

Report to Cabinet

15 December 2021

Subject:	Business Rates Retention Forecast – 2022/23
Cabinet Member:	Councillor Maria Crompton - Cabinet Member for Finance and Resources
Director:	Simone Hines – Director of Finance
Key Decision:	Yes
Contact Officer:	Ian Dunn ian_dunn@sandwell.gov.uk Carl Jones carl_jones@sandwell.gov.uk

1 Recommendations

That approval be given to:

- 1.1 Subject to any changes arising from the issue of the National Non-Domestic Rate (NDR1) form by the Spending Review announcements, the business rate retention forecast for 2022/23, based on 99% Business Rates Retention, be set at £84.06m.
2. Authorise the Section 151 Officer to adjust the estimate to take account of any required changes arising from the issue of the National Non-Domestic Rate (NDR1) form, Department for Levelling up, Housing and Communities, Spending Review, Budget Statement announcements and funding arrangements for Business Rates Retention.



2 Reasons for Recommendations

- 2.1 To approve the Business Rates Retention yield forecast for 2022/23.
- 2.2 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 2022/23
- 2.4 Although on the surface this report appears to show a reduction in Business Rates income from last year's estimate, at the point of calculating the estimate last year there was no indication that the retail, hospitality, leisure industries and nurseries reliefs would continue.
- 2.5 The government later confirmed continuation of the reliefs for 2021/22.
- 2.5 The government have already announced that these reliefs will continue for 2022/23 at 50%. Reliefs have the effect of reducing the collectable rates, however the council receives a Section 31 grant which compensates us fully for the loss in income. This has been estimated to amount to £15.6m.
- 2.6 The government has also confirmed in the October 2021 budget that the business rates multiplier will be frozen for 2022/23 and that Local Authorities will be funded for the loss in income. This is approximately £2m.
- 2.6 When taking account of the estimate detailed in this report and the Section 31 grant the overall income from Business Rates is £101.6m. This is slight increase in the amount estimated for 2021/22.



3 How does this deliver objectives of the Corporate Plan?

	A strong and inclusive economy	Collection of Business rates is important as it gives the council money to spend and invest locally
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4 Context and Key Issues

- 4.1 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.
- 4.2 The purpose of this report is for Cabinet to agree the business rates retention forecast for 2022/23.
- 4.3 The National Non-Domestic Rate (NNDR1) 2022/23 form (used to calculate the estimated Business Rates expected to be collected by the council next year) is yet to be received from the Department for Levelling up, Housing and Communities, assumptions regarding the information included and the final estimate have therefore been made.
- 4.4 All commercial property was revalued with effect from 01 April 2017. In Sandwell the majority of rateable values either stayed the same or reduced.
- 4.5 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.
- 4.6 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 2022/23



- The business rates multiplier is frozen for 2022/23 and this has been estimated to be worth £2m
- That the reliefs introduced in 2020/21 for retail, hospitality, leisure industries and nurseries will continue in 2022/23 at 50%. This is estimated to be £15.6m.

5 Alternative Options

5.1 Not applicable

6 Implications

Resources:	The calculation of the Business Rate Retention forecast is based on the number of hereditaments in Sandwell. Statistical information indicates that number of hereditaments in the borough is not currently increasing
Legal and Governance:	The Non-Domestic Rating (Rates Retention) Regulations 2013 specify the calculation and requirements for Business Rates Retention estimates
Risk:	If businesses rates aren't collected and/or businesses do close and there is no further growth, income from Business rates could be affected

7. Appendices

None

8. Background Papers

None

