

## Blaby District Council

### Cabinet Executive

<b>Date of Meeting</b>	16 January 2023
<b>Title of Report</b>	<b>National Non-Domestic Rates Base 2023/24</b> This is a Key Decision and is on the Forward Plan.
<b>Lead Member</b>	<b>Cllr. Maggie Wright - Finance, People &amp; Performance (Deputy Leader)</b>
<b>Report Author</b>	Finance Group Manager
<b>Corporate Priority</b>	Medium Term Financial Strategy (MTFS)

#### 1. What is this report about?

- 1.1 The Local Government Finance Act 2012 requires local authorities to set an annual National Non-Domestic Rate Base, otherwise known as the Business Rates Base. The Base must be set by 31st January ahead of the forthcoming financial year.

#### 2. Recommendation(s) to Cabinet Executive

- 2.1 That the amount calculated by Blaby District Council as its National Non-Domestic Rate Base for the financial year 2023/24 shall be £48,831,009.
- 2.2 That delegated authority is given to the Executive Director (Section 151) in consultation with the Portfolio Holder to make amendments, if required, to the draft National Non-Domestic Rate Base prior to submission of the NNDR1 return by 31st January 2023.

#### 3. Reason for Decisions Recommended

- 3.1 The Council has a statutory obligation to set its National Non-Domestic Rate (NNDR) Base for 2023/24 by 31st January 2023.
- 3.2 It is appropriate for the Executive Director (Section 151) to have authority to amend the National Non-Domestic Rate Base in line with the finalised NNDR1 submission, to ensure that all known factors are taken into account.

#### 4. Matters to consider

- 4.1 Background

The Local Government Finance Act 2012 requires that the Council must

formally calculate its NNDR Base for the forthcoming financial year. The NNDR Base represents the estimated level of Business Rates collectable in the year. It is the figure against which growth or reduced levels of business rates can be measured.

The Council must also complete an annual NNDR1 return to the Department for Levelling Up, Housing and Communities (DLUHC) by 31st January, and it is this return that is used to determine the NNDR Base. The Council is also required to submit a copy of the NNDR1 return to relevant authorities, in this case the Leicestershire County Council, and the Combined Fire Authority.

#### 4.2 Proposal(s)

At the time of writing this report, work on the NNDR1 is still in progress. This is further complicated this year by the 2023 Revaluation that affects the rateable values of all businesses within the district. Therefore, the base figure quoted in this report is that which has been used in the latest iteration of the Medium-Term Financial Strategy (MTFS). Gross rates payable are calculated by multiplying the overall rateable value for the district (£114,283,000) by the rate multiplier for 2023/24 (49.9p). This figure is then adjusted to consider forecast growth, various reliefs, empty properties, a provision for bad debts, and potential appeals.

In terms of growth, there are a small number of vacant units at Fosse Park West, and some that have been occupied but not yet rated, but most new businesses are included within the base.

Using the forecast position in the MTFS, the business rates base for 2023/24 has been estimated at £48,831,009, a reduction of approximately £1.448m compared with the 2022/23 NNDR1 return. This is partly because of the impact of the 2023 Revaluation, and partly because estimated growth in 2022/23 was less than anticipated. Blaby's share of this sum is 40% in 2023/24, approximately £19.5m, although from this sum Blaby must pay a tariff of around £13.9m and a levy of £2.2m. The tariff for 2023/24 has been reduced by just under £0.6m, compared with 2022/23, in recognition of the reduction in the overall district rateable value caused by the revaluation.

Cabinet Executive will also be aware that the Council, along with other authorities in Leicestershire, is a member of the Leicestershire Business Rate Pool. Each year Pool members consider whether it is financially beneficial to continue the Pool for the forthcoming year. At the time of writing this report, Section 151 Officers from across the County were still of the opinion that it remains advantageous to continue with the Pool in 2023/24.

#### 4.3 2023 Revaluation

As a result of the 2023 Revaluation exercise, Blaby's total rateable value has fallen from £114.849m to £114.283m. The government has effectively compensated for this by reducing our tariff payable.

The revaluation has affected businesses in different ways according to their sector. The rateable value for businesses within the retail sector have benefited from an average reduction of 30% which is ostensibly to reflect the impact of the pandemic on that sector. However, other sectors will see a rise in rateable value – approximately 20% for industrial businesses, and 11% for office premises.

The precise implications for Blaby will not be known until the NNDR1 figures are available but the base figure included in recommendation 2.1 represents our best estimate of the likely NNDR income for 2023/24.

**5. What will it cost and are there opportunities for savings?**

5.1 Not applicable.

**6. What are the risks and how can they be reduced?**

6.1

Current Risk	Actions to reduce the risks
That the impact of valuation appeals on the NNDR Base is greater than expected.	This is out of the Council's control, but officers will continue to monitor the performance of business rates against the Base monthly. The provision of 5.5% of net rates payable has been built into the NNDR Base.
That growth estimates are either understated or overstated.	Growth has been included based on known current developments, estimated completions and assumptions about the rateable value that may be determined by the VO. As above, this position will be monitored monthly, and any significant impact brought to members' attention at the earliest opportunity.

**7. Other options considered**

7.1 None. The setting of the NNDR Base is a statutory requirement.

**8. Environmental impact**

8.1 No direct impact arising from this report.

**9. Other significant issues**

9.1 In preparing this report, the author has considered issues related to Human Rights, Legal Matters, Human Resources, Equalities, Public Health Inequalities, and Climate Local and there are no areas of concern.

**10. Appendix**

10.1 None.

**11. Background paper(s)**

11.1 None.

**12. Report author's contact details**

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