

Delegated Cabinet Member Decision Report

Decision Maker and Portfolio area:	Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Green
Date of Decision:	29th January 2021
Subject:	Non-Domestic Rates Tax Base 2021/22
Report Author:	John Hoskins (Finance Manager)
Ward(s) Affected:	All

Reason for the decision:	To determine the final Non-Domestic Rates (NDR) Tax Base for 2021/22
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Summary:	<p>This report sets out information to determine the Non-Domestic (Business Rates) Tax Base for 2021/22 using the most up to date information and estimates available. The Council is currently part of the Greater Manchester 100% Business Rates Retention Pilot scheme which commenced 1 April 2017 and this has resulted in changes to the calculation of the Business Rates Tax Base.</p>
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A report approved at Cabinet on 14 December 2020 set out an estimated Non-Domestic Rates (Business Rates) Tax Base at £50.141m with £49.640m (99%) attributable to Oldham Council and £0.501m attributable to GMCA. The report delegated authority to revise the Tax Base if required, to the Deputy Leader and Cabinet Member for Finance and Green in consultation with the Director of Finance.

Since the December 2020 Cabinet meeting, Business Rates revenue estimates have been updated to take account of the latest collection

data and information relating to eligibility for transitional protection and appeals. A report to the Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee on 28 January 2021 updated the Taxbase based on an interim assessment revising Oldham's share to £50.022m. A final assessment has now been made and as a consequence the Oldham Council share of the Tax Base has been revised again to £50.619m, an increase of £0.979m to the previously stated NDR Tax Base of £49.640m and £0.597m compared to the January interim estimate.

In addition, the December 2020 Cabinet report also initially anticipated approximately £12.170m of Section 31 grants to compensate the Council for Business Rates which are subject to Government reliefs and following further calculations, the Section 31 grant figure was reduced to £11.437m in the PVFM report and has now been further reduced to a final figure of £10.843m.

The net variance of the reduction to the Business Rate Tax Base and decrease in Section 31 grants received to that reported at the December 2020 Cabinet meeting is an overall reduced resource of £0.348m, but an increase of £0.003m compared to the position reported to the PVFM Select Committee on 28 January 2021.

What are the alternative option(s) to be considered? Please give the reason(s) for recommendation(s):

The NNDR1 return generates the figures upon which the NDR Tax Base is prepared. It is not therefore appropriate to consider an alternative approach.

Recommendation(s):

That approval is given to the final Business Rate yield and subsequently Oldham Council's estimated 2021/22 Business Rates Tax Base at £50.619m.

Implications:

*What are the **financial** implications?*

Dealt with in full in this report

What are the **procurement** implications?

There are no Procurement implications

*What are the **legal** implications?*

There are no Legal implications

What are the **Human Resources** implications?

There are no Human Resource implications as a result of this.

Equality and Diversity Impact Assessment attached or not required because (please give reason)

There are no implications

What are the **property** implications?

There are no property implications

Risks:

There is also a risk that if the anticipated level of NDR is not achieved it would lead to budget pressures in future financial years. Hence a prudent approach will be taken in assessing the anticipated business rates income levels.

There are extensive recovery procedures that will ensure that the maximum Council Tax and NDR income level is achieved.

Co-operative agenda

There are no implications.

Has the relevant Legal Officer confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?

Yes

Has the relevant Finance Officer confirmed that any expenditure referred to within this report is consistent with the Council's budget?

Yes

Are any of the recommendations within this report contrary to the Policy Framework of the Council?

No

List of Background Papers under Section 100D of the Local Government Act 1972:

Title	Available from
Council Tax Tax Base and Non-Domestic Rates Tax Base Forecast 2021/22	Cabinet Meeting – 14 th December 2020
Revenue Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2023/24	Overview and Scrutiny Performance and Value for Money (PVFM) Select Committee on 28 January 2021

Report Author Sign-off:	
John Hoskins	
Date: 29th January 2021	

Background

- 1.1 The Non-Domestic Rating (Rates Retention) Regulations 2013 set out a timetable for informing the Government and precepting Authority (Greater Manchester Combined Authority) of the business rate income calculation. The Council is therefore required to submit a Government return (NNDR 1) by 31 January in the year prior to the financial year for which the calculation is being made. This estimates the amount of Non-Domestic Rate (NDR) that it is expected will be collected in the following financial year and therefore informs the NDR Tax Base. Given the legislative changes introduced from April 2013 the estimates now take on a higher profile as a result of the Council and the Greater Manchester Combined Authority (GMCA) retaining elements of the rates collected.
- 1.2 A report approved at Cabinet on 14 December 2020 set out an estimated Non-Domestic Rates (Business Rates) Tax Base but delegated authority to revise the Tax Base if required to the Cabinet Member for Finance and Green in consultation with the Director of Finance.

2 Current Position

- 2.1 On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. The participants agreed to pilot full Business Rates retention on the basis that no district would be worse off than they would have been under the original '50/50' arrangements whereby Business Rates revenues are shared between Central Government and the Local Authority sector. This has become known as the 'no detriment' principle. Under the pilot scheme, additional rates income is offset by reductions in other funding streams such as the Revenue Support Grant (RSG) and Public Health (PH) grant.
- 2.2 The report presented to Cabinet on 14 December 2020 estimated the Oldham Council Business Rates Tax Base for 2021/22 at £49.640m, however this was based on the best estimates available at the time of preparing the report. The position was revised to £50.022m for the Revenue Budget 2021/22 and Medium Term Financial Strategy 2021/22 to 2023/24 report presented to the Overview and Scrutiny PVFM Select Committee on 28 January 2021 and has now been clarified following the completion of the NNDR1 return.
- 2.3 Since the December 2020 Cabinet meeting, Business Rates revenue estimates have been updated to take account of the latest collection data and information relating to eligibility for transitional protection and appeals. As a consequence, the Oldham Council share of the Tax Base has been revised up to £50.619m, an increase of £0.979m to the previously stated NDR Tax Base of £49.640m.

- 2.4 The value of the Oldham Council Section 31 Government Grants has reduced since the Cabinet meeting of the 14 December 2020. The Cabinet report initially anticipated £12.170m of Section 31 grants however following the calculation this figure has now reduced to £10.843m, a reduction of £1.327m.
- 2.5 The net variance of the decrease to the Oldham Council NDR Tax Base and decrease in Section 31 grants received to that reported at the December 2020 Cabinet meeting is an overall reduced resource of £0.348m. It is an overall increase in resource of £0.003m compared to the figures included in the report to the Overview and Scrutiny Performance and Value for Money (PVRM) Select Committee on 28 January 2021

Proposals:

It is recommended that the revised Oldham Council Business Rates Tax Base of £50.619m is approved.

Conclusions:

That the Deputy Leader and Cabinet Member for Finance & Green approves the confirmed Non-Domestic Rates Tax Base for 2021/22.

Cllr A Jabbar
Cabinet Member for Finance & Green

Date: 29th January 2021



In consultation with

Anne Ryans (Director of Finance)

Date: 29th January 2021

