

**Report of Head of Governance and Scrutiny Support**

**Report to Scrutiny Board (Strategy and Resources)**

**Date: 11<sup>th</sup> February 2019**

**Subject: Business Rates Appeals**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**Summary of main issues**

1. In view of its significance and building on the work undertaken by the Strategy and Resources Scrutiny Board last year, issues surrounding the Business Rates regime has remained a key area of interest to the Scrutiny Board.
2. This year, the Board has already received a general update report on current Business Rates issues as part of its November 2018 meeting and continued to acknowledge the impact that the Business Rates regime has on the functionality of the Local Authority as part of its recent consideration of the Council's initial 2019/20 budget proposals.
3. In particular, the Board noted the risk factors associated with potential settlement costs of business rates appeal cases and the corresponding need to make provision for these variances in the budget each year. This volatility presents a significant challenge for medium-term financial planning and contributes to uncertainty and service risk, particularly when coupled with the substantial proportion of the budget being targeted to vulnerable people.
4. Although it has been acknowledged that Leeds City Council, as a billing authority, has no role in setting the Rateable Value (RV) of properties in the city or in the appeals process when an RV is challenged by the ratepayer, the Scrutiny Board agreed to use today's meeting to continue discussions around ways of addressing local authority exposure to appeals risk and volatility.

5. To help inform the Board's discussion, the following information has been provided:
- Appendix 1 – An extract from the report presented to the Scrutiny Board in November 2018 (updated to 31/12/19) detailing factors linked to the continuing volatility of business rates income, including the appeals process.
  - Appendix 2 – A briefing paper on the reduction in appeals numbers in 2018/19 and the incidence of the cost of appeals provisions since 2013/14.
6. Representatives from the Council's Financial Services and Business Rates Team will be attending today's meeting to contribute to the Board's discussion on this matter.

### **Recommendations**

7. The Scrutiny Board is asked to note the content of this report and determine what, if any, further information it wishes to receive or action it wishes to undertake.

### **Background documents<sup>1</sup>**

8. None

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.