

EXECUTIVE MEMBER FOR FINANCE AND GOVERNANCE

A meeting of the Executive Member for Finance and Governance was held on Wednesday 8 March 2023.

PRESENT: Councillors , S Walker

**PRESENT BY
INVITATION:**

**ALSO IN
ATTENDANCE:**

OFFICERS: S Blood, D Nolan and J Savage

**APOLOGIES FOR
ABSENCE:**

22/7

EXTENSION OF TRANSITIONAL RELIEF AND SUPPORTING SMALL BUSINESS – NON-DOMESTIC RATES

The Director of Finance submitted a report the purpose of which was to set out the need for a scheme, which is to be based on central government guidance dated 20 December 2021, for the year commencing 01 April 2022.

In terms of background, the report advised that the Government announced in the Budget on 27 October 2021 that it will continue to provide business rates relief previously in place, but which is affected by the delay in the next revaluation not taking effect until 1 April 2023. This benefits ratepayers whose properties have a rateable value up to and including £100,000 who would have received transitional relief and/or Supporting Small Business (SSB) relief in 2022/23, had the statutory transitional relief scheme and SSB scheme extended into 2022/23.

Individual local billing authorities are expected to adopt a local scheme and determine in each individual case when, having regard to guidance, to grant relief under section 47 of the Local Government Finance Act 1988, as amended.

Guidance intended to support local authorities in administering the scheme has been issued setting out the levels of relief that are to be funded. No reasons have been identified to warrant either awarding relief beyond the limitations expressed in the guidance, or for additionally restricting eligibility, in the local scheme. In Middlesbrough, the scheme will therefore mirror the requirements and limitations in the corresponding guidance.

The value of individual relief awards is to be determined in accordance with the parameters set out in the guidance, but must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, rather than before as was the case with the statutory transitional relief scheme.

Central government will reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme of the

relief that falls within the definitions in the guidance provided.

From 1 April 2023, it is the government's intention to allow further SSB relief to be awarded on a new scheme covering the lifetime of the new Rating List following the 2023 revaluation. This basis on which the new scheme will operate is slightly different to those that preceded it, but section 31 grant funding is still to be provided to cover the loss of income to the Council arising from awards made and mitigate the effect for taxpayers of the consequences of changes in rateable values at revaluation.

OPTIONS

Other potential decision(s) and why these have not been recommended

1. To do nothing would leave the Council open to criticism both by central government and businesses, given the express expectation that Councils would use the powers available and funding provided.
2. No specific factors have been identified to justify departing from the government guidance when determining in each individual case whether to grant relief.

ORDERED

That the Executive Member for Finance and Governance approves the adoption of a scheme based on the central government guidance dated 20 December 2021 for the year commencing 01 April 2022 and of any subsequent successor scheme(s) similarly whilst section 31 funding continues and there is no financial impact to the Council.

REASONS

The decision was supported by the following reasons:

1. The Council needs to adopt a scheme to allow Middlesbrough ratepayers to benefit from the policy action taken to minimise the consequences of the changed revaluation cycle.
2. Ratepayers will need to be re-billed at the earliest possible date for the reduction in cost to be factored into their business' accounts.
3. An assessment of Middlesbrough rates records suggests that awards in total are likely to be less than 20 in number with relief applied totalling an estimated £20,000.00 for 2022/23, provided for by the section 31 funding, at net nil cost to the council. The numbers and value are likely to be much greater in 2023/24 as a consequence of the 2023 revaluation.

The decision will come into force after five working days following the day the decision was published unless the decision becomes subject to the call in procedures.

