

**WEST OXFORDSHIRE DISTRICT COUNCIL**  
**COUNCIL – WEDNESDAY 7 SEPTEMBER 2016**  
**NOTICE OF MOTION - BUSINESS RATES RETENTION SCHEME**  
**REPORT OF THE HEAD OF DEMOCRATIC SERVICES**  
**(Contact: Paul Cracknell, Tel: (01993) 861523)**

**1. PURPOSE**

To consider the Notice of Motion submitted to Council on 21 October 2015 in respect of proposals by Government to extend the Business Rates Retention Scheme and allow local authorities to retain 100% of business rates income.

**2. RECOMMENDATION**

That the Council considers the Motion in light of the recommendation made by the Cabinet at its meeting held on 27 July.

**3. BACKGROUND**

3.1. In October 2015 the following Notice of Motion was submitted to the Council in the name of Mr G Saul namely:

“While welcoming the proposal that Councils should set their own business rates and retain 100% of the proceeds, this Council supports the Local Government Association in calling for:

- Measures to ensure that local areas with less ability to generate business rates income do not suffer as a result of these changes; and
- The power for all councils to vary business rates up as well as down in order to raise funds for vital infrastructure projects; and
- Protection of the funding of local services in November’s spending review so that the financial pressures now facing local councils are not exacerbated by further spending reductions.

In addition, this Council requests:

- clarification of the “extra responsibilities” that local government will be expected to fund through business rates income; and
- details of existing grants that may be lost.”

3.2. As it was considered that further detailed information was required, the Council decided to refer the Motion to a future Cabinet meeting for consideration and report back to the Council when more detail on the proposals would be available.

3.3. A report was prepared for the Cabinet and circulated to all Members. The Cabinet report and appendix appears as item No.10 of the Cabinet agenda which can be viewed on the Council’s website at [CMIS > Meetings](#)

3.4. The report was considered by the Cabinet at its meeting held on 27 July at which time the Cabinet decided that the Council be recommended to request Officers to provide a full response to the Department of Communities and Local Government incorporating the issues raised in the Notice of Motion. The relevant extract from the minutes of that meeting is included in the [Appendix](#).

- 3.5. Members are now invited to consider and determine the Motion in the light of the Cabinet's recommendation.

#### **4. ALTERNATIVES/OPTIONS**

The Council may adopt, reject or modify the Cabinet's recommendation.

#### **5. FINANCIAL IMPLICATIONS**

- 5.1. At this stage it is not possible to set out the financial implications of the proposed changes to the business rates retention system.
- 5.2. The medium term financial strategy has already set out the anticipated financial impact of a system reset under the current arrangements and officers believe that risk is similar in the new system.
- 5.3. Given that the Council has experienced significant growth since the system was established in 2013 a reset will, all other things being equal, lead to a reduction in income for the Council as its resource level will be seen to exceed its needs level leading to a greater tariff.
- 5.4. By moving to a greater share of income being retained locally the risk, depending upon how any tier split with the County Council is determined, will increase but so will the reward potential.
- 5.5. The biggest area of outstanding concern with the current system is the level of outstanding rating appeals and whilst provision has been made for these in the accounts the impact of these is to deflate near term revenues. Under the new scheme, unless specific provision is made for these in the system, the risks locally will be increased as presently the risk is shared with central government with their 50% share in the system.

Keith Butler  
Head of Democratic Services

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Date: 28 July 2016

Background Papers:

None

**Extract from the minutes of the Cabinet meeting held on 27 July 2016**

48. NOTICE OF MOTION – BUSINESS RATES RETENTION SCHEME

The Cabinet received and considered the report of the Head of Paid Service regarding the Notice of Motion submitted to Council on 21 October 2015 in respect of proposals by Government to extend the Business Rates Retention Scheme and allow local authorities to retain 100% of business rates income.

In proposing the recommendation, Mr Morris advised that the Finance and Management Overview and Scrutiny Committee had considered a detailed report on the matter at its last meeting, a copy of which was appended to the current report. The recommendation was seconded by Mrs Baker who implored all Members to familiarise themselves with this highly significant, complex consultation document.

Mr Saul expressed his support for the proposition, indicating that he was content for Officers to incorporate the issues he had raised as they considered fit. He suggested that the Council should make representation to allow all authorities, not only those with Mayors, to raise as well as lower local business rates.

Mr Mills concurred and advised that a large number of authorities had expressed their concern at the inclusion of this distinction in the Cities and Local Government Devolution Bill and were to make representations accordingly.

Mr Saul also questioned why the consent of unelected bodies such as Local Enterprise Partnerships should be required for local variation of business rates.

On being put to the vote the proposition was carried.

**DECISION:** That the details of the consultation paper be noted and the Council be recommended to request Officers to provide a full response to the Department of Communities and Local Government incorporating the issues raised in the Notice of Motion.

**REASON:** The Cabinet considered that a comprehensive response to the consultation paper was necessary in order to support the Council's objective to provide efficient and value for money services, whilst delivering quality front line services.

**OPTIONS:** None appropriate.