

Budget Planning Committee

Business Rate Growth

9 July 2013

Report of the Head of Finance and Procurement

PURPOSE OF REPORT

This report provides an update on business rate growth and the likely financial impacts for the Council.

This report is public

Recommendations

The Budget Planning Committee is recommended to note the contents of this report.

1. Current Position

- 1.1 From 1st April 2013, business rates [NDR] will in part be locally retained. Whereas before this date all NDR was paid directly to central government, now a certain percentage is retained by the local authority.
- 1.2 50% is still paid to DCLG, 10% to the County Council and the remainder is retained by Cherwell District Council.
- 1.3 Each local authority had to produce a baseline figure during 2012/13 which is used to assess the amount paid each year.
- 1.4 If a council falls below its baseline by a certain percentage [7.5%] a safety net will kick in so that losses are effectively capped. This will be funded by a levy on any authorities who make disproportionate gains through the new system.

2. Moving Forward

- 2.1 This new method of collection, retention and passing on NDR will evolve over time.
- 2.2 To maximise CDC's retained element of the NDR, robust monitoring is required to ensure that all new commercial property is brought into the list and any empty or demolished premises are noted and reviewed regularly.

- 2.3 Work is being undertaken by all Oxfordshire authorities to monitor and review the movement of business rates and the effect it is having on budgets and forecasts.

3. Considerations

- 3.1 New builds – must be identified, reported and billed quickly to maximise income. This can be done through a combination of sources both internal and external.
- 3.2 Appeals – the nature of NDR is that larger businesses will appeal their rateable values [RV] through the cycle of each local list. These appeals usually take place towards the end of the cycle and can lead to large RV reductions and refunds having to be paid.
- 3.3 Deletions from the list – need to be aware of any commercial premises which are likely to be removed from the list. For example, [although not affecting CDC], Didcot power station has recently been decommissioned and an RV of around £9 million lost from the local list in South Oxon. The largest assessment in CDC is the MOD site at Arccott with an RV of £2.9 million.
- 3.4 Relief – under the old rules, any mandatory relief granted to business was fully funded by central government. Now, any changes or additions are split 50-50 between local and central government. CDC needs to ensure that only genuine cases are awarded relief to minimise our costs. Where appropriate, other fully funded relief, such as small business rate relief should be used instead. Discretionary relief will follow the same funding pattern. A full and rolling review is necessary to ensure only the appropriate organisations are in receipt of assistance.
- 3.5 Empty premises – the government is currently consulting on rates exemption for new built property. This will in effect remove the liability from commercial property owners for a specified time whilst they remain empty, in addition to the 3 and 6 month exemptions currently on offer. This will be funded by government. However, to maintain our financial position, a regular review of empty property should take place.
- 3.6 Collection rates – at present collection rates are at their highest level. Monthly monitoring is undertaken to address any issues as they arise.
- 3.7 Projected growth – we will provide an estimate of the projected growth to members at the meeting (based on the latest information from the Quarter 1 position).

4. Recommendation

- 4.1 The committee is recommended to note the information above and approve the continued monitoring of NDR collection rates, rating appeals and growth to maximise the NDR income for CDC.

Implications

Financial: There are no financial implications arising directly from the production of this report. However members will continue to be kept informed of these financial implications as they arise.

Comments checked by Nicola Jackson, Corporate Finance Manger, 01295 221731.

Legal: There are no legal implications.

Comments checked by Kevin Lane Head of Law & Governance, 0300 0030107.

Risk Management: Expenditure and cost implications will continue to be monitored.

Comments checked by Nicola Jackson, Corporate Finance Manager 01295 221731.

Document Information

Appendix No	Title
None	
Background Papers	
None	
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