



## **Report title: Setting the Business Rate Base 2024-25**

Report to: Council

Date of meeting: 13 December 2023

Cabinet Portfolio Holder: Cabinet member for Finance and Corporate

Report of: Director of Corporate Services

Public or private: Open

Key Decision?: Yes – all wards affected

Published on the Forward Plan: Yes

### **1. Report summary**

1.1 This report seeks approval from Council on 13 December 2023:

1. For the setting of the Business Rates baseline for 2024/25 in accordance with the Local Government Finance Act 1988 and the Non-Domestic Rating Regulations 2013.
2. To approve the precept payment dates for 2024/25

### **2. Recommendations**

2.1 Council approve:

2.1.1 The draft Business Rate baseline figure of £77.171m for 2024/25, subject to any changes which may result from:

- the provisional Local Government Finance Settlement 2024/25.
- the issue of the Department for Levelling Up, Housing and Communities (DLUHC) guidance on completion of the 2024/25 Business Rates baseline return (NNDR1), due in January 2024.

2.1.2 That the Chief Finance Officer, in consultation with the Cabinet Member for Finance and Corporate, be authorised to conclude and agree the final Business Rates baseline return (NNDR1) due on 31 January 2024, should the final information yet to be received from DLUHC change the baseline figure for 2024/25.

1. That the precepts payment schedule detailed in paragraph 5.2.2 be approved.

### **3. Reason for recommendation**

- 3.1 The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) require billing authorities to notify the Secretary of State and their major precepting authority of their calculation of non-domestic rating income for the following financial year and the estimated surplus/deficit on the Collection Fund by 31 January each year.
- 3.2 The figures are produced subject to the DLUHC guidance being published and provided, following which the figure in this report may have to be revisited.

### **4. Alternatives considered**

- 4.1 No alternative is available, as the Council has a statutory requirement to estimate and set a Business Rates Baseline each financial year.

### **5. Key information**

#### **5.1 Setting the Business Rates Baseline**

- 5.1.1 On 1 April 2013 the Business Rates Retention Scheme (BRRS) was introduced as part of the move to localise and stimulate business growth at a local level. Under the original BRRS, the Authority paid 50% of its Business Rates income to Central Government, 1% to Greater Manchester Combined Authority (GMCA) – Fire Services, and retained the remaining 49%.
- 5.1.2 The Local Government Settlement 2017/18 included the introduction of the 100% retention of Business Rates for identified regional pilot authorities, including Greater Manchester. In March 2023 it was confirmed, as part of the Greater Manchester Devolution Deal, that the 100% Business Rates Retention scheme will continue for a further 10 years from 2024/25. The scheme will no longer be considered a pilot scheme, and the ‘no detriment’ principle where no authority will be worse off from being in the 100% retention scheme, is to end. Under the scheme, 100% of the Business Rates income is retained locally, in lieu of Revenue Support Grant and Public Health Grant. The precept arrangement under the scheme is 99% to Rochdale BC and 1% to GMCA Mayoral General (including Fire Services).
- 5.1.3 Central Government has assessed potential retained Business Rates income and provided a “top up” grant within the local government finance settlement to bridge the gap in funding as a result of the move to the BRRS.
- 5.1.4 The BRRS is accounted for within the Collection Fund. This account reflects the statutory requirements for the Council to maintain a separate Collection Fund, in relation to the operation of the BRRS and Council Tax. The Fund records all the transactions for billing, payments by Council Tax / Business Rates payers, reliefs granted, write offs and payments to the precepting authorities. At the end of each year, the surplus / deficit on the Fund is allocated to the precepting authorities on the basis of their level of precept on the Collection Fund.

5.1.5 In January of each year, the Authority is required to set an estimated Business Rates income yield for the following year, which is to be used to inform the precepting authorities of their precept on the Fund. With the continuation of the scheme for 100% retention of Business Rates, the income yield will be allocated as follows:

Rochdale BC – General Fund	99%
GMCA Mayoral General (including Fire Services)	1%

5.1.6 A Central Government standard form is used (known as the NNDR1) to ensure a common approach for the collection of the Business Rates income forecast. The return to be used for the completion of the 2024/25 estimate has not yet been made available by DLUHC. The setting of the baseline for 2024/25 has been prepared on a draft basis until further clarification is received from DLUHC.

## 5.2 Precept Payment Dates 2024/25

5.2.1 The Business Rates retention regulations require that the local authority should agree a precept schedule with the precept authority, which in the case of Rochdale Council will be GMCA Mayoral General (including Fire Services).

5.2.2 It is proposed that the same payments schedule be adopted as set out for the Council Tax precept, which is detailed below:

22nd April 2024	21st October 2024
20th May 2024	20th November 2024
20th June 2024	20th December 2024
22nd July 2024	20th January 2025
20th August 2024	20th February 2025
20th September 2024	20th March 2025

## 6. Finance

6.1 A final NNDR1 must be agreed by the Chief Finance Officer and returned to DLUHC by 31 January each year. The final return must include:

- a) the anticipated gross income to be billed to businesses in 2024/25;
- b) estimates for any growth in Business Rates anticipated in 2024/25, net of any demolitions;
- c) forecast for any increases in Business Rates relief including empty reliefs;
- d) changes in amounts to be collected should those premises that still have outstanding appeals from the rateable value revaluation changes in 2017 be resolved;
- e) changes in amounts to be collected from premises that are subject to a reduction as a result of the appeals process or Valuation Office Agency (VOA) adjustments.

A final baseline position for 2024/25 cannot be included in this report, as the final guidance will be issued by DLUHC in early January 2024.

Members are requested to approve that the Chief Finance Officer, in consultation with the Cabinet Member for Finance and Corporate, be authorised to conclude and agree the final Business Rates baseline return (NNDR1), due on 31 January 2024, should the final information yet to be received from DLUHC change the baseline figure for 2024/25.

- 6.2 The Government has not yet confirmed the value of the Small or Standard Business Rates multipliers for 2024/25. The multipliers will be confirmed after either the Local Government Finance Report for 2024/25 has been approved by the House of Commons or 1 March 2024, whichever is earlier.

Using the estimated Business Rates multipliers currently assumed in the Medium Term Financial Strategy, the Business Rates baseline would be £77.171m split between:

Rochdale Borough Council	£76.399m
GMCA Mayoral (including Fire Services)	£0.772m
<b>Total</b>	<b>£77.171m</b>

- 6.3 The 2024/25 estimated Business Rates baseline takes into account the latest forecast for 2023/24, and estimated changes in the baseline for 2024/25.
- 6.4 An estimate of the outturn for 2023/24 Business Rates income to be collected will be compared to the estimated baseline amount provided in the NNDR1 for 2023/24. Differences between the estimate and the projected actual collected will be considered as part of setting the 2024/25 Estimates process.

## **Legal**

- 7.1 It is necessary for the Council to comply with the Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) to ensure that it does not act ultra vires in relation to its arrangements for the setting of the Business Rates Base for 2024/25.

## **8. Human resource**

- 8.1 There are no Human Resource implications.

## **9. Sustainability impact**

- 9.1 No discernible impact.

## **10. Other considerations (corporate priorities, risks)**

- 10.1 In March 2023 it was confirmed, as part of the Greater Manchester Devolution Deal, that the 100% Business Rates Retention scheme will continue for a

further 10 years from 2024/25. The scheme will no longer be considered a pilot scheme, and the 'no detriment' principle where no authority will be worse off from being in the 100% retention scheme, is to end. This means that the Council will take 99% of the risk for the collection of all Business Rates. Significant changes to Business Rates, such as awards of mandatory reliefs for schools converting to academies, will be borne mainly by the local authority.

- 10.2 As part of the 100% retention scheme, the Council will be responsible for 99% of the impact of changes to rateable values as a result of appeals, which introduces further volatility to the Business Rates income collected.
- 10.3 Businesses use the Check, Challenge and Appeal process for rateable values that came into effect on 1st April 2017 and 1<sup>st</sup> April 2023, which may have a financial impact on Business Rate income. A provision is held to offset the possible impact of successful appeals, and other rateable value reductions made by the Valuation Office Agency.

Background Papers: Sustainability background papers

Contact: Carolyn Goddard, Tel: 01706 926051. [Carolyn.Goddard@Rochdale.Gov.Uk](mailto:Carolyn.Goddard@Rochdale.Gov.Uk)