



Delegated Cabinet Member Decision Report

Decision Maker and Portfolio area:	Councillor Abdul Jabbar MBE – Deputy Leader and Cabinet Member for Finance and Low Carbon
Date of Decision:	31st January 2023
Subject:	Non-Domestic Rates Tax Base 2023/24
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 2023/24

Summary: This report sets out information to determine the Non-Domestic (Business Rates) Tax Base for 2023/24 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.

A report approved at Cabinet on 23 January 2023 set out an estimated Non-Domestic Rates (Business Rates) Tax Base at £48.989m with £48.499m (99%) attributable to Oldham Council and £0.490m attributable to the Greater Manchester Combined Authority (GMCA). The report delegated authority to revise the Tax Base if required, to the Deputy Leader and Cabinet Member for Finance and Low Carbon in consultation with the Director of Finance.

Since the January 2023 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 final assessment has now been made and, as a consequence, the Oldham Council share of the Tax Base has been revised to £48.848m, an increase of £0.349m to the previously stated NDR Tax Base of £48.499m.

The January 2023 Cabinet report also initially anticipated £25.694m of Section 31 grants to compensate the Council for Business Rates which are subject to Government reliefs. Following further calculations, the Section 31 grant figure has now been further increased by £0.293m to a final figure of £25.987m.

In addition, the January 2023 Cabinet report estimated £4.180m of Business Rates Retention Pilot gains. The report assumed that the Council would benefit from 75% of the overall gains resulting in a figure of £3.135m. Following further calculations, the estimated Business Rates Retention Pilot gains figure has now been further increased to £4.835m with the Council proportion again calculated at 75% being £3.626m, an increase of £0.491m. The Council will be required to allocate 25% of this pilot scheme gain (£1.209m) to the GMCA.

The net variance of the increase to the Business Rate Tax Base, increase in Section 31 grants received and increase to the estimated Business Rates Retention Pilot gains to that reported at the January 2023 Cabinet meeting is an overall increased resource of £1.133m.

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 2023/24 Business Rates Tax Base at £48.848m, with a further £3.626m attributable to gains from the 100% Business Rates Retention scheme, a total of £52.474m.

Implications:

<i>What are the financial implications?</i>	Dealt with in full in this report
What are the procurement implications?	There are no Procurement implications
<i>What are the legal implications?</i>	There are no Legal implications
<i>What are the Human Resources implications?</i>	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
<i>What are the property implications?</i>	There are no property implications
Risks:	<p>There is also a risk that if the anticipated level of Business Rates 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.</p> <p>There are extensive recovery procedures that will ensure that the maximum Council Tax and NDR income level is achieved.</p>
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 2023/24	Cabinet Meeting – 23 rd January 2023
Revenue Budget 2023/24 and Medium Term Financial Strategy 2023/24 to 2027/28	Policy Overview and Scrutiny Select Committee on 26 th January 2023

Report Author Sign-off:	
John Hoskins	
Date: 31st January 2023	

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 23 January 2023 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 Low Carbon 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 23 January 2023 estimated the Oldham Council Business Rates Tax Base for 2023/24 at £48.499m, however this was based on the best estimates available at the time of preparing the report. The position was revised to £48.848m following the completion of the NNDR1 return.
- 2.3 Since the January 2023 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 £48.848m, an increase of £0.349m to the previously stated NDR Tax Base of £48.499m.
- 2.4 The value of the Oldham Council Section 31 Government Grants has increased since the Cabinet meeting of the 23 January 2023. The Cabinet report initially anticipated £25.694m of Section 31 grants however following the NNDR 1 calculation this figure has now increased to £25.987m, an increase of £0.293m.
- 2.5 The value of the estimated Business rates Retention Pilot gains as a result of Oldham Council's proposed membership in the GM 100% Business Rates Retention Pilot has increased since the Cabinet meeting of the 23 January 2023. The Cabinet report initially anticipated £4.180m of total Business Rates Pilot gains however following the NNDR 1 calculation this figure has now increased to £4.835m, an increase of £0.655m. Current assumptions are that member authorities retain 75% of the overall

gain meaning Oldham Council's gains have increased from £3.135m to £3.626m, an increase of £0.491m.

- 2.6 The net variance of the increase to the Oldham Council NDR Tax Base, increase in Section 31 grants received and the estimated increase in Business Rates Retention Pilot gains to that reported at the January 2023 Cabinet meeting is an overall increased resource of £1.133m.

Proposals:

It is recommended that the revised Oldham Council Business Rates Tax Base of £48.848m is approved, together with the Councils share of the 100% Retained Business Rates pilot scheme gain at £3.626m, a total of £52.474m

Conclusions:

That the Deputy Leader and Cabinet Member for Finance & Low Carbon approves the confirmed Non-Domestic Rates Tax Base for 2023/24.

Cllr A Jabbar
Cabinet Member for Finance & Low Carbon

Date: 31st January 2023



In consultation with

Anne Ryans (Director of Finance)

Date: 31st January 2023

