of the Receipts and Payments Account, Statement of Balances and the related notes, including a summary of significant accounting policies. These financial statements have been prepared on a cash basis under Schedule 8 to the Local Government Finance Act 1988 and the protocol made thereunder by Welsh Ministers.

In my opinion the financial statements:

- properly present the balances, receipts and payments of the Non-Domestic Rating Account (Wales) for the year ended 31 March 2021; and
- have been properly prepared in accordance with Schedule 8 to the Local Government Finance Act 1988 and the protocol made thereunder by Welsh Ministers.

Opinion on regularity

In my opinion, in all material respects:

- the receipts and payments recorded in the financial statements have been applied to the purposes intended by the Senedd; and
- the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Other information

The other information comprises the information included in the Non-Domestic Rating Account (Wales) other than the financial statements and my auditor's report thereon. The Principal Accounting Officer is responsible for the other information in the Non-Domestic Rating Account (Wales). My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am

required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Report on other requirements

Opinion on other matters

As legislation and the protocol issued do not specify the content and form of the Governance Statement to be presented with the financial statements, I am not able to confirm that the Governance Statement has been properly prepared.

In my opinion, based on the work undertaken in the course of my audit:

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Foreword for the financial year for which the financial statements are prepared is consistent with the financial statements and the Foreword has been prepared in accordance with the protocol issued by Welsh Ministers.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my team; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Responsibilities

Responsibilities of the Principal Accounting Officer for the financial statements

As explained more fully in the Statement of Principal Accounting Officer's Responsibilities, the Principal Accounting Officer is responsible for the preparation of the financial statements in accordance with the Local Government Finance Act 1988 and the protocol issued by Welsh Ministers thereunder and for such internal control as the Principal Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management and those charged with governance, including consideration of Welsh Government's policies and procedures concerned with:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud.
- Obtaining an understanding of Welsh Government's framework of authority as well as other legal and regulatory frameworks that the Non-Domestic Rating Account (Wales) operates in, focusing on those laws and regulations that had a direct effect on the financial statements.

In addition to the above, my procedures to respond to identified risks included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the Welsh Government's controls, and the nature, timing and extent of the audit procedures performed.

Responsibilities for regularity

The Principal Accounting Officer is responsible for ensuring the regularity of financial transactions.

I am responsible for expressing an opinion on whether the receipts and payments have been applied to the purposes intended by the Senedd and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements

Adrian Crompton
Auditor General for Wales
6 April 2022

24 Cathedral Road
Cardiff
CF11 9LJ

NON-DOMESTIC RATING ACCOUNT (WALES)

Receipts and Payments Account for the Year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Receipts			
Contributions from Billing Authorities	2	1,050,758	1,031,615
Contributions from Central List Ratepayers	8	102,668	100,671
Gross Additional Receipts as a result of final recalculations for 2019-20 and previous years	4	1,424	2,737
Total Receipts		1,154,850	1,135,023
Payments			
Sums paid to Receiving Authorities as the Distributable Amounts	5	1,036,000	1,061,000
Sums paid to Billing Authorities as a result of the final recalculations for 2019-20 and previous years	4	42,807	29,972
Sums paid to Central List Ratepayers as a result of final recalculations	8	1,763	2
Total Distributions		1,080,570	1,090,974
Surplus/(deficit) of contributions over amounts distributed for the year	9	74,280	44,049

Statement of Balances

	Note	2020-21 £000	2019-20 £000
Balance at 1 April		39,995	(4,054)
Surplus/(deficit) of contributions over amounts distributed for the year		74,280	44,049
Balance at 31 March	9	114,275	39,995

**Dr Andrew Goodall
Permanent Secretary and Principal Accounting Officer
Welsh Government
31 March 2022**

The following notes form part of this Account.

NOTES TO THE ACCOUNT

- 1 Under paragraph 1 of Schedule 8 of the Local Government Finance Act 1988, the Welsh Ministers are required to prepare an account, to be called a Non-Domestic Rating Account (Wales), for each financial year in such form as the Welsh Ministers consider appropriate. The account is prepared on a cash basis and must properly present the receipts and payments for the financial year and the balance held at the end of the year. The Non-Domestic Rating Account (Wales) is audited by the Auditor General for Wales in accordance with Paragraph 1(4) of Schedule 8 to the Local Government Finance Act 1988.
- 2 Billing Authorities are required to calculate their non-domestic rates contribution for the year before it begins on the basis of certain prescribed assumptions (the provisional amount: paragraph 5(2) and to make their contribution in regular instalments during the year (paragraph 5(5)). The contributions calculated by Billing Authorities for 2020-21 totalled £1,051 million.
- 3 After the year end, the contribution is recalculated on the basis of outturn information (paragraph 5(6)) and adjustment payments made to or by Billing Authorities as appropriate.
- 4 The outturn adjustments made comprised receipts from Billing Authorities of £1.4 million and payments made to Billing Authorities of £42.8 million. These were charged and surrendered to the Welsh Consolidated Fund.
- 5 The Welsh Ministers paid out the distributable amount of £1,036 million for 2020-21, as set out in the Local Government Finance Reports for 2020-21 (as amended). The distributable amount was paid to Receiving Authorities in proportion to their resident adult populations.
- 6 Whilst the account shows the full amount of contributions from Billing Authorities and the distributable amount, in practice these items are netted off against each other and only net payments are made. This avoids unnecessary cash transfers between the Welsh Ministers and Billing Authorities.
- 7 Any surplus of contributions from Billing Authorities and the distributable amount collected by Welsh Government on behalf of the Pool is surrendered to the Welsh Consolidated Fund, any excess on of the Pool is charged by the Welsh Government on the Welsh Consolidated Fund. For 2020-21 the surplus collected and surrendered was £14.8m.
- 8 As at 31 March 2021, the Central List Receipts Account showed a balance of nil, the total receipts of £102.7 million for the year having been surrendered to the Welsh Consolidated Fund. The Central List Payments Account also showed a nil balance; the sole payment of £1.8m made during the year as a result of an overpayment was offset by funding from the Welsh Consolidated Fund.
- 9 Surpluses at the end of the year are carried forward by debiting the account for the year and crediting the following year's account. Deficits at the end of the year

are carried forward to the following year by crediting the current year's account and debiting the following year's. This is to ensure that, when years are taken together, all non-domestic rates paid to the pool are equivalent to the sums distributed to Receiving Authorities.