

CABINET

Date of Meeting	Tuesday, 22 nd November 2022
Report Subject	Consultation on the Reform of Business Rates
Cabinet Member	Cabinet Member for Governance and Corporate Services including Health and Safety and Human Resources
Report Author	Chief Officer (Governance)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Cabinet Members with information on a Welsh Government (WG) consultation seeking views on a wide range of improvements to Business Rates. The proposals, include:

- More frequent revaluation cycles
- Improving the flow of information between government and ratepayers
- Providing the Welsh Government with more flexibility to amend reliefs and exemptions
- A review of reliefs and exemptions
- Providing greater scope to vary the multiplier
- Improving the administration of valuation functions
- Further measures to tackle rate avoidance

The report provides Cabinet with a series of recommended responses on the improvement proposals (as set out in Appendix 1) to specific questions posed by WG.

RECOMMENDATIONS

1	Cabinet is asked to consider the proposals of the Welsh Government Consultation and authorise the Revenues and Procurement Manager in consultation with the Cabinet Member for Governance and Corporate Services including Health and Safety and Human Resources to respond to the consultation questions, as set out in this report.
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REPORT DETAILS

1.00	EXPLAINING THE BUSINESS RATE IMPROVEMENT PROPOSALS
1.01	The legal framework which established the Business Rates system in 1988 predates Welsh devolution, yet it provides the basis for most of the powers of WG to make changes to taxation policy.
1.02	Since 2015, WG became fiscally responsible for all the revenue raised through Business Rates, and this continues to be managed through the national pooling and re-distribution arrangements, with WG carrying the budgetary risks related to fluctuations on an annual basis.
1.03	<p>The consultation sets out a range of proposals which WG believe will improve the Business Rates system. These proposals are also designed to make the system more readily adapted to support the Welsh Government's ambitions and meet future policy needs.</p> <p>The proposals include the following areas of ambition:</p> <ul style="list-style-type: none">• More frequent revaluation cycles, a change which many stakeholders have been calling for, to ensure that rates valuations more accurately reflect up-to-date market conditions, along with additional measures necessary to support this.• Improving the flow of information between government and ratepayers, taking advantage of modern digital services.• Providing the WG with more flexible legislation to amend reliefs and exemptions in future years.• A review of reliefs and exemptions to ensure the arrangements align to the Programme for Government and the available support is targeted in the most effective way• A more responsive and efficient system, which is designed to reflect the economic and social conditions long into the future• Ensure that ratepayers make a fair contribution and clamp down further on instances of avoidance.
1.04	Many of the proposals that are the focus of this consultation will require primary legislation. In a recent statement on the legislative programme, WG announced plans to bring forward a local government finance Bill towards the end of 2023. Subject to the outcome of this consultation, the Bill could provide an opportunity to take forward many of these proposals.
1.05	All proposals within this consultation will require a coordinated approach between the Welsh Government, the VOA, local government and other stakeholders.

2.00	RESOURCE IMPLICATIONS
2.01	Local authorities in Wales collect Business Rates on behalf of Welsh Government. Billing authorities pay the rates contributions into a central

	pool which is first split between unitary authorities and the Police and Crime Commissioners throughout Wales and then re-distributed between each local authority according to shares of adult population.
2.02	The proposals, as set out in the consultation, do not have any direct resource implications for the Council, especially as WG are currently not making any proposals to change the national arrangements for the contribution and re-distribution of Business Rates.
2.03	As part of the response to this consultation we have called on WG to introduce a local rate retention scheme and review the contribution and re-distribution system as the Council should be able to keep a greater share of the business rates in Flintshire.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	The consultation proposals in relation to the national revaluation every three years would be an extensive exercise and resourced through the Valuation Office Agency, the independent central government agency responsible for valuing domestic and non-domestic properties in England and Wales.
3.02	The purpose of a national re-valuation is not to generate additional income from Business Rates overall but to redistribute the same income from Business Rates more fairly and evenly.
3.03	As with any national revaluation, especially if rateable values change more frequently, it is generally recognised that some businesses will pay more, some will broadly stay the same, and some will pay less.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	The purpose of the report is to provide cabinet with the opportunity to comment on the consultation proposals to reform Business Rates and to consider the proposed responses prepared by officers in the Revenue service.

5.00	APPENDICES
5.01	Appendix 1 to this report contains the recommended responses to the list of questions within the consultation paper.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	The Welsh Government Consultation documents are accessible at: https://gov.wales/reforming-non-domestic-rates-wales

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: David Barnes, Revenues & Procurement Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	<p>Programme for Government: sets out the political commitments Welsh Government are committed to deliver over the next 5 years (2021-2026) to tackle the challenges faced by the Welsh public and to improve the lives of people across Wales.</p> <p>Rateable Value: is an estimate of how much a commercial property could rent for per year on the open market at a given point in time. This is then multiplied by the 'rate multiplier' to calculate the business rates liability for a property. Any reliefs or discounts that the property is eligible for are subtracted from the liability in the final net amount payable for business rates</p> <p>National Collection Pool: In Wales, business rates are collected by local authorities and paid into a national 'pool' administered by Welsh Government. The rates are then redistributed to Welsh local authorities and Police and Crime Commissioners as part of the annual Local Government Settlement and Police Settlement.</p>