

Report to:	JOINT MEETING EXECUTIVE CABINET / OVERVIEW PANEL
Date:	14 February 2024
Executive Member:	Cllr Jacqueline North – First Deputy (Finance, Resources and Transformation)
Reporting Officer:	Ilys Cookson – Assistant Director, Exchequer
Subject:	BUSINESS RATES 2024/2025
Report Summary:	The Non-Domestic Business Rates Act 2023 and the Autumn Statement introduced new and amended reliefs, and other changes affecting business rates from 2024/25, with some of the changes impacting on the Council’s current Discretionary Rate Relief Policy.
Recommendations:	<p>It is recommended that:</p> <ol style="list-style-type: none"> i. Retail, Hospitality and Leisure relief be administered and awarded as a discretionary relief in accordance with Section 47 of the Local Government Finance Act. ii. The Discretionary Relief Policy be amended to include requests for retrospective awards of discretionary relief will be considered for a period of no more than 6 months from the end of a financial year, subject to eligibility, as detailed in Option 1 of this report at Section 2.10. iii. That the Discretionary Relief Policy be reviewed during the financial year 2024 with changes taking effect from 01 April 2025 after the necessary 12-month notice has been given to ratepayers.
Corporate Plan:	The administration of reliefs supports the economic wellbeing of local businesses, charities, and community organisations.
Policy Implications:	<p>The government has provided guidance on the Retail, Hospitality and Leisure relief and, although fully funded by central government, this must be included in the Council’s Discretionary Relief Policy for 2024.</p> <p>The Non-Domestic Rating Act has been amended to remove the restriction on the backdating of Discretionary Relief. The Council must now amend the Discretionary Relief Policy to include how backdated requests for the relief are to be administered.</p>
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p>Income from Business Rates is a significant source of funding for the Council’s annual revenue budget. In 2023/24 total income collected from Business Rates is budgeted to be £54.541m, the net collectible debit is slightly more at £54.981m as the Council collects Business Rates on behalf of our Preceptors. In addition to this the Council receives government grants in lieu of reliefs awarded, in 2023/24 this is budgeted at £22.379m. Lastly the Council also receives a ‘Top-up’ grant, which reflects Government’s assessment of the difference between Business Rates income and the amount that Government determines is required by the Council as part of the Local Government Finance Settlement, in 2023/24 this is budgeted to be £32.464m. In total for 2023/24 the Council is budgeting to receive £109.456m in relation to Business Rates.</p> <p>Business Rates reliefs are awarded to businesses and reduce the amount of Business Rates payable to the Council. Reliefs can either</p>

be mandatory or discretionary, all mandatory reliefs are funded via a Section 31 grant from Government and discretionary reliefs can either be funded via Section 31 grant or not depending on the relief. The total value of discretionary reliefs awarded as of 15 January 2024 for 2023/24 that aren't funded from Section 31 grants totals £0.055m. Under the current Business Rates retention scheme the Council would fund 99% of any unfunded discretionary reliefs, with the remaining 1% being borne by the local precepting authority. Awarding any backdating discretionary rate reliefs that are unfunded will need to be funded by the same apportionments, the Council 99% and local preceptor 1%.

Legal Implications:
(Authorised by the
Borough Solicitor)

Policies should regularly be reviewed and particularly so when changes in the law occur to maintain good governance and avoid unjustified complaints and legal challenges. This review is therefore timely, and its recommendations sensible in the current economic climate. It is proposed to review this policy in full over the coming year when consideration should be given for an equality impact assessment to be undertaken.

Risk Management:

Risks as stated at Section 4 of the report.

Access to Information:

Please contact tracey.watkin@tameside.gov.uk

Background Information:

The background papers relating to this report can be inspected by contacting Ilys Cookson



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1. INTRODUCTION

- 1.1 The Non-Domestic Rating Bill was given Royal Assent on 26 October 2023 and became the Non-Domestic Rating Act 2023. As a result of the Act, the law is changing a number of areas in business rates legislation with changes expected to come into effect at different times. The Chancellor of the Exchequer also announced in the Autumn Statement on 22 November 2023, a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street.
- 1.2 A part of the Act introduces new business rates reliefs and discretionary matters. In considering these new matters it is also appropriate to consider the Council's existing Discretionary Relief Policy. As with any local policy it is appropriate to review from time to time and determine how discretionary matters should be addressed moving forward.
- 1.3 The new Act is detailed here: [Non-Domestic Rating Act 2023 \(legislation.gov.uk\)](https://legislation.gov.uk) and information will be available on the Council's website prior to year start bills being issued.
- 1.4 This report outlines the changes to business rates as a result of the Act, the decision required on discretionary matters arising from the Act, and the current local Business Rates Discretionary Policy.

2. LIABILITY AND RELIEFS

- 2.1 A new Business Rates relief has been introduced in the Act as follows:

- Improvement Relief

The Autumn statement confirmed the following relief for the 2024/25 financial year.

- Retail, Hospitality and Leisure Relief

and the Act also changes the following reliefs:

- Discretionary Relief
- Transitional Relief
- Heat Network Relief
- Rural Rate Relief
- Obsolete Reliefs

Each of the above is detailed in Appendix One with the exception of Discretionary Relief as a decision is required with regard to the backdating of this specific relief. The effect of being awarded a relief is a reduced amount of Business Rates payable.

Discretionary Relief

- 2.2 Under Section 47 of the Local Government Finance Act 1988 (LGFA), Councils have the discretion to grant discretionary relief on all or part of the amount of non-domestic rates payable. This is known as discretionary relief.
- 2.3 From 1 April 2024 the restriction in Section 47 (7) of the LGFA Act 1988 preventing billing authorities from making a decision to award discretionary relief more than 6 months after the end of the relevant financial year has been removed. From 1 April 2024 it is local Councils who can make decisions on backdating this relief from the financial year 2024/25 and Councils should devise their own rules which must be included into local discretionary relief policies.

- 2.4 Before considering the matter of backdating, the existing overarching Discretionary Relief Policy should be considered and the circumstances in which discretionary relief is paid. Retail, Hospitality and Leisure Relief, Relief for Local Newspapers and Supporting Small Business Relief are fully funded by central government however must be administered as part of local Council's discretionary schemes in accordance with government guidance.
- 2.5 This means that the restriction on backdating has also been removed from business premises that attract these reliefs. However, in line with some Greater Manchester and regional local authorities, the relief will continue to be backdated for 6 months after the end of the relevant financial year, which has no financial impact on the Council and continues to support the economic wellbeing of the business community.
- 2.6 The award of Discretionary Rate Relief does however have a financial impact on the Council's budget. This relief is paid to charities and Community Amateur Sports Club (CASC's) and Non-Profit Making Organisations currently receive discretionary rate relief which is 99% funded by the Council and 1% precepting bodies and subject to a local eligibility criterion. The local eligibility criteria have been in place from 2018 and was formally approved by the Executive Cabinet on 30 August 2017.
- 2.7 Appendix Two details further information on discretionary rate relief.

Decision to backdating discretionary rate relief considerations

- 2.8 Backdating discretionary rate relief as contained in the Non-Domestic Rates Act 2023 requires a decision relating to the timescale to backdate the discretionary relief while considering the financial implications in doing so.
- 2.9 As the Council has to fund 99% of any discretionary awards paid in respect of any registered charities, community amateur sports clubs and some not-for-profit organisations and voluntary, community and faith sector groups who meet the qualifying criteria, it should be borne in mind that any award has a direct impact on taxpayers of the Borough.
- 2.10 There are 3 possible options to consider in backdating discretionary rate relief which could be applied from 1 April 2024:

Option 1: Continue to administer backdated discretionary relief as now in accordance with existing rules, with the restriction for a maximum period of 6 months from the end of the previous financial year, subject to an application being made.

Option 2: Do not allow backdating discretionary relief for any period.

Option 3: Agree to backdate discretionary relief for a period of more than 6 months from the end of the previous financial year up to a maximum of 12 months, subject to an application being made.

- 2.11 There are considerations with each of the options, as follows, in relation to the Council's overall budget position and the need to balance this with the potential benefits that charities and community groups have on residents of the Borough.
- 2.12 **Option 1:** If the local decision is to continue to administer backdated discretionary rate relief up to a maximum of 6 months from the end of the previous financial year, then there will be an impact on the Council's budget. The cost of the 8 backdated applications is £0.001m in the current financial year. Although the number and value of future backdate requests cannot be predicted, the evidence suggests that costs would be low. This option strikes a balance between supporting organisations that benefit local residents and costs.
- 2.13 **Option 2:** Taking into consideration the Council's overall budget position, the removal of all backdating provisions in respect of discretionary rate relief would save approximately £0.001m based on current year data. However, this could be a disincentive to attracting and

retaining charities and community groups in the Borough, the majority of which are run by volunteers, and which could have an effect on local residents.

- 2.14 **Option 3:** This option is likely to be most financially beneficial to charities and community organisations however would have the greatest impact on the Councils budget. To put this into context if the 8 late applications, as detailed in Appendix Two, had been able to receive further backdated discretionary rate relief, then the cost to the Council would have been a further £0.003m which would be in addition to the £0.001m already awarded. However, the number and costs of future awards cannot be predicted.
- 2.15 In considering the above options, ensuring equity of award to charities and community groups, and not committing the Council to potential unknown expenditure in the future **Option 1** is recommended, the costs of which would be monitored during the 2024/25 financial year.
- 2.16 As the policy in respect of discretionary rate relief has not been reviewed recently, it is suggested that a full review of the overarching Discretionary Relief Policy is undertaken. Should this be agreed then a further report will be presented to the Executive Cabinet to outline the options in the early part of the 2024/25 financial year for consideration.
- 2.17 Regulations made under section 47 of the Local Government Finance Act 1988 states that local authorities must give at least 12 months' notice of a revocation or variation of a rate relief scheme the effect of which would be to increase rate bills. Such a revocation or variation can only take effect at the end of a financial year. This means that notice would have to be given to those organisations in receipt of discretionary rate relief on or before 31 March 2024 to advise them that the Council will be reviewing the current policy, and any changes would be effective from 1 April 2025.

3 OTHER BUSINESS RATES MATTERS

- 3.1 The Non-Domestic Rating Act 2023 also introduced other changes relating to:
- Frequency of Revaluations
 - Completion Notices
 - Disclosure of Valuation Material to Ratepayers
 - Disclosure of information to His Majesty's Revenue and Customs (HMRC)
 - Requirements for ratepayers to provide information
 - Business Rates Multipliers
- 3.2 In addition to the new Act, at the Autumn Statement on 22 November 2023, the Chancellor of the Exchequer announced a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street.
- 3.3 For 2024/25 the Chancellor announced in the Autumn Statement that:
- The small business multiplier will be frozen at 49.9p
 - The standard multiplier will be updated in April by September's Consumer Price Index (CPI) figure (6.7%), increasing the multiplier from 51.2p to 54.6p
- 3.4 These changes will become effective from 1 April 2024 and each of the above is detailed in Appendix Three.

4. RISKS

- 4.1 There is a risk that if the Retail, Hospitality and Leisure relief is not included in local discretionary policies then legislation is not adhered to in accordance with Section 47 of the Local Government Finance Act 1988, the impact of which would be borne by local eligible

businesses who would not receive a 75% reduction in the amount of rates payable in the current financial year.

- 4.2 From 01 April 2024, it is for the Council to agree their own rules regarding the backdating of discretionary reliefs, and this must be included in the Discretionary Relief Policy. There is risk that without a decision on the backdating of this relief the matter may incur additional unforeseen costs to the Council or be subject to challenge.

5. CONCLUSIONS

- 5.1 The Non-Domestic Rating Act 2023 was given Royal Assent on 26 October 2023. Detailed in the Act are changes to current reliefs, the introduction of new relief and the removal of reliefs that are now obsolete.
- 5.2 The Act also provides for the future commencement regulations in respect of duties on ratepayers to provide information to the VOA and HMRC and gateways for the VOA to share information with ratepayers and HMRC to share information with billing authorities.
- 5.3 The Chancellor delivered the Autumn statement on 22 November 2023, and announced a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street.
- 5.4 Retail, Hospitality and Leisure Relief is to continue into 2024/25 at the rate of 75% for all eligible businesses. This will be fully funded by central government.
- 5.5 From 01 April 2024 the restriction in Section 47 (7) of the Local Government Finance Act 1988 on backdating of discretionary relief has been removed. A local decision is now required to determine whether to continue with the existing process in accordance with current legislation regarding backdating of discretionary relief which is to only allow relief to be applied for a period of six months from the end of the previous financial year, or to amend the Discretionary Relief Policy with local rules.
- 5.6 In consideration of paragraphs in section 2 of this report and the options set out in section 2.8 to 2.17 it is recommended that a backdate of discretionary relief for a period of no more than 6 months from the end of a financial year, subject to eligibility, may be awarded. This would have no financial impact on the Council's budget in respect of fully funded reliefs to businesses and would continue to support the economic wellbeing of local businesses, while being cognisant of the impact on the budget in respect of discretionary rate relief awards to charities and community groups as 99% of each award is funded by the Council. The costs of backdating discretionary rate relief will be monitored during 2024/25.
- 5.7 A further full review is proposed of the existing Discretionary Relief Policy to consider the amount of discretionary rate relief currently awarded to charities, CASC's and Not for Profit Organisations and Voluntary, Community and Faith Sector Groups (VCFS) with a report being drafted for Executive Cabinet in summer 2024. Ratepayers must be notified 12 months in advance of any changes, in accordance with Section 47 of the Local Government Finance Act 1988, therefore notification letters must be issued to ratepayers prior to 31 March 2024 for any potential change to become effective from 01 April 2025.

6 RECOMMENDATIONS

- 6.1 As set out at the front of the report.

APPENDIX 1

CHANGES TO BUSINESS RATES RELIEFS CONTAINED IN THE NON-DOMESTIC RATE ACT 2023 AND AUTUMN STATEMENT 2023

Improvement Relief:

Mandatory Improvement Relief becomes effective from 1 April 2024. This relief is for ratepayers who undertake eligible improvements to an existing property which in turn increases the rateable value of the premises.

The process is such that where the improvement increases the rateable value, the Valuation Office Agency will notify the Council, and the Council will apply Improvement Relief subject to eligibility criteria. Mandatory Improvement Relief is equal to the difference between the old and new valuations, so the ratepayer will see no increase in their Business Rates payable for a full 12-month period.

Details of the relief will be included in the business rates information leaflet available on the Council's website which provides supporting information for all annual business rates bills. It will be the responsibility of the ratepayer to contact the Valuation Office Agency if they believe they will qualify for the relief. Contact information will be detailed on the Council's website as soon as this is made available by the Valuation Office Agency.

Retail Hospitality and Leisure Relief (RHL):

The government expects billing authorities to include details of the RHL relief to be provided to eligible ratepayers for 2024/25 in the business rate bills issued in March for the year 2024/25.

The 2024/25 RHL relief scheme will provide eligible, occupied, retail, hospitality, and leisure properties with 75% relief, therefore eligible ratepayers would have 25% of their bill to pay. The total value of relief available per business, whether occupying one or more properties, is capped at £0.110m. Details of businesses that may benefit from the relief and the eligibility criteria are detailed in the guidance which can be found at [Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Scheme](#).

The RHL relief is to be granted by billing authorities using their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It is for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under Section 47. Retail Hospitality and Leisure Relief has now been included in the Business Rates Discretionary Policy 2024/25 which is detailed in **Appendix Four**.

The government will fully reimburse local authorities that use their discretionary powers to award Retail, Hospitality and Leisure relief, the value of which has not yet been determined.

Transitional Relief: Transitional Relief limits how much a ratepayer's bill can change each year as a result of business rates revaluation. Transitional Relief is applied if business rates payable, due to an increase or decrease in rateable value, increases, or decreases by more than a certain amount. This means changes to amounts payable are phased in gradually to cushion the effects of large increases, usually over a period of 5 years. Bills are automatically adjusted where a ratepayer is eligible to Transitional Relief.

Heat Network Relief: Heat Network Relief was introduced on 1 April 2022 to support decarbonisation. The Government in 2022/23 and 2023/24, funded local government to provide discretionary relief through Section 47 of the Discretionary Relief Scheme to separately assessed low carbon heat networks.

The Heat Network Relief has now become a mandatory relief from 1 April 2024. The parameters and conditions to access the relief remain unchanged. At present there are no low carbon heat networks in Tameside that would benefit from this 100% fully funded relief.

Rural Rate Relief: Rural Rate relief was introduced in April 2017 and is a relief provided if a business premise is occupied and in an eligible rural area with a population below 3,000. Other eligibility conditions apply, however no business premises in Tameside qualify for this relief.

Obsolete Reliefs: The Non-Domestic Rating Act 2023 allows for any obsolete reliefs to be removed. These being the mandatory rate relief for former agricultural buildings which expired on 15 August 2006 and the telecoms relief that expired on 1 April 2022.

APPENDIX 2

Discretionary Rate Relief for Charities and Not for Profit Community Organisations:

The current policy includes discretionary rate relief awarded to charities and non-profit community organisations. Registered charities and Community Amateur Sports Clubs (CASCs) receive 80% mandatory relief and local authorities may award up to a further 20% of the full rates bill in discretionary rate relief, meaning the organisation has nil rates to pay. Currently in Tameside the local decision was to award a maximum of 10% discretionary rate relief to charities and CASC's with the exception of Willow Wood Hospice which attracts 20% relief. The local policy enables a further varying percentage of discretionary rate relief may also be awarded in the following circumstances:

The property has a rateable value of £0.018m or less, and

The organisation can demonstrate significant benefit to Tameside residents, and the organisation falls into the following categories:

- Scouts, Guides or Youth Clubs
- Community schemes (Community transport, residents associations, volunteer organisations)
- Support Schemes (advisory, supporting training, counselling)
- Charity Sports Clubs including CASCs
- Local based charities with charity shops

The current policy also allows discretionary rate relief to be awarded to Not-for-Profit Organisations and Voluntary, Community and Faith Sector Groups (VCFS) up to a maximum of 90% of the business rates payable.

Annual applications must be completed for this award to be considered. Application forms are available on the Council's website at [Business Rates Notes for Tameside Council](#). Each application is considered individually.

Consideration is also given to the nature of the organisation, and if the organisation is non-profit making and whether the organisation is philanthropic, religious, concerned with education, social welfare, science, literature, the fine arts, or the provision of recreation. Table 1 below details the current cost and number of awards for discretionary rate relief.

Table 1 – Discretionary Rate Relief Awards as of 15 January 2024

	Discretionary Top up 10% awarded to charities and community groups	Discretionary Top up of 20% awarded to a charity	Other Discretionary awards
Number of Businesses awarded Relief	41	1	5
Monetary Value of Award	£0.013m	£0.011m	£0.031m
Total awarded	£0.055m		

The current cost to the Council in respect of discretionary rate relief for the year 2023/24 is £0.055m. The Council fund 99% of any discretionary rate relief awarded, with the other 1% being borne by the precepting authority in accordance with the Greater Manchester retention scheme introduced in 2017, including the 100% business rates retention pilot scheme. There are currently 274 charities in

the Borough receiving 80% mandatory charitable relief. Of those only 47 have applied and received 10% discretionary relief which is funded by the Council.

However, it should also be borne in mind that an application to backdate discretionary rate relief could only be made if the following conditions apply:

Table 2: Relief Conditions

Relief	Conditions
<ul style="list-style-type: none"> • Charity and Community Amateur Sports Club Discretionary Relief • Discretionary Relief for Non-Profit Making Organisations 	<p>The premises were be added to the local Rating List retrospectively following notification from the Valuation Office Agency, and</p> <p>The premises would have to be occupied, and application made by a charity, CASC, not for profit, voluntary, community and faith groups, Scouts, Guides or Youth Clubs, Community schemes (Community transport, residents associations, volunteer organisations), Support Schemes (advisory, supporting training, counselling), and</p> <p>The property has a rateable value of £0.018m or less, and</p> <p>The organisation can demonstrate significant benefit to Tameside residents.</p>

In the current financial year 8 of the 47 applications for discretionary rate relief received backdated rate relief due to late annual applications being submitted. The cost to the Council in backdating the 8 requests for a period of 6 months is £0.001m.

APPENDIX 3

FURTHER BUSINESS RATES CHANGES ARISING FROM THE NON-DOMSTIC RATES ACT 2023 AND AUTUMN STATEMENT

Frequency of Revaluations:

From 2026 the Valuation Office Agency will be moving from a 5-year evaluation of Business Rates rateable values to a 3-year revaluation cycle.

The Government believes that more frequent revaluations will help improve fairness of business rates system, and ensure valuations reflect the changes in the property market and current economic conditions.

Completion Notices:

The Act has amended the previous legislation regarding the serving of completion notices. A completion notice is a document that specifies the 'completion date,' on which commercial premises becomes rateable and enter the rating list for business rates purposes.

A completion notice may now be served by a billing authority in England in respect of a building which, although not new, is temporarily unable to be occupied due to refurbishment or alteration. Previously this was the responsibility of the Valuation Office Agency. The Government's intention is to close the gap in current legislation and enable the billing authority to use local knowledge to bring properties into tax in a timelier manner.

Disclosure of Valuation Material to Ratepayers:

The Valuation Office Agency is now able to disclose information where a rate payer requests it if the information is relevant to the valuation of the property and the request is reasonable. Additionally, the Act now enables Valuation Officers to supply information to ratepayers in relation to their premises or its rateable value. Requests from customers must be made using the Valuation Office Agencies on-line service.

Disclosure of information to His Majesty's Revenue and Customs (HMRC):

HMRC are responsible for the introduction of digitalising business rates data (DBR). The 2023 Act supports the provision by providing for the two-way sharing of information between HMRC who will administer the DBR system and billing authorities.

The Act provides HMRC officers with the power to disclose revenue and customs information to a billing authority for any qualifying purpose. Similarly, the Act gives a billing authority permission to disclose business rates information to HMRC for the purpose of assisting HMRC to carry out its functions.

Requirements for ratepayers to provide information:

As part of the digitalisation of business rates there is a new duty on ratepayers to provide a taxpayer reference number to HMRC. There are also new duties on ratepayers to provide information to the Valuation Office Agency (VOA) to support the shorter revaluation cycle and accuracy of the Rating List.

The information must be provided to HMRC through an on-line gateway with one or more tax reference numbers, within 60 days of becoming the ratepayer. In addition, the rate payer must provide any notifiable information within their possession or control to the VOA within 60 days of the change through an on-line facility. This includes information that relates to a change in the identity of the ratepayer or anything that may affect the rateable value of the premises.

Annual confirmation must be provided to the VOA by the rate payer who must confirm that there have been no changes, and this must be provided within 60 days of the 30 April every year.

Penalty fines of £100 will be introduced by HMRC for those that do not comply which must be paid in 30 days. The penalty increases by £60 per day thereafter up to a maximum of £1,800 for business

ratepayers that do not comply and provide the necessary information. There will also be a penalty of £3,000 for any false returns. The extent and timescale for this aspect of the Act to be fully implemented has not yet been determined.

Business Rates Multipliers:

Business rates are calculated by multiplying the rateable value of the property by the appropriate multiplier which are set by central Government. There are two multipliers: the standard non-domestic rating multiplier, used where properties have a rateable value of over £0.051m and the small business non-domestic rating multiplier if the rateable value is below £0.051m.

Annual increases in the small business multiplier and the national non-domestic multiplier in England will now to be linked to the Consumer Price Index (CPI) rather than the Retail Prices Index (RPI). The standard multiplier will be updated in April 2024 by September's CPI figure (6.7%), increasing the multiplier from 51.2p to 54.6p. The small business non-domestic rating multiplier will remain frozen at 49.9 pence.

From 01 April 2024, the small business multiplier will, by default, apply to all premises with a rateable value below the threshold (currently £51,000) this includes properties occupied by charities and unoccupied properties that currently do not qualify for the small business multiplier.