



REPORT OF: Executive Member for Finance and Governance

LEAD OFFICER: Director of Finance

DATE: 12th January 2023

PORTFOLIOS AFFECTED: All

WARDS AFFECTED: All

KEY DECISION: N

TITLE OF REPORT: Business Rates Revaluation 2023

1. PURPOSE

1.1 The purpose of this report is to outline the impact of the 2023 Business Rates Revaluation on Blackburn with Darwen Council's income from business rates.

2. RECOMMENDATIONS

2.1 It is recommended that the Executive Board note the implications of the 2023 Business Rates Revaluation and that further information of the impact of the revaluation will be provided in due course as the budget for 2023/24 is developed.

3. BACKGROUND

3.1 Income from business rates is a key source of funding for local government and has assumed a greater significance since 2013 with the introduction of the Business Rates Retention Scheme. Under this Scheme, Blackburn with Darwen Borough Council, as the Billing Authority for the area, continues to collect business rates, with the income split 50:50 between the Government (the 'central' share) and, collectively forming the 'local' share, Blackburn with Darwen Council (49%) and the Lancashire Fire and Rescue Authority (1%).

3.2 It has been five years since all non-domestic properties were nationally revalued with open market rental value assessed as at April 2015 forming the basis of business rates liability since April 2017.

4. RATIONALE

4.1 A key part of the Council's Growth Strategy is driving growth in the Council's economic base. In turn, this is linked to the Council's Financial Strategy by dint of the growth in rates payable by businesses in the Borough. The payment of business rates is based on the rateable values of properties which, as indicated, are subject to regular revaluations.

5. KEY ISSUES

- 5.1 All rateable values in England and Wales have been revalued by the Valuation Office Agency (an independent body) as part of the 2023 Revaluation (*it should be stressed that Blackburn with Darwen Council has no influence over the rateable values determined by the Valuation Office Agency*). This revaluation has been based on open market rental levels as at 1st April 2021 (known as the Antecedent Valuation Date) and will be the basis of the business rates liability for each eligible business property in the Borough commencing from 1st April 2023.
- 5.2 Following completion of the 2023 Revaluation, the Valuation Office Agency published the draft rating list in November 2022. As shown in Table 1 below, the draft rating list for Blackburn with Darwen details a gross rateable value for 2023 of RV129,112m with 7,040 non-domestic properties:-

Table 1: Business Rates Revaluation 2023: Change in Rateable Values

	Retail	Industry	Office	Other	All Sectors
Properties	1,790	2,460	1,470	1,320	7,040
2017 (RV)	28,518	42,801	12,619	35,173	119,111
2023 (RV)	25,400	51,456	13,621	38,635	129,112
Change (RV)	(3,118)	8,655	1,002	3,462	10,001
Change (%)	(10.9)	20.2	7.9	9.8	8.4

- 5.3 Table 1 also provides the equivalent Rateable Value figures from the 2017 rating list. From this, Councillors will note that the gross rateable value for the Blackburn with Darwen area has increased by RV10,001, an increase of 8.4%.
- 5.4 This increase in RV compares favourably with both the national picture for England which, overall, has seen an increase in RV of 7.3% and the North West where the rateable value on average has increased by 7.4%.

	Retail	Industry	Office	Other	All Sectors
ENGLAND	(10.0)	27.8	10.3	4.4	7.3
North East	(13.9)	19.1	8.6	1.9	2.2
North West	(9.9)	23.2	17.2	5.4	7.4
Yorks/Humber	(14.6)	19.4	7.9	6.1	4.7
East Midlands	(10.6)	23.2	5.5	6.2	8.6
West Midlands	(11.9)	26.7	15.3	4.5	9.0
East	(10.2)	35.1	26.3	9.9	14.4
London	(8.9)	33.1	6.1	(1.1)	3.3
South East	(10.1)	33.5	20.0	6.6	10.9
South West	(4.7)	27.0	14.0	5.9	9.5

- 5.5 At this stage, it is difficult to predict the revaluation impact on the Council's share of income from business rates. Intuitively, an increase in rateable values would ordinarily lead to an increase in the Council's share of business rates income. However, this oversimplifies the position and takes no accounts of:-

- the Government's decision to freeze the rating multipliers for 2023/24, as announced in the Autumn Statement 2022. Ordinarily, the rating multipliers would be adjusted to ensure that revaluation is a revenue neutral exercise so that overall the total rates bill would stay the same at England level in real terms, after allowing for appeals.

- any reliefs or exemptions from rating which may be applicable;
- the impact of appeals against the new rateable values (and the adequacy of provisions held by the Council to meet the cost of successful appeals);
- the impact of any transitional arrangements the Government will implement to phase in the effect of changes in rateable values (*it should be noted that the Government is expected to implement much improved transitional relief arrangements for Revaluation 2023*).
- the adjustment the Government has made to the 'top up' payment (the amount of money we receive because our share of rates retained is not enough to meet our assessed level of funding need).

5.6 On the final point above, the amount of 'top up' payment was announced as part of the provisional Local Government Finance Settlement. However, to understand fully the impact of the revaluation on the Council's financial position requires the Council to undertake its own assessment of business rates income for 2023/24. This work is currently underway and will need to be completed before the end of January 2023 for submission to Government. Once this assessment is complete, the financial impact will be considered as part of the development of the Council's budget for 2023/24.

5.7 As set out in the report, it was resolved that a further update on the Council's Medium Term Financial Plan for 2023/26 be provided to the Executive Board reflecting the latest assumptions and information available to the Council. This report forms that update.

6. POLICY IMPLICATIONS

6.1 There are no policy implications arising directly from this report.

7. FINANCIAL IMPLICATIONS

7.1 The financial implications are as given in the report. However, as indicated, further work is necessary to understand what the impact of the revaluation will be on the Council's share of retained Business Rates. This work has started and will need to be completed before the end of January 2023 when the Council is required to submit its assessment of business rates income to the Government.

7.2 Once the assessment of the Council's share of retained business rates income is known, it can be factored into the development of the General Fund Revenue Budget for 2023/24.

8. LEGAL IMPLICATIONS

8.1 There are no legal implications arising directly from the contents of this report.

9. RESOURCE IMPLICATIONS

9.1 There are no other resources implications arising from the contents of this report.

10. EQUALITY AND HEALTH IMPLICATIONS

10.1 There are no equality and health implications arising from the contents of this report.

11. CONSULTATIONS

11.1 None arising from the contents of this report.

12. STATEMENT OF COMPLIANCE

12.1 The recommendation in this report is made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that it does not result in unlawful expenditure. It is also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendation reflects the core principles of good governance as set out in the Council's Code of Corporate Governance.

Appendices

None

VERSION:	1
CONTACT OFFICER:	Dean Langton – Director of Finance
DATE:	28 th December 2022
BACKGROUND PAPERS:	None