

STOCKPORT BILLING AREA - 2022/23 COUNCIL TAX TAXBASE AND BUSINESS RATES (NON-DOMESTIC RATES) FORECAST

Report of the Deputy Chief Executive

1. INTRODUCTION AND PURPOSE OF REPORT

1.1 The purpose of this report is to:

- Present the Collection Fund outturn forecasts for 2021/22 in relation to Council Tax and Business Rates;
- Set the Council Tax Taxbase for 2022/23;
- Present a forecast for Business Rates income for 2022/23; and
- Provide an update on the pooling of Business Rates income with the Greater Manchester Authorities.

2. 2021/22 COLLECTION FUND POSITION

Council Tax

- 2.1 The Collection Fund Council Tax forecast outturn for 2021/22 is a deficit of £0.618m with the Council's share of the deficit being £0.525m. As required by Collection Fund accounting legislation, the deficit position will be declared (subject to delegation at paragraph 2.6) to inform the Council's 2022/23 budget setting process.

Table 1 – Council Tax 2021/22 Forecast Outturn

	Requirement	Forecast Outturn	Deficit
	£000s	£000s	£000s
SMBC Council Tax Income	167,894	167,369	525
GMCA MPCC Precept*	20,945	20,879	66
GMCA MGFS Precept**	8,726	8,699	27
Total Deficit	197,565	196,947	618

*Mayoral Police and Crime Commissioner (MPCC)

**Mayoral General (including Fire Services)

Business Rates

- 2.2 The Collection Fund Business Rates forecast outturn for 2021/22 is a deficit of £15.980m with the Council's share of the deficit being £15.820m. As required by Collection Fund accounting, the deficit position will be declared (subject to delegation at paragraph 2.6) to inform the Council's 2022/23 budget setting process.
- 2.3 On 3 March 2021, the government confirmed that the Expanded Retail Relief (ERR) would continue to apply in 2021/22 at 100% for 3 months and 66% for the remaining period. As this adversely impacted on Local Authorities expected Business Rates income collection, Government committed to reimbursing Authorities for the income loss. The Council has received a compensatory Section 31 grant of £17.688m in-year. This will be held in earmarked reserves at

the financial year end and used to reimburse the element of the declared Business Rates deficit resulting from the expanded retail relief.

- 2.4 In line with the amended legislation governing Collection Fund accounting, the declared Business Rates deficit is offset by the compensatory Section 31 grants resulting in a net surplus of £1.708m. This net Business Rates forecast surplus will be distributed between the Council 99% and GMCA (Mayoral General including Fire Services [MGFS] 1%) in 2022/23 (subject to the delegation at paragraph 2.6).

Table 2 – Business Rates 2021/22 Forecast Outturn

	2021/22 NNDNR1 £000s	Forecast Outturn £000s	Deficit £000s	Net of ERR £000s	(Surplus) £000s
SMBC Business Rates Income	80,422	64,602	15,820	17,511	(1,691)
GMCA MGFS Business Rates Income	812	653	160	177	(17)
Total (Surplus)/Deficit	81,234	65,254	15,980	17,688	(1,708)

Overall Collection Fund Balance Position

- 2.5 The overall 2021/22 forecast outturn position for the Collection Fund is a declared deficit of £16.598m and the Council's share of the declared deficit is £16.345m. However, as outlined above this declared position will be partially offset by the Section 31 grant received in relation to the ERR given to businesses during the year. On this basis the Council's 2021/22 forecast outturn position for the Collection Fund is a net surplus of £1.090m and the Council's share of the net surplus is £1.166m. As required by Collection Fund accounting legislation, the net surplus position will be declared (subject to delegation at paragraph 2.6) and released to the Council's General Fund in 2022/23.
- 2.6 Given the volatility of the Collection Fund forecasts which has been exacerbated by the pandemic it is recommended that these forecasts continue to be monitored. Collection Fund accounting legislation requires the Council to make its final declaration of the Collection Fund forecast outturn position by 31 January each year to inform the Council and preceptors budget setting processes. On this basis, it is recommended that delegation is given to the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Resources and Commissioning to update the declared Collection Fund forecast up to this date.

Phasing of 2020/21 Collection Fund Deficits

- 2.7 To support Local Authorities to mitigate the Covid-19 financial impact of the Collection Fund, Government announced that *'the repayment of Collection Fund deficits arising on 2020/21, will be spread over the next three financial years rather than the usual period of the next financial year'*.
- 2.8 The second allocation of the spread of the 2020/21 deficit is required to be added to the declared deficit for 2021/22. The result of applying the three year spreading methodology is shown in the tables below:

Table 3 Council Tax Phasing of 2020/21 Deficit

	Council Tax		
	2020/21 In Year Deficit to be Spread	2020/21 Deficit Spread In Year 2022/23	2020/21 Deficit Balance to be spread 2023/24
SMBC	4,760	1,587	1,587
GMCA MPCC	593	195	195
GMCA MGFS	250	85	85
Total	5,603	1,867	1,867

Table 4 Business Rates Phasing of 2020/21 Deficit

	Business Rates		
	2020/21 In Year Deficit to be Spread	2020/21 Deficit Spread in Year 2022/23	2020/21 Deficit Balance to be spread 2023/24
SMBC	1,594	531	531
MPCC Precept	0	0	0
MGFS Precept	16	6	6
Total	1,610	537	537

Collection Fund 2021/22 Forecast Outturn including Spreading Adjustment

- 2.9 The total 2021/22 forecast outturn including the 2020/21 one third deficit spread is included in the table below:

Table 5 - Total Declared Outturn 2021/22 including 2020/21 Spreading Adjustment

	Forecast Outturn (Surplus)/Deficit 2021/22 £000s	Spread In Year Deficit 2020/21 £000s	Net Deficit 2021/22 £000s
SMBC	(1,166)	2,118	952
MPCC Precept	66	195	261
MGFS Precept	10	91	101
Total	(1,090)	2,404	1,314

**The Council's approved MTFP in February 2021 includes a budget to offset the impact of the £2.118m spreading adjustment*

Collection Fund 2020/21 Carry Forward Position

- 2.10 In line with the statutory accounting requirements for the Collection Fund, the difference between the declared (estimated) outturn position for 2020/21 and the actual outturn position for 2020/21 on the Collection Fund needs to be distributed (if a surplus)/reimbursed (if a deficit) in 2022/23.
- 2.11 The table below shows the amount of surplus to be distributed in 2022/23.

Table 6 – Collection Fund 2020/21 Carry Forward Position

	Outturn (Surplus)/Deficit 2020/21 £000s	Declared (Surplus)/Deficit 2020/21 £000s	(Distributed)/ Reimbursed £000s
SMBC	44,038	46,266	(2,229)
MPCC Precept	485	568	(83)
MGFS Precept	608	669	(61)
Total	45,131	47,504	(2,373)

- 2.12 The Council's share of the Collection Fund carry forward balance of £2.229m is required to be distributed to the Council's General Fund in 2022/23. The MTFP Update report presented to the Cabinet meeting in September included this available resource to support the Council's MTFP. As a result, these one-off resources have been earmarked to support the Council's 2022/23 Budget and additional savings gap.

General Fund Section 31 Grants in Lieu of Business Rates

- 2.13 Mandatory Business Rate reliefs are funded by Section 31 Grants paid by Government into the Council's General Fund. These grants are paid to the Council to compensate for the loss of Business Rates income as a result of the reliefs given to businesses.
- 2.14 The Council receives its Section 31 Grant allocation from Government on an 'on account basis in line with the Council's NNDR1 (Business Rates budget) and NNDR3 (Business Rates outturn) returns. Any over/underpayment made by Government (compared to the actual reliefs given to businesses during the financial year) is rectified by an adjusting payment/receipt in the following financial year.
- 2.15 In year monitoring indicates that the actual number of reliefs given to businesses during the year are less than the current level of Section 31 Grants received by the Council to compensate for the loss of Business Rates income. This will result in a balancing Section 31 Grant payment being returned to the Government by the Council in 2022/23. However, it should be noted that this position may change prior to year-end due to changes across the business demographics and their eligibility for Business Rates relief. The balancing payment/receipt will be accrued as part of the Council's 2021/22 year end process.

Greater Manchester 100% Business Rates Retention Pilot

- 2.16 2021/22 is the fifth year that the Council has taken part in the Greater Manchester 100% Business Rates Retention Pilot. As a result, the Council retains 100% of its Business Rates income to support the funding of Council Services. The Pilot benefit is calculated based on the forecast Business Rates outturn position under the 100% Scheme compared to what the forecast Business Rates outturn position that would have been under the 50% Scheme. It should be noted that this is a different calculation to the calculation of the in-year position presented above.

- 2.17 The Council is working with colleagues across the Greater Manchester Authorities to monitor the expected benefit of the Pilot. In year monitoring of the 100% Retention Pilot forecasts that the Greater Manchester region expect to benefit from the 2021/22 Pilot. Members are reminded that it was agreed that the Pilot benefit achieved each year is shared with a minimum of 50% being retained by the Greater Manchester Authorities and any balance retained by the Greater Manchester Combined Authority (GMCA), subject to an annual review as part of the budget setting process by Authority Leaders. However, due to the exceptional circumstances arising from the pandemic, 100% of the 2020/21 Pilot benefit was retained by Greater Manchester Authorities. Discussions are currently ongoing to determine the sharing of the 2021/22 Pilot benefit.
- 2.18 Given the complexity and volatility of Business Rates and as a result, the difficulty in forecasting the expected benefit of the Pilot at the start of the financial year, the Council prudently does not budget for the expected Pilot benefit in-year. Instead, the Pilot benefit is accounted for a year in arrears and thus is available to support the Council's 2022/23 Budget, MTFP and investment decisions. Based on the declared forecast outturn position above, the expected benefit of the Pilot is £3.896m of which the Council will retain at least 50%. The final in-year benefit position of the 100% Retention Pilot will not be known until the Greater Manchester Pilot Authorities Collection Fund outturn positions have been finalised and decision on the sharing basis agreed.
- 2.19 In line with the statutory accounting requirements for the Collection Fund the Pilot benefit will be released into the Council's General Fund at the end of the financial year. It is recommended that the benefit is transferred to the Collection Fund Reserve as part of the Council's 2021/22 year end process.

3. 2022/23 BUDGET SETTING

2022/23 Council Tax Taxbase

- 3.1 The calculation of Council Tax is prescribed by Regulations published under the Local Government Finance Act 1992. Billing Authorities are required to prepare the calculation on a date specified by the Department for Levelling Up, Housing and Communities (DLUHC) and submit details of the calculation on an annual Council Tax Taxbase (CTB) form.
- 3.2 The CTB form is the starting position for establishing the Council Tax Taxbase used in setting the 2022/23 Council Tax budget. For budget setting purposes, the Council has discretion to allow for the following:
- The impact of local Council Tax support and discount schemes;
 - Forecast changes that may occur to the Council Tax Taxbase in 2022/23; and
 - The local collection rate for Council Tax including forecast changes in liabilities.
- 3.3 The CTB form was submitted to DLUHC (Department for Levelling Up, Housing and Communities) on 15 October 2021 and is included in Appendix 1 to this report. This used the Valuation List as at 13 September 2021 which specified the number of dwellings in each Council Tax valuation band. Discounts and exemptions have been applied to the chargeable dwellings resulting in a net chargeable dwellings number for each valuation band. This is shown on line 29 of the CTB form.

- 3.4 Chargeable dwellings (after discounts and exemptions) are then related to the Band D dwellings by a specified fraction known as the Relevant Proportion. This results in a Band D equivalent Council Tax Taxbase of 97,859.5 chargeable dwellings (CTB form line 31) for 2022/23.
- 3.5 In line with previous years an allowance can be made in the Taxbase for new dwellings that will come into liability during 2022/23. An allowance of 250 new dwellings is proposed based on forecasts and past trends covering current housing developments across the Borough.
- 3.6 For budget setting purposes the Council Tax Taxbase is adjusted to take account of the local collection rate. Historic Council Tax collection experience suggests a rate of 98.75% can be used as a prudent assumption of the collection rate. This rate reflects the discounts and reliefs given to Ratepayers as well as the amount of expected arrears and bad debts.
- 3.7 The table below reflects the proposed 2022/23 Council Tax Taxbase for budget setting purposes.

Table 7 – 2022/23 Council Tax Taxbase

	Taxbase for Budget Setting
Council Tax Taxbase	98,109.5
Collection Rate	98.75%
Council Tax Taxbase (for budget setting)	96,883.1

- 3.8 It is recommended that the 2022/23 Council Tax Taxbase for budget setting purposes is set at 96,883.1 Band D equivalent dwellings. This is 938.0 Band D equivalent dwellings higher than the 2021/22 Council Tax Taxbase and results in an increase of £1.666m in Council Tax income in 2022/23 (assuming no Council Tax increase).
- 3.9 The increase to the Council Tax Taxbase is due to:
- An increase in the number of new homes built since the last calculation of the Council Tax Taxbase;
 - A reduction in empty properties; and
 - Lower Local Council Tax Support claimants than expected.
- 3.10 The 2022/23 forecast Taxbase presented in the MTFP approved in February included expected growth in the Taxbase of 355.5 Band D equivalent dwellings. This equates to a growth forecast of £0.632m leaving a favourable balance of £1.034m available to support the Council's 2022/23 Budget and MTFP.

2022/23 Business Rates Income Forecast

- 3.11 The current Local Government finance system introduced on 1 April 2013 requires local billing authorities to submit a locally determined and approved Business Rates forecast through an NNDR1 (Business Rates budget) return by 31 January each year. This forecast is used to determine the 2022/23 demand

and payment schedule for Business Rates between the billing authority and relevant precept authorities.

3.12 Business Rates forecasting can be very complex and volatile in normal circumstances. The Business Rates income forecast is based on the Government's assessment of what can be collected adjusted by local knowledge and experience of collection rates. However, a small change in the gross Business Rates payable in-year as a result of changes in rateable value or increase in appeals by businesses is difficult to predict and can have a significant impact on the actual benefit realised at the end of the financial year. As a result of the complexity and volatility, accurate forecasting of movements over the short to medium term is difficult. This complexity and volatility has been exacerbated further by the pandemic.

3.13 The Business Rates Taxbase can fluctuate significantly during the year for a number of different reasons, the most common are listed below:

- Changes in occupancy resulting in changes to the Business Rates liability;
- Demolitions resulting in properties being removed from the rating lists;
- New builds and the point at which rateable occupation of these properties is triggered;
- Changes in building use, size, layout;
- Changes in entitlement to mandatory and discretionary Business Rate reliefs;
- Actions taken by property owners/occupier to avoid paying the full liability and maximise their eligibility for reliefs i.e. empty property and charity status;
- Appeals made against rating decisions; and
- Changes in the provision for doubtful debts.

3.14 To aid forecasting and monitoring during the year, the Council monitors the Business Rates liability each month. This helps to identify trends and movements set against the NNDR1 (Business Rates budget) base position for the year.

3.15 The table below shows the 2022/23 Business Rates Income forecast. The forecast is based on the best available information supported by the in-year monitoring of Business Rates.

Table 8 – 2022/23 Forecast Business Rates Income

	2022/23 £000s	2022/23 %
Forecast Business Rates Income	78,190	
Stockport Council Share	77,408	99
Greater Manchester Fire and Rescue Share	782	1
Total	78,190	100

3.16 The income forecast includes £13.368m of reliefs provided to businesses which are compensated by government in the form of S31 grants and included in the 2022/23 Budget. This is based on the 2021/22 Section 31 Grants received and the in-year monitoring of Business Rate reliefs given to businesses.

- 3.17 The 2022/23 NNDR1 (Business Rates budget) return will be submitted on 31 January 2022. It is possible that the forecasts within the return to vary to the forecasts above. If there are significant and material differences between the forecasts, it is recommended that the Business Rates forecasts included in the Council's 2022/23 Budget and MTFP are updated to reflect the NNDR1 (Business Rates budget) figures. On the basis of the above, it is recommended that any decision to vary the 2022/23 Business Rates budget forecast is delegated to the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Resources and Commissioning linked to the submission of the NNDR1 (Business Rates budget) to Government.

2022/23 Forecast 100% Business Rates Retention Pilot Benefit

- 3.18 The continuation of the Greater Manchester Business Rates 100% Retention Pilot in 2022/23 is not yet confirmed. If it goes ahead, this will be the sixth year of the Pilot.
- 3.19 The Council has prudently only budgeted for the level of Business Rates income it would have received under the 50% Scheme. The calculation of the forecast Pilot benefit is the difference between the level of Business Rates income under the 100% Pilot and the 50% Scheme. Given the complexity and volatility of Business Rates the Council considers it prudent not to budget for the expected Pilot benefit within its 2022/23 Budget. Instead the benefit is taken a year in arrears when the final benefit is known (determined by the submission of the Council's NNDR3 [Business Rates outturn] form in April each year). In-year monitoring of the Pilot will continue to give the Council an early indication of the likely benefit to be accrued which can then be considered as part of the Council's 2023/24 Budget, MTFP and investment decisions.
- 3.20 The table below shows the calculation of the forecast Pilot benefit in 2022/23 (the figure shown is the total forecast benefit before any sharing with GMCA):

Table 9 – 2022/23 Forecast 100% Retention Pilot Benefit

	100% Scheme 2022/23 £000	50% Scheme 2022/23 £000	Variance 2022/23 £000
Business Rates - SMBC Share	77,408	38,313	39,095
Business Rates - Top Up/(Tariff)*	(14,689)	6,320	(21,009)
Small Business Rates Relief	9,714	4,808	4,906
Multiplier (exclude Indexation Grant)	6,360	3,148	3,212
Other Reliefs	29	14	15
Top Up/(Tariff) Adjustment	(2,968)	519	(3,488)
Revenue Support Grant*	0	4,643	(4,643)
Public Health Grant*	0	16,794	(16,794)
Total	75,854	74,559	1,295
Balancing Adjustment to Reflect 50% Scheme	(1,295)	0	(1,295)
Total Including Balancing Adjustment	74,559	74,559	0

**Forecasts based on assumptions about the Settlement Funding Assessment to be announced in the Provisional Local Government Finance Settlement in December. For this reason the forecasts presented above remain subject to change.*

- 3.21 The Business Rates budget forecast above results in a favourable adjustment to the MTFP of £1.470m in 2022/23 due to the change in forecast compared to the

one approved in February. This favourable adjustment arises from a budget calculated on an assumed 99% retention basis, replacing the 74% retention basis assumed in the approved MTFP (see Section 5). In addition, Government decisions in the 2021 Autumn Budget announced in October, including the freeze of the multiplier plus assumptions made on the level of Revenue Support Grant (RSG) and Public Health grants, have added to the favourable adjustment. For this reason, the budget forecast remains subject to change until the confirmation of the assumptions made in the Local Government Finance Settlement in December and completion of the 2022/23 NNDR1 (Business Rates budget) return.

Collection Fund Resources

- 3.22 The table below shows the available one-off resources related to the Collection Fund identified to support the 2022/23 budget and MTFP. Members are reminded that this is in addition to the £3.406m of Collection Fund one-off resources relating to over estimates of the budgeted spreading adjustment as part of the 2021/22 budget setting process and the 2020/21 outturn position carried forward (see Table 6) which were included in the MTFP Update presented to Cabinet in September.

Table 10 – Indicative Collection Fund Resources

	One-off £000	Recurrent £000
Council Share of 100% Pilot Benefit Forecast*	1,948	
2021/22 Declared Surplus (before the spreading adjustment)	1,166	
Council Tax Taxbase Increase		1,034
Business Rates Budget Forecast Favourable Adjustment		1,470
Total Available Resource	3,114	2,504

**Assumes a 50% share with GMCA – subject to approval by GMCA and Greater Manchester Treasurers.*

- 3.23 The available resources will be considered as part of the Council in-year position, the 2022/23 Budget, MTFP and Investment decisions. The resources identified remain subject to change as they are based on forecasts and assumptions in relation to the in-year Collection Fund forecast outturn position presented in this report, the approval of the Council Tax Taxbase by Council in January and the submission of the Council's NNDR1 (Business Rates Budget) form to Government in January.

4. BUSINESS RATES POOLING ACROSS GREATER MANCHESTER

- 4.1 The Council signified its intention in October 2021 to be part of the Greater Manchester (GM) pooling arrangement for 2022/23 covering the 10 Greater Manchester Authorities. This is an interim decision and Authorities will have the opportunity to review the Pool application following the release of the Provisional Local Government Finance Settlement in December. This will allow a more informed decision when the position on the continuation of the Greater Manchester 100% Business Rates Pilot is known and further in-year monitoring on individual Authorities Business rates position has been completed. The decision will need to be confirmed to DLUHC within 28 days of the Provisional Local Government Finance Settlement in December 2021.

- 4.2 It is recommended that the Cabinet delegates the decision to continue in the Greater Manchester pooling arrangement in 2022/23 to the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Resources and Commissioning

5. FUTURE DEVELOPMENTS AND CONSIDERATIONS

Autumn Budget 2021 Business Rate Measures

- 5.1 As part of the Governments 2021 Autumn Budget announcements on 27 October 2021, the Chancellor set out the following Business Rates measures:
- A new relief for eligible retail, hospitality and leisure properties giving 50% relief on businesses 2022/23 Business Rates bills up to a maximum of £110,000. Detailed guidance on the application of the scheme has yet to be released by Government;
 - A freezing of the Business Rates multipliers at 49.9p (small business multiplier) and 51.2p (standard multiplier) used to calculate businesses Business Rates liability for the financial year – the multiplier normally increases by the confirmed September inflation rate. Local Authorities will be fully compensated for the Business Rates income loss as a result of the multiplier freeze; and
 - The extension of the current Transitional Relief and Supporting Small Business schemes.

Business Rates Review

- 5.2 Members are reminded that the Conservative manifesto referred to a commitment to:

‘protecting your high street and community from excessive tax hikes’. At the time commentators suggested that ‘improving local high streets within 5 years, as the government intends, is likely to include some fundamental changes to Business Rates’ and that whilst ‘Business Rates as a source of income for local government is acknowledged, the strong impression is that the primary concern is to create a viable business tax rather than to preserve the sector’s income stream.’

- 5.3 The final report of the Business Rates Review was published in Autumn 2021. The objectives of this review are:

- Reducing the overall burden on business;
- Improving the current Business Rates system; and
- Considering more fundamental changes in the medium-to-long term.

- 5.4 The report concludes the government’s review of the English business rates system and includes:

- **Supporting the high street and reducing the burden of Business Rates by providing a tax cut** worth almost £1.7 billion for eligible Retail, Hospitality and Leisure properties, for 2022 to 2023.
- **Cutting the burden of Business Rates for all businesses by freezing the multiplier** for 2022 to 2023
- **Introducing new measures to support green investment** and the decarbonisation of non-domestic buildings.

- **Making the system fairer by moving to three-yearly revaluations from 2023** and bringing forward a technical consultation on the supporting changes later this year.
- **Investing in Business Rates systems to ensure fundamental change** by providing £0.5 billion for the Valuation Office Agency (VOA) as part of the Spending Review, including funding for important changes to upgrade VOA IT infrastructure and digital capabilities.
- **Providing stability ahead of the 2023 revaluation** by extending Transitional Relief and the Supporting Small Business Scheme for 2022 to 2023 to protect small businesses from significant bill increases on the final year of the current revaluation cycle.
- **Considering the arguments for and against an Online Sales Tax** which, if introduced, would raise revenue to fund business rate reductions.

Business Rates Revaluation

- 5.5 The Government has confirmed that the next revaluation of business properties rateable values will take effect on 1 April 2023. The revaluation will be based on property values as of 1 April 2021 *‘so that it better reflects the impacts of Covid-19’*. From 2023, the revaluation of business properties rateable values will be moved to a three-yearly cycle.
- 5.6 Revaluations can have a significant impact on business properties rateable values based on national and local economic conditions. This impact on businesses is smoothed via a national Transitional Relief scheme. A shorter revaluation cycle has an impact on the need for and design of the Transitional Relief scheme in the future. Government will bring forward a consultation on the options for a Transitional Relief scheme for businesses ahead of the next revaluation, to inform the design of the scheme.

Reset of Business Rates Baselines

- 5.7 Previous reports have made reference to a planned reset of the Business Rates baselines set in 2013. To date, with continued focus on recovery from the pandemic, Government have not proceeded with a reset of the baselines. It is assumed that the baselines reset will be deferred to a future date, with some commentators suggesting this could be delayed until 2025/26 if the existing 100% Business Rates Pilots were to continue for a further three years aligned to the Government’s 2021 Spending Review period announced in October.
- 5.8 GMCA, alongside the Greater Manchester Authorities, continues to lobby Government for a partial reset of the Business Rates baselines. A partial reset would mean the Council alongside the other Greater Manchester Authorities will be able to retain an element of the Business Rates growth achieved since the exiting Business Rates baselines were set in 2013. The balance of the Business Rates growth not retained would be redistributed nationally as part of the Government’s Local Authority funding formula incorporating the partially reset baselines. Conversely, a full reset would mean all the growth achieved since 2013 would be redistributed nationally as part of the Government’s Local Authority funding formula incorporating the fully reset baselines.
- 5.9 As part of the simplification of Business Rates accounting, Government is considering options for the basis of future baselines resets. As well as full and partial resets, the Government is also considering phased resets where Local Authorities retain the growth they have achieved since the last baselines reset

for a set period before the growth is redistributed via the Government's Local Authority funding formula in full. The Government will seek views on the options as part of their future consultations on the reforms to the Business Rates Retention System.

75% Business Rates Retention

5.10 The resetting of the business rates retention system, including a planned move from 50% retention to 75% retention, was due in 2022 following a delay from the previous year due to the pandemic. However, recent Government announcements have indicated that at the very least the mechanism for the local retention of Business Rates is likely to be reconsidered. Pixel Financial Management have commented that *'an increase in the local share has not been ruled-out but it would only be pursued if it is consistent with levelling-up'*.

5.11 The Council's Finance Officers will continue to monitor the Government announcements and consultations on the future retention basis linked to the Government's levelling up agenda and ensure the Business Rates forecasts and assumptions included in the MTFP reflect the latest information.

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

6.1 All financial and risk considerations have been included in the report content.

7. LEGAL CONSIDERATIONS

7.1 There are no legal considerations to consider.

8. HUMAN RESOURCES IMPACT

8.1 There will be no impact on the workforce or the workforce of partner organisations.

9. EQUALITIES IMPACT

9.1 There is no impact on the protected characteristic groups.

10. ENVIRONMENTAL IMPACT

10.1 There is no impact on the environment.

11. RECOMMENDATIONS

11.1 It is recommended that the Cabinet:

- Declare a provisional forecast outturn Collection Fund deficit of £16.598m in 2021/22 relating to a Council Tax deficit of £0.618m and Business Rates deficit of £15.980m subject to the delegations below;
- Declare a provisional forecast outturn Collection Fund deficit to be reimbursed to the Council's General Fund in 2022/23 of £16.345m relating to a Council Tax deficit of £0.525m and Business Rates deficit of £15.820m subject to the delegations below;
- Note that the declared position will be offset by Section 31 grants received from Government of £17.688m;

- Note the 2022/23 Council Tax Taxbase for budget setting purposes of 96,883.1 Band D equivalent dwellings. The Council's final 2022/23 Council Tax Taxbase will be presented for approval to the Council meeting on 13 January 2022;
- Note the forecast 100% Pilot benefit from the 2021/22 Pilot of £3.896m based on the Business Rates forecast outturn position presented in the report (subject to change as noted);
- Provisionally approve the 2022/23 forecast for Business Rates income of £78.190m subject to the completion of the NNDR1 (Business Rates budget) to be submitted to Government by 31 January 2022;
- Note the 2022/23 Business Rates budget forecast subject to the completion of the NNDR1 (Business Rates budget) to be submitted to Government by 31 January 2022; and
- Note the available one off resources identified to support the 2022/23 budget, MTFP and Investment decisions.

11.2 It is recommended that the Cabinet delegates the following decisions to the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Resources and Commissioning

- The decision to change the in-year provisional forecast outturn Collection Fund position in 2021/22 prior to declaring the position by 31 January 2022;
- The decision to continue in the Greater Manchester Business Rates pooling arrangement; and
- The decision to vary the Business Rates forecast presented in Table 8 and Table 9 linked to the submission of the NNDR1 (Business Rates budget) to Government.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Elaine Carrington 0161 474 4678 Jonathan Davies on 0161 218 1025 or by email at elaine.carrington@stockport.gov.uk or jonathan.davies@stockport.gov.uk