

Report to:	EXECUTIVE CABINET
Date:	29 March 2023
Executive Member:	Councillor J North – First Deputy, Finance, Resources and Transformation
Reporting Officer:	Ilys Cookson – Assistant Director Exchequer Services
Subject:	BUSINESS RATES REVALUATION AND RELIEFS 2023-24
Report Summary:	The Local Government Finance Act 1988 Part 3 Sec 41(2), updated in the Non-Domestic Rating (Lists) Act 2021, determines that the Valuation Office Agency shall compile a Non-Domestic Rating List. This report details the revaluation of Business Rates effective from 01 April 2023, the implications of this based on data from the Valuation Office Agency to all local authorities and the reliefs available in the 2023/24 financial year.
Recommendations:	The Executive Cabinet be requested to note the 2023 national revaluation and the new reliefs introduced by central government effective from 01 April 2023.
Corporate Plan:	The report supports the Corporate Plan priority themes.
Policy Implications:	<p>The Non-Domestic Rating (Lists) Act 2021 determines that the Valuation Office Agency shall compile a Non Domestic Rating List on 1 April every 5 years. However the October 2021 Business Rates review confirmed the governments intentions to increase the frequency of revaluations to take place every 3 years rather than every 5 years commencing 01 April 2023.</p> <p>The Business Rates revaluation is prescribed by law there is no alternative that can be proposed.</p>
Financial Implications: (Authorised by the statutory Section 151 Officer & Chief Finance Officer)	<p><u>Income</u></p> <p>Income from Business Rates is a significant source of funding for the Council's annual revenue budget. In 2022/23 total income from Business Rates, including government grants paid to the Council in lieu of reliefs awarded, is forecast to total in excess of £61 million. 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. The Business Rates Revaluation is intended to have a neutral impact on the Council's funding, with any increase in Business Rates Income being offset by a corresponding reduction in the 'Top-up' grant.</p> <p><u>Expenditure</u></p> <p>As the owner and occupier of a range of non-domestic properties across the Borough, the Council is also a Business Rates payer. Council owned properties have seen both increases and reductions in rateable values and section 3 of the report identifies some examples where the 2023 revaluation has had a significant impact. Increases in the rateable value</p>

will result in additional business rates being paid by the Council, although the initial impact of this will be dampened through transitional relief. Whilst it is not possible to precisely calculate the additional cost until year start billing has commenced, initial estimates based on the overall change in the rateable value, indicate that the total additional net cost is not likely to exceed £175k in 2023/24. This figure is a maximum estimate, and includes schools (where business rates are paid from Dedicated Schools Grant). Transitional Relief will be applied to those properties whose increases fall within the thresholds set out in Appendix One.

**Legal Implications:
(Authorised by the Borough
Solicitor)**

The legal implications are set out in the main body of the report.

Risk Management:

Risks are set out in section 5 of this report.

Access to Information:

Further information is available from Ilys Cookson - Assistant Director Exchequer Services [Non-domestic rating: Reval 2023 draft list statistical commentary and background information - GOV.UK \(www.gov.uk\)](#)

[Business Rates Information Letter \(7/2022\): Business Rates guidance and general information \(publishing.service.gov.uk\)](#)

[NDR Revaluation 2023 Tables.xlsx \(live.com\)](#)

Background Information:

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



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1. BACKGROUND

- 1.1 The Valuation Office Agency generally reassesses all rateable values in respect of business premises in England and Wales every 5 years¹, based on their open market value on a fixed date, in accordance with the Local Government Finance Act 1988 Part 3 Section 41 (2) updated in the Non-Domestic Rating (Lists) Act 2021.
- 1.2 The last revaluation was carried out in 2017 and a new revaluation has taken place which will become effective from 01 April 2023. Rateable values in the rating lists held by the Valuation Office Agency, are used by local Councils to calculate Business Rates bills.
- 1.3 The Valuation Office Agency's aim of regular revaluation is to maintain fairness in the system by reflecting changes in the property market. A wide range of property information is used when setting the rateable value of a property and generally represents the yearly rent the property could have been let for in an open market; size and location are also used to compare values of similar properties. Other factors which may affect the rateable value are whether there has been a material change to the property e.g. a change in the property's physical state or use, or a change in the property's locality or a change in the use of neighbouring property.
- 1.4 There are over 300 local rating lists in England and Wales, one for each local authority. There are two central rating lists, one for England and one for Wales. The local ratings list includes a wide range of rateable properties such as shops, storage depots, pubs, hotels and offices etc. The central ratings list includes major transport networks, utility and telecommunication pipelines across the country.
- 1.5 The Valuation Office Agency notify local authorities each week to amend rateable values for a number of reasons such as:
 - As a result of appeal outcomes; or
 - A change in the use of premises which has resulted in a new determination being made of the rateable value; or
 - A new property has come into the valuation list; or
 - The property circumstances have changed, for example the property is demolished and needs removing from the list by the Valuation Office Agency.

At revaluation, *all* properties are revalued by the Valuation Office Agency using rental values and other factors as detailed in 1.3 above and the premises are then given a new rateable value.

2. INTRODUCTION

- 2.1 The amount of Business Rates payable are calculated by applying a multiplier (set annually by central government) to the rateable value. Various deductions (known as reliefs) may then be awarded as permitted in legislation.
- 2.2 Central government set two national non-domestic rate multipliers for each financial year for the whole of England, which are the standard multiplier and the small business multiplier. Businesses can calculate how much business rates they will have to pay by:
 - 1) Finding the correct multipliers for the size of their business and location;
 - 2) Multiplying the rateable value by the correct multiplier;
 - 3) Subtract any business rate relief awarded.

¹ The government announced its intention in the October 2021 Business Rates Review that future revaluations would be more frequent and be every 3 years starting from 2023, meaning that the next revaluation will take place in 2026. The government will bring forward legislation over the course of the next list to give effect to the new cycle.

- 2.3 The multiplier has not been increased from 2022/23 and has been set for the Department of Levelling Up, Housing and Communities DLUHC for 2023/24 as follows:
- non-domestic rating multiplier 51.2p (0.512)
 - small business non-domestic rating multiplier 49.9p (0.499)

- 2.4 A simple example is set out below to show how business rates are calculated:

Mrs X has a business in England (outside London)
 The rateable value of her business is £10,000, so she uses the current small business multiplier for England (49.9p) to estimate her business rates as follows:
 £10,000 (rateable value) x £49.9p (multiplier) = £4,900 (basic business rates payable)

- 2.5 As a result of revaluation changes in rateable value, some ratepayers will see their business rates bills fall, while others may remain the same, and some will increase.

3. REVALUATION CURRENT POSITION

- 3.1 Information released to date by the Valuation Office Agency compares rateable value information across English regions and the total rateable value on local lists in England has increased by 7.3%, with the East of England experiencing the largest increase, and North East of England experiencing the smallest. The retail sector is the only sector to show a decrease in rateable values and the industry sector has had the biggest increase across all regions. The central ratings lists in England has seen a decrease of 0.7%. More information on regional variations can be found here: [Non-domestic rating: Reval 2023 draft list statistical commentary and background information - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/non-domestic-rating-reval-2023-draft-list-statistical-commentary-and-background-information)

- 3.2 Overall rateable values in the North West have increased. There are changes between the 2017 and the 2023 rating list as detailed below, however while this provides information, which is accurate only at a given point in time, any amendments made now could retrospectively alter the 2017 rating list. Therefore any premises that have entered the 2017 rating list or been removed from the 2017 list since the publication of the draft 2023 rating list will have an impact on both the 2017 list and 2023 list. Therefore direct comparisons between the rateable values in the 2017 list should be treated with caution as these have been subject to change over time.

- 3.3 In Tameside the change in rateable value from the 2017 rating list to the 2023 rating list based on 7,860 businesses as at January 2023 is as follows:

Table 1: Rateable value percentage change in Tameside between the 2017 and 2023 Ratings Lists as at 25 January 2023.

2017 Rateable Value overall total £m	2023 Rateable Value overall total £m	Percentage change
149	160	7.4% increase

Table 2: Rateable value changes in Tameside between the 2017 and 2023 Ratings Lists by sector as at November 2022.

Sector	No of businesses	2017 rateable values total £m	2023 rateable values total £m	Percentage change
Retail	2,240	50,963	44,958	-11.8%
Industry	2,900	45,746	56,730	+24%
Offices	1,030	10,010	10,976	+9.7%
Other	1,700	42,285	47,377	+12%

- 3.4 Further information on changes in rateable values between the 2017 and 2023 Rating Lists

across all local authorities can be found here: [NDR Revaluation 2023 Tables.xlsx \(live.com\)](#)

- 3.5 Tameside business assessments have seen an overall increase in rateable value from £149m to £160m; a difference of £11m. This includes all Tameside Council owned buildings and also car parks, libraries, cemeteries, depots etc. Tameside One is the largest Tameside Council assessment and which has had a £25k increase in rateable value from £525k and now £550k giving a gross charge of £281,600. Other large assessments are Dukinfield Cemetery and Dukinfield Town Hall, which have both increased in rateable value. Dukinfield Town Hall has had an increase from £60,500 to £71,500 giving a gross charge of £36,352.
- 3.6 Other notable large assessments in the Borough are IKEA and Ashton-under-Lyne Asda supermarket. IKEA has experienced a £840k reduction in rateable value from £2.37m down to £1.53m, and Asda has a £660k reduction in rateable value from £2.23m to £1.57m, and this follows the national trend of the retail sector reducing in rateable value.
- 3.7 Further examples of Tameside businesses following the national trend as detailed in Table 2 is that industry has experienced an increase. System 3 Ltd manufacturing in Denton has had an increase in rateable value of £167k and Wienerberger Ltd brickworks in Denton has also had an increase in rateable value of £142.5k.
- 3.8 The overall movement indicates an increase in the net collectable debit, subject to the award of any reliefs and which have the effect of reducing the amount of Business Rates payable.

4. RELIEFS AVAILABLE

- 4.1 In the Autumn Statement on 17 November 2022, the Chancellor announced that the government would provide a new package of measures to support businesses in England over the next five years. For 2023/24 the Chancellor announced:
 - Transitional Relief scheme.
 - Retail, Hospitality and Leisure (RHL) rate relief scheme
 - Supporting Small Business (SSB) relief scheme

Transitional Relief Scheme

- 4.2 The aim of transitional relief is to cushion the potential impact of a revaluation arrangement on businesses and limit bill increases caused by changes in rateable values. These changes will have effect from 1 April 2023. The structure and format of the transitional relief scheme only differs from the 2017 scheme in that there is no downward transition and, the cap to attract transitional relief is different. The effect of business premises experiencing a significant increase in rateable value and being eligible for transitional relief is that the increase in the amount of bill payments is phased in over several years and underpinned by transitional relief, rather paying the large increase from the 01 April 2023. This approach ensures that ratepayers have time to gradually adapt to their new rate bills. There is a cap on increases and which is detailed in **Appendix 1**.

Retail, Hospitality and Leisure (RHL) rate relief

- 4.3 The current relief for eligible retail, hospitality and leisure sectors is to increase from the current 50% relief to 75% in 2023-24, up to £110k cash cap across all business premises in England and no ratepayer can, in any circumstances, exceed the £110k cap.
- 4.4 To be eligible for relief the premises must be wholly or mainly used as a shop, restaurant, café, drinking establishment, cinema or live music venue, and for assembly and leisure as hotels, guest houses or self-catering accommodation. The government department for Business Energy Industrial and Strategy (BEIS) have determined that the premises falling into the specific categories at Appendix Two be eligible.
- 4.5 Local authorities are expected to apply and grant relief to qualifying ratepayers from the start

of the 2023/24 billing year and are expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant this relief in line with the relevant eligibility criteria provided by government. Authorities will be compensated for the cost of granting these reliefs via a section 31 grant from government. No new legislation will be required to deliver these schemes. The government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2023/24 in their bills for the beginning of the 2023/24 billing cycle.

- 4.6 Billing authorities must not grant the relief to themselves and a ratepayer may refuse to accept the relief if they so wish. RHL relief may be recalculated where circumstances change and eligibility ceases. The government has published guidance setting out the eligibility criteria for the scheme. This guidance can be found at:
<https://www.gov.uk/government/publications/business-rates-relief-202324-retail-hospitality-and-leisure-scheme-local-authority-guidance>
- 4.7 Supporting Small Business (SSB) relief scheme ensures that no small business faces a bill increase greater than £600 a year for 2023-24 as a result of losing eligibility for Small Business Rate Relief² or Rural Rate Relief at the 2023 revaluation. The scheme also provides support for those previously eligible for the 2022/23 SSB scheme and facing large increases in 2023/24 but in those cases for one further year only.
- 4.8 The government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2023/24 in their bills for the beginning of the 2023/24 billing cycle. Again central government expect Councils to use discretionary relief powers under section 47 of the Local Government Finance Act 1988 as amended to grant this relief. The government has published guidance setting out the eligibility criteria for the scheme which can be found at:
<https://www.gov.uk/government/publications/business-rates-relief-2023-supporting-small-business-relief-local-authority-guidance>.
- 4.9 New burdens funding will be available to support the administration of the revaluation and reliefs however, the timescale in which this will be provided, and the amount available, has not yet been confirmed by the Department of Levelling Up, Housing and Communities. The Business Rates Discretionary Relief Policy will be updated to reflect the new reliefs that government expect local authorities to administer under Section 47 of the Local Government Finance Act 1988, and communication will take with businesses regarding relevant reliefs.

5. RISKS

- 5.1 The risks associated in delivering this are such that resources are expected to be significantly stretched from March to early May 2023 as during that period over 150,000 Council Tax bills, Business Rates bills and Sundry Debtor invoices are sent out, in addition to over 15,000 benefit notifications. Customer contact during this period is extremely busy.
- 5.2 The year start 2023/24 is expected to be busier than usual due to the additional work imposed on the service by government, with the anticipated increased contact from businesses as a result of the revaluation and the administration of the 3 new reliefs, in addition to administering the Council Tax Support Fund and the Energy Bill Support Scheme Alternative Fuel payment for which guidance has not yet been received.
- 5.3 It is clear that with such considerable additional workload the priority, in accordance with legislation, is to ensure that Business Rates and Council Tax bills are sent in a timely manner

² Small Business Rates Relief continues to be in place for eligible premises. Small Business Rates Relief of 100% is awarded to those qualifiers with a rateable value below £12,000 leaving nil payable. Properties with a rateable value between £12,000.01 and £15,000 will continue to qualify with a tapered relief.

to support the Councils income requirements. There is a risk that as system updates are required and then systems testing for the new reliefs, that the timescale of bill production may slip and bill instalments have to be revised. However, every opportunity will be taken to guard against this occurring.

6. CONCLUSIONS

- 6.1 A national revaluation has taken place by the Valuation Office Agency effective from 01 April 2023, to review all rateable values, the aim of which is to maintain fairness in the system by reflecting changes in the property market. The retail sector is the only sector to show a decrease in rateable values and the industry sector has had the biggest increase across all regions and which is reflected in the rateable value changes to businesses in Tameside. Overall there has been a 7.4% increase in overall rateable values in Tameside from £149m to £160m.
- 6.2 The government has introduced three new business rates reliefs from 01 April 2023 subject to specific eligibility criteria. The effect of being awarded a relief is that there is a reduced amount of business rates payable. The three new reliefs are a transitional relief scheme, Retail, Hospitality and Leisure (RHL) rate relief scheme and Supporting Small Business (SSB) relief scheme.
- 6.3 There is an expectation that ratepayers that are eligible to receive the reliefs will have the relief applied to year start bills issued in March 2023. Processing systems require upgrades and testing to ensure that the reliefs can be applied to bills in time for the new financial year.
- 6.4 Risks are identified as being the timescale and capacity to deliver the new reliefs on year start bills, given that the government has imposed further additional work on revenues and benefits services at what is already the busiest time of year for core business.

7. RECOMMENDATIONS

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

APPENDIX 1

Transitional Relief: Cap on increases for the 2023 revaluation apply for years 2023/24 and 2025/26.

Rateable Value	Cap on increases 2023/24	Cap on increases 2024/25	Cap on increase 2025/26
Up to and including £20,000	5%	10% plus inflation	25% plus inflation
More than £20,000 and up to and including £100,000	15%	25% plus inflation	40% plus inflation
More than £100,000	30%	40% plus inflation	55% plus inflation

Note: The cap is applied before any other applicable relief.

APPENDIX 2

BEIS determination of Retail, Hospitality and Leisure Relief eligibility

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/caravan show rooms
- Second-hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

- Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

3. We consider assembly and leisure to mean:

i. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities

- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

ii. Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs and institutions

4. We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites