

**Business Rates Revaluation 2023: Consultation on the transitional arrangements**

**SIGOMA Response**

SIGOMA are a special interest group representing 47 Metropolitan and Unitary authorities across the country . Data shows that our authorities have benefitted from around 28% of total collected business rates (and related s31 grants ) over the last two year but this is distorted by the 20 SIGOMA members who have been within 100% rate retention pilots.

On a comparable basis, our members tend to have a lower-than-average per capita business rate income and tend to lose from a distribution based on business rates growth compared to one based on need, hence our demand for the long-forestalled re-set of business rates.

We welcome the chance to respond to the consultation

**Question 1: how do you believe the government should strike the balance in the 2023 transitional arrangements between supporting ratepayers facing increases to their bills and allowing the effect of the revaluation to flow through into bills?**

Some members feel that the reduced revaluation period should largely remove the need for an over-elaborate and drawn-out transition scheme whilst accepting that extreme increases may require some form of support.

**Question 2: what format of transitional relief do you think should be provided for the 2023 revaluation?**

Members accept that some relief may be required to the highest percentage increases but feel this should be funded out of governments share of business rates, not by increasing the tax due from those who see a tax reduction

**Question 3: do you think that we should continue to provide assurances through transitional relief that bills will not rise by more than a set percentage due to the revaluation?**

Subject to our answer to Q2 we agree with such a guarantee.

**Question 4: do you think we should provide different caps for different sizes of properties?**

We support the relief being offered to small (RV) properties, government might focus relief on properties moving marginally above the small business threshold

**Question 5: what are you views on how we should fund transitional relief within the requirement for the government to have regard to the object of securing (so far as practicable) that the scheme is revenue neutral over its life?**

As already mentioned, we do not agree that this needs to be a revenue neutral exercise. As transition relief is likely to cost less (due to a shorter transition period) we suggest government could fund transition relief from central share of business rates or general taxation

**Question 6: do you have any other views on the format of the transitional arrangements for the 2023 revaluation**

Members remain concerned about the ability of the VOA to handle a three-year revaluation cycle whilst also addressing an almost open-ended appeals system.

Members are principally concerned that councils should not lose funding from revaluation and any resultant transition funding and that compensation mechanism should be clear enough for them to be able to estimate their business rate income, for so long as rate retention continues.