



# Business Rates - An Overview

# Business Rates – An Overview

- What is business rates?
- How the Rateable Value has increased over time
- The 50% business rates retention scheme
- Retained business rates
- Appeals
- The future of business rates

# What is Business Rates?

- Business rates are charged on most non-domestic premises.
- How much business rates is charged will depend upon:
  - The **rateable value** (RV) of the property
  - The **multiplier**
  - What **relief** schemes the rate payer is eligible for.
  - The reliefs are either:
    - Mandatory; or
    - Discretionary
- The role of the Inspections team reporting to the Valuation Office
  - Your council needs you! – the role we can all play

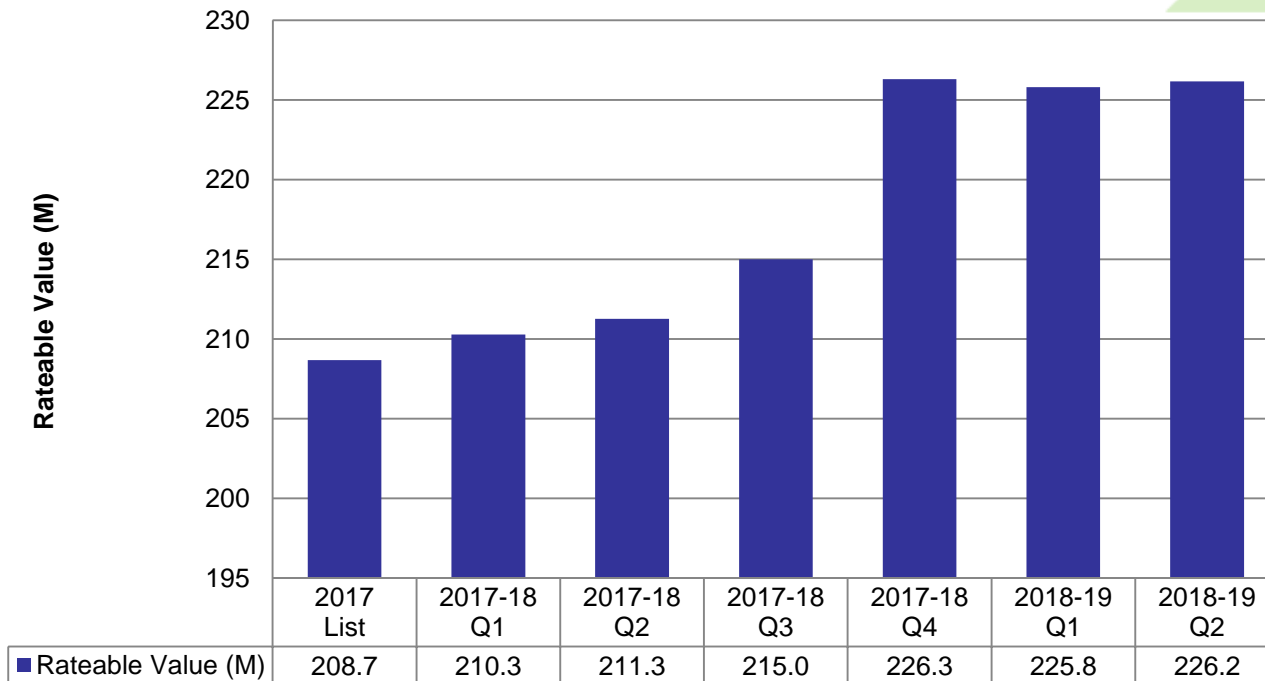
## Rateable Value movement at Cherwell District Council

- Since April 2017, the RV at Cherwell has increased **8%**
  - or **£17 million** from £209 million to £226 million.
  - The number of properties increased from 4,703 to 4,874
  - £11 million as a result of the additional units at Bicester Village.

Property	Rateable Value
Bicester village units 130-162	10,617,000
Tesco, Bicester	2,110,000
Amazon, unit 3, Chalker Way, Banbury	1,280,000
Waitrose, Southam Road, Banbury	885,000
Hello Fresh, Unit 3, Noral Way, Banbury	870,000
Unit 1A, Symmetry Park, Ambrosden	560,000
Norbar Torque Tools Ltd, Banbury	487,500
Arrival Ltd, Unit 2 Southam Road, Banbury	467,500
Miscellaneous movements in growth and decline	213,680
<b>Increase in 2017 List as at Sept 2018</b>	<b>17,490,680</b>

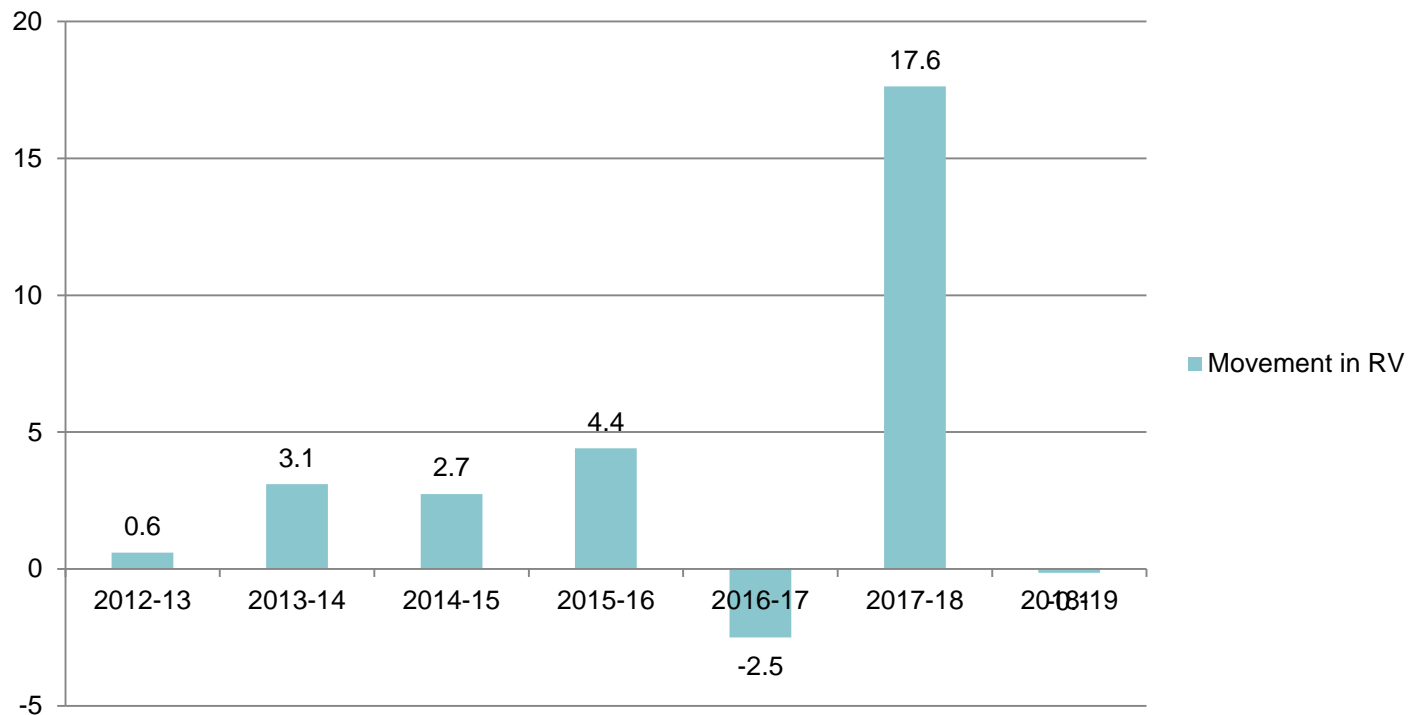
# Rateable Value movement at Cherwell District Council

## Cherwell DC movement in RV since start of 2017 Rating List

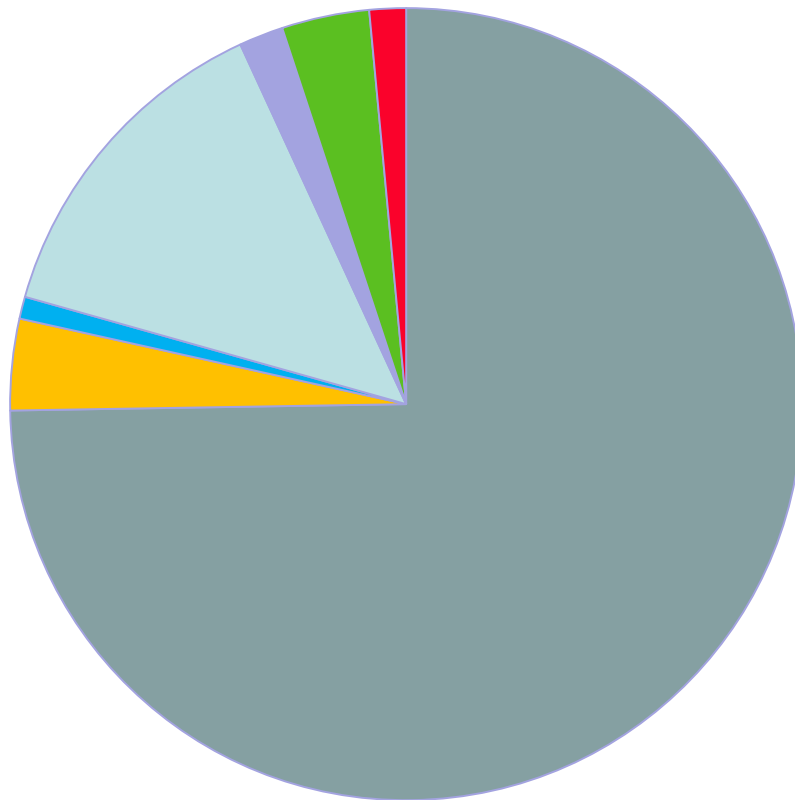


# Rateable Value movement at Cherwell District Council

## Movement in RV in each year



# Types of business in Cherwell



- COMMERCIAL 75%
- EDUCATIONAL 4%
- PUBLIC UTILITIES 1%
- INDUSTRIAL 14%
- LEISURE 2%
- MISCELLANEOUS 4%
- TREASURY (CROWN) 1%

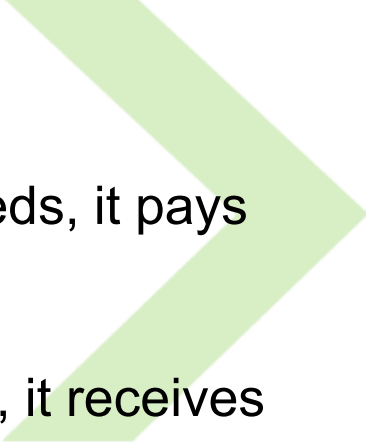
## Top 10 Rate payers in Cherwell

PROPERTY	TOWN	RATEABLE VALUE
MINISTRY OF DEFENCE	BICESTER	2,810,000
ARDLEY ENERGY RECOVERY FACILITY	BICESTER	2,700,000
J SAINSBURY PLC	BANBURY	2,340,000
TESCO STORES LTD	BANBURY	2,270,000
J SAINSBURY PLC	KIDLINGTON	2,190,000
TESCO STORES LTD	BICESTER	2,110,000
RALPH LAUREN UK LTD	BICESTER	2,070,000
JACOBS DOUWE EGBERTS LTD	BANBURY	1,715,000
CHERWELL VALLEY SERVICE AREA	BICESTER	1,710,000
J SAINSBURY PLC	BICESTER	1,660,000
		<b>21,575,000</b>



## 50% Business Rates Retention Scheme

- Been in operation since 2013-14.
- Business rates income has been allocated as follows:
  - 50% central government
  - 40% Billing authority (Cherwell DC)
  - 10% County Council
- However, Cherwell does not keep 40% of the business rates income
- Government compares the income it expects the council to collect (the “**business rates baseline**”) with the level of funding it assesses the council needs (the “**funding baseline**”).

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- Where a council's rates baseline exceeds its funding needs, it pays a “**tariff**” into a national pool;
  - where a council's rates are less than its assessed needs, it receives a “**top-up**”.
  - When a council's business rate income exceeds its baseline, it **retains** 50% of that growth to spend locally;
  - The remaining 50% of the growth above baseline is paid as a “**levy**” into the national pot.
  - If a council's business rates tax base falls, it bears the loss. However, the “**safety net**” – funded by the levy nationally – guarantees that each council will receive at least 92.5% of its baseline funding.

## Effect of Pooling

- Cherwell is a member of the North Oxfordshire pool
  - the levy is paid into the local pool instead of to central government's national pool.
  - Cherwell then receive back a pooling gain to spend locally.
- In 2017-18 the effect of pooling was £2.1m

## How much Business Rates do Cherwell Retain

- In 2017-18, Cherwell collected **£93m** in Business Rates and retained **£9m**

		2017-18	Cherwell Retained
		£m	£m
Business Rates collected in 2017/18		93	
Cherwell Share of income	40%	37	
less tariff paid to central government		-27	
Business rates income remaining		10	
Funding Baseline		3.6	3.6
Growth above baseline		6.4	
50% retained by CDC		3.2	3.2
50% as levy paid to Pool		3.2	
Pooling Gain			2.1
Other income retained:			
Business rates from Renewable Energy sites			0.3
S31 compensation for multiplier cap			0.1
<b>Retained Business Rates</b>			<b>9.3</b>

## Effect on MTFS

- The £9m reflects the business rates performance in 2017-18, however, its not what was reported in budget monitoring as income in the General Fund for that year!
- There is a timing delay between when the surplus is generated and when it is reflected as additional income in the General Fund.
- In 2017/18 the actual Collection Fund surplus was **£0.8m**
- In 2018/19 we have budgeted to show **£0.2m** of this surplus
- So the remaining **£0.6m** will be part of the 2019/20 budget

## Appeals

- Ratepayers can appeal the RV that has been calculated by the Valuation Office.
- In 2017 the process for appealing changed to a 'check, challenge, appeal' process.
  - More difficult for appeals to be lodged
  - Can only appeal once
  - A significant drop in number of appeals lodged
- So far there are currently 10 open challenges at CDC
- The impact of an appeal
  - refund of business rates
  - Reduced business rates going forward
- Current Appeals News – ATMs

## Future of Business Rates

- 75% business rates retention to be introduced in 2020-21
- Oxfordshire authorities submitted a bid to pilot what this would look like in 2019/20 – waiting to hear outcome
- Main principles:
  - Tier splits of 75% to be determined (currently 50% is split: 40% to CDC and 10% OCC)
  - Retain 75% growth above baseline
  - Baseline to be reset
- The Business rates scheme is being reviewed by a working group in central government to simplify it!



# Any Questions?

*Cherwell*

DISTRICT COUNCIL  
NORTH OXFORDSHIRE