


## REPORT TO CABINET

13 January 2021

<b>Subject:</b>	<b>Business Rates Retention Forecast 2021/22</b>
<b>Presenting Cabinet Member:</b>	<b>Councillor Wasim Ali – Cabinet Member for Resources and Core Services</b>
<b>Director:</b>	<b>Acting Section 151 Officer – Rebecca Maher</b>
<b>Contribution towards Vision 2030:</b>	
<b>Key Decision:</b>	Yes
<b>Cabinet Member Approval and Date:</b>	Councillor Wasim Ali – Cabinet Member for Resources and Core Services
<b>Director Approval:</b>	Rebecca Maher – Acting Section 151 Officer
<b>Reason for Urgency:</b>	Non-Urgent Item
<b>Exempt Information Ref:</b>	Exemption not required
<b>Ward Councillor (s) Consulted (if applicable):</b>	Not required
<b>Scrutiny Consultation Considered?</b>	Scrutiny has not been consulted
<b>Contact Officer(s):</b>	Sue Knowles – Head of ICT and Revenues and Benefits sue_knowles@sandwell.gov.uk Ian Dunn – Revenues and Benefits Service Manager ian_dunn@sandwell.gov.uk Carl Jones- Senior Operations Manager Carl_jones@sandwell.gov.uk

## **DECISION RECOMMENDATIONS**

### **That Cabinet:**

1. Approve that, subject to any changes arising from the issue of the National Non-Domestic Rate (NNDR1) form by the Ministry of Housing, Communities and Local Government (MHCLG) and Spending Review announcements, the business rate retention forecast for 2021/22, based on 99% Business Rates Retention be set at £99.6m.
2. Authorise the Acting Section 151 Officer, in consultation with the Cabinet Member for Resources and Core Services, to adjust the estimate to take account of any required changes arising from the issue of the National Non-Domestic Rate (NNDR1) form, Spending Review, Budget Statement announcements and funding arrangements for Business Rates Retention.

### **1 PURPOSE OF THE REPORT**

- 1.1 To approve the Business Rates Retention yield forecast for 2021/22.

### **2 IMPLICATION FOR THE COUNCIL'S AMBITION**

- 2.1 This report details the estimated Business Rates expected to be collected by the council next year. This information is used when setting the council's budget.
- 2.2 Effective collection of Business Rates maximises income levels for the council. It can therefore be assumed that it has implications for all 10 ambitions.
- 2.3 Based on information received from Planning regarding large businesses due to come into the rating list next year and large businesses due to be demolished we are not expecting Business Rates growth during 2021/22.

### **3 BACKGROUND AND MAIN CONSIDERATIONS**

- 3.1 There is a statutory requirement placed on all collection authorities to calculate how much Business Rates income each authority is likely to receive for the coming financial year.
- 3.2 The purpose of this report is for Cabinet to agree the business rates retention forecast for 2021/22.

- 3.3 The National Non-Domestic Rate (NNDR1) 2021/22 form (used to calculate the estimated Business Rates expected to be collected by the council next year) is yet to be received from the Ministry of Housing, Communities and Local Government (MHCLG), assumptions regarding the information included and the final estimate have therefore been made.
- 3.4 All commercial property was revalued with effect from 01 April 2017. In Sandwell the majority of rateable values either stayed the same or reduced.
- 3.5 In the 2016 Budget, the Government committed to piloting approaches to 100% Business Rates Retention in London, Manchester and Liverpool from as early as 01 April 2017. The West Midlands Combined Authority agreed to take part in the pilot from April 2017.
- 3.6 In November 2018 The Court of Appeal ruled that ATMs should not be assessed separately for Business Rates. This means all ATMs and the businesses they are located in will need to be reassessed.
- 3.7 The Business Rates retention forecast contained in this report assumes the following:
- That Sandwell will continue to take part in the 100% Business Rates Retention Pilot and will retain 99% of business rates collected for 2021/22
  - That there will continue to be a high number of appeals/changes to valuations as a result of recent Valuation Office Agency (VOA) decisions
  - That the reliefs introduced in 2020/21 for retail, hospitality, leisure industries and nurseries will not continue in 2021/22

## **4 THE CURRENT POSITION**

- 4.1 The Business Rate Retention forecast for 2020/2021 was approved by Cabinet on 09 January 2020.

## **5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

- 5.1 Not required

## **6 ALTERNATIVE OPTIONS**

- 6.1 Not applicable

## **7 STRATEGIC RESOURCE IMPLICATIONS**

- 7.1 The Non-Domestic Rating (Rates Retention) Regulations 2013 specify the calculation and requirements for Business Rates Retention estimates.
- 7.2 Business Rates are a property tax based on the rateable value of each commercial property. Rateable values are determined by the VOA and are mostly based on rental values. The current rateable value for Sandwell is £258,147,424 (30 September 2020).
- 7.3 The rating valuations are normally updated every 5 years. The last revaluation was effective from 01 April 2017. The next valuation will take effect from 01 April 2023. Owners and tenants can appeal their rateable value at any time during a valuation period (i.e. they will be able to appeal their 2017 valuation at any time until 2023). Appeals can often take several years to resolve.
- 7.4 A new appeals process came into effect from 01 April 2017. The procedure, known as 'Check, Challenge and Appeal' intends to reduce the number of appeals by allowing rate payers to check the rental values on which the calculation of rateable value is based. However due to the revaluation, the number of appeals and changes to valuations is likely to continue to be high during 2021/22.

## **8 LEGAL AND GOVERNANCE CONSIDERATIONS**

- 8.1 The Non-Domestic Rating (Rates Retention) Regulations 2013 specify the calculation and requirements for Business Rates Retention estimates.

## **9 EQUALITY IMPACT ASSESSMENT**

- 9.1 Not required.

## **10 DATA PROTECTION IMPACT ASSESSMENT**

- 10.1 Not required.

## **11 CRIME AND DISORDER AND RISK ASSESSMENT**

- 11.1 Not required

## **12 SUSTAINABILITY OF PROPOSALS**

- 12.1 The calculation of the Business Rate Retention forecast is based on the number of hereditaments in Sandwell.
- 12.2 Statistical information indicates that number of hereditaments in the borough is not currently increasing.

## **13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)**

- 13.1 No impact

## **14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

- 14.1 No impact.

## **15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

- 15.1 In order for the Council to set its budget it is necessary to forecast the income that is likely to be generated through collection of Business Rates.
- 15.2 The Business Rate Retention forecast for 2021/22, based on 99% Business Rates Retention has been calculated as £99.6m.
- 15.3 At this stage the National Non-Domestic Rate form (NNDR1) has not been received. The Business Rates Retention forecast detailed in this report therefore takes account of information currently held on the Business Rates system and has been calculated based on the following assumptions:
- That Sandwell will continue to take part in the 100% Business Rates Retention Pilot from April 2020
  - That the business rate multiplier will be confirmed as 49.9 pence
  - That there will continue to be a high number of appeals/changes to valuations as a result of recent VOA decisions
  - That the relief introduced in 2020/21 because of the COVID-19 pandemic will not continue in 2021/22
  - That there will be an increase in bad debts in 2021/22 as a result of the pandemic

15.4 The NNDR1 form for 2021/22 will be issued in December 2020 following the Budget Statement. Amendments to the estimate may therefore be required.

15.5 If changes are required, the recommendations in this report allow for the Acting Section 151 Officer to adjust the estimate following completion of the NNDR1 form for 2021/22.

## **16 BACKGROUND PAPERS**

16.1 None

## **17 APPENDICES:**

17.1 None

**Rebecca Maher**  
**Acting Section 151 Officer**