

Appendix D – Business Rates and Council Tax

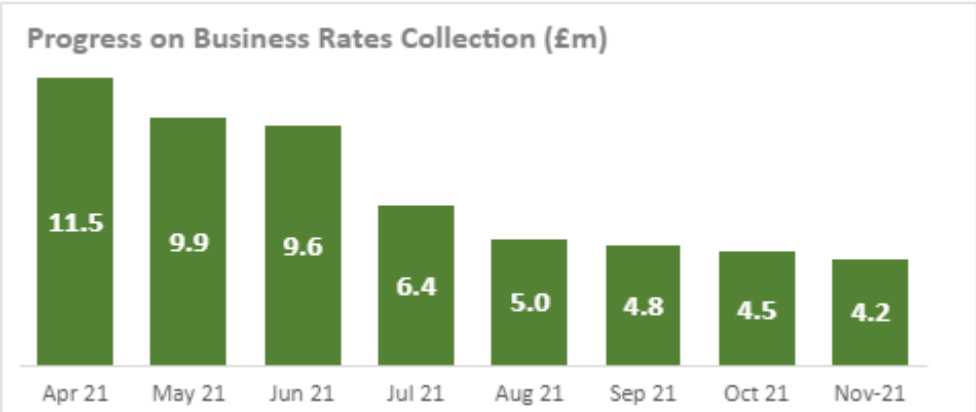
Business Rates (NNDR)

During 2020/21 many ‘Material Change in Circumstance’ (MCC) appeals have been raised by businesses due to the impact C-19 restrictions. The government announced that it would legislate “to rule-out C-19 related MCC appeals”. Instead, Local Authorities would be allocated a share of a new £1.5bn grant that can be used to provide business rates relief to support those local businesses most affected by the pandemic. The [£1.5bn additional relief fund ‘CARF’](#) was announced as part of the Local Government Finance Settlement on 16 December, from which the Council expects to receive £5.9m of grant funding. This will be allocated to business under a discretionary relief scheme, which the Council is now designing to best support these businesses.

The government required Councils to provide the initial Extended Retail, Hospitality and Leisure relief at 100% for the first three months of 2021/22, which meant the Council had to apply this to the whole year in the first instance, creating the net collectable debit (NCD) of c£72m. As per the government policy the Extended Retail Relief was then altered to 66% from 1 July, for the remaining 9 months with the introduction of a cash cap. Applying these changes to the Business Rates system then increased the NCD to c£86m.

The Council’s collection rate for Business Rates income is now **10%** (*11.3% September*) behind target for 2021/22. The collection rate declined in July as a result of billing the changing rates of the extended retail relief as previously explained. This meant that even though the amount of business rates collected had continued to increase throughout, it presents as a lower percentage against the total amount now due, resulting in a sharp drop in the collection rate. The affected ratepayers were required by law to be given until 1 September before paying their first instalment and as such, there will be a delay in business rates collection, resulting in a change of collection profile. It is expected over the course of the year the collection rate will gradually improve.

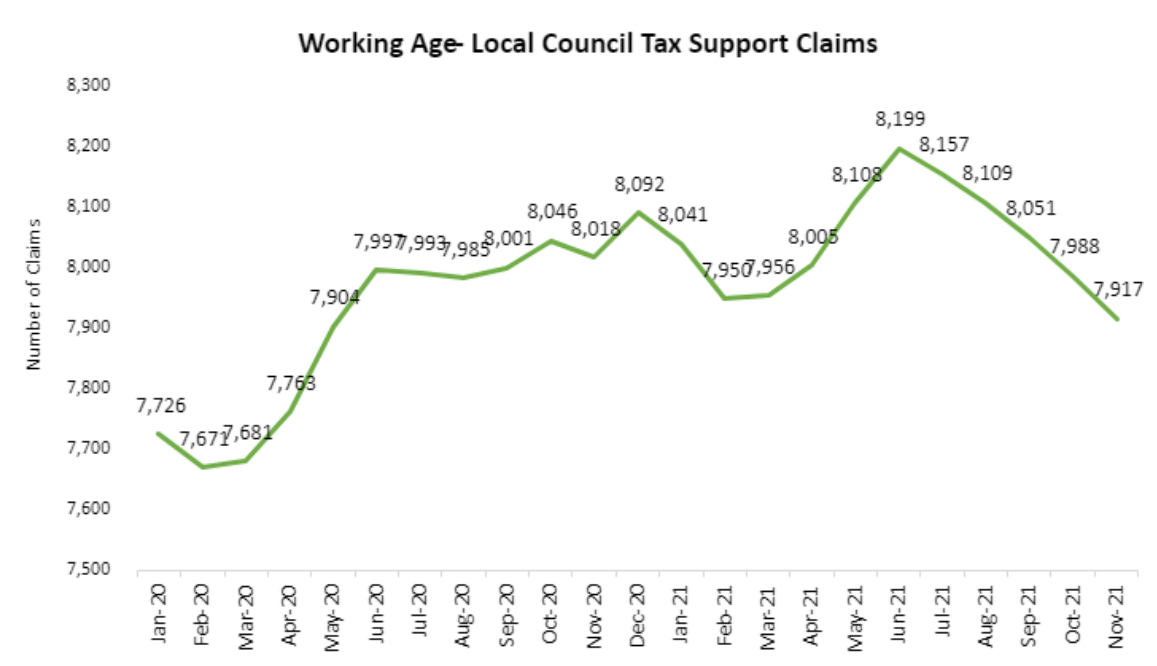
The Council reported within the 2020/21 Outturn Report that it had £11.5m of uncollected Business Rates income at the end of the financial year which equated to an annual collection rate of 81.83%, much lower than the average collection rate of 97.86%. The



Council had put recovery action for these debts on hold in 2020/21 as a result of government guidance and to support local businesses. However, active recovery commenced in February 2021, with an action plan put in place to collect the outstanding balances. This includes the use of additional temporary resource, regular monitoring and more frequent reminder/recovery letters which is in addition to the standard recovery procedures. Since the 1 April 2021 these actions have reduced the outstanding balance by **63% to £4.2m**, as shown in the following chart:

Council Tax

Local Council Tax Support (LCTS) working age caseloads have continued to rise throughout the pandemic, with the most recent monthly position reducing and showing month on month improvement. Since the start of the pandemic there has been a net increase of **246 households receiving support, a 3% rise**. Prior to the C-19 pandemic the working age caseloads were steadily reducing however the pandemic has created significant economic uncertainty. The impact of three periods of Lockdown has seen residents lose sources of income, jobs and placed on furlough. The following chart illustrates the monthly trend:



Despite the increase in LCTS caseloads the collection rate for **Council Tax income collection is roughly on track, only 0.06% ahead of target (0.12% ahead of the target in August) for 2021/22**. This performance will remain under close observation throughout 2021/22 especially as the economy recovers and government road map progresses.