

**TO: THE EXECUTIVE
31 MARCH 2015**

**OVERVIEW AND SCRUTINY REPORT ON "A REVIEW OF BUSINESS RATES AND
DISCRETIONARY RELIEF"**

Borough Treasurer

1 PURPOSE OF REPORT

- 1.1 To determine the Executive's response to the recommendations in the report by the Overview and Scrutiny Commission's Working Group on "A Review of Business Rates and Discretionary Relief". This is attached as Annex A to this report.

2 RECOMMENDATIONS

- 2.1 That the following recommendations of the Working Group on "A Review of Business Rates and Discretionary Relief" are accepted:
- a) That efforts are made to ascertain the rate of take up of Small Business Rates Relief in Bracknell Forest, and if similarly low to the national average, to publicise the availability of this valuable relief scheme more widely.
 - b) That the Executive looks for opportunities – perhaps through the Local Government Association, and possibly directly to Government Ministers – to stress to central government the significance of Business Rates avoidance, and the need for early resolution.
 - c) That the Executive Members for Culture, Corporate Services and Public Protection; and Economic Development and Regeneration should ensure there is effective promotion of the proposed Discretionary Business Rate Relief scheme.
- 2.2 That the following recommendation of the Working Group on "A Review of Business Rates and Discretionary Relief" is accepted, with refinements:
- d) That the draft scheme at Appendix 2, along with further considerations and details at Appendix 3, are put forward for consideration by the Executive and implementation during 2015/16.

3 REASONS FOR RECOMMENDATION(S)

- 3.1 The Overview and Scrutiny Commission's Working Group has spent considerable time on the review of a subject about which many local authorities are currently developing their thinking and formulating strategies. The Working Group has made a number of pragmatic recommendations, the most significant of which seek to encourage small businesses to take on premises within the Borough. This is a priority for the Council's Economic Development Strategy.

4 ALTERNATIVE OPTIONS CONSIDERED

4.1 Not applicable.

5 SUPPORTING INFORMATION

5.1 The recommendations from the report and reasons for the responses are set out below:-

5.2 **That efforts are made to ascertain the rate of take up of Small Business Rates Relief in Bracknell Forest, and if similarly low to the national average, to publicise the availability of this valuable relief scheme more widely.**

Agreed.

An initial analysis suggests that the take up within Bracknell Forest is good, with businesses currently in receipt of relief and approximately 16 businesses potentially eligible for this relief, but not yet receiving it. Letters have been sent recently to all 16 businesses, with five applications for relief returned to date. If all 16 businesses were to receive relief, the cost in lost business rate income, would be in the region of £40,000 to £50,000 per annum. Whilst not ideal, there are wider economic benefits from having small businesses located within the Borough, as well as reducing the risk of further empty premises. From the Council's perspective a positive approach to businesses should also secure increased business rate income in the future.

5.3 **That the Executive looks for opportunities – perhaps through the Local Government Association, and possibly directly to Government Ministers – to stress to central government the significance of Business Rates avoidance, and the need for early resolution.**

Agreed.

The government has recently issued a consultation paper on business rates avoidance to which the Council has submitted a robust response. Other opportunities to stress the importance of resolving this issue as early as possible will also be sought. Consideration will also be given to challenging business ratepayers involved in avoidance schemes through court proceedings where there is a reasonable chance of success and a financial incentive for the Council.

5.4 **That the draft scheme at Appendix 2, along with further considerations and details at Appendix 3, are put forward for consideration by the Executive and implementation during 2015/16.**

Agreed with refinements.

The draft scheme has been drawn up after extensive research and has the potential to address one of the Council's key priorities. The biggest risk with any discretionary business rate relief scheme is the extent to which businesses will take advantage of the scheme. Experience across the country is variable with some authorities experiencing a low and slow take up. To a large extent take up depends upon promotion and the inclusion of the scheme within a wider package of support measures for businesses.

Unrestricted

Given the significant financial challenges that the Council still has to face it is important that the scheme has an unambiguous cash limit on the amount of discretionary relief to be granted. This will ensure that the Council is not exposed to any unplanned financial risks. It is therefore, recommended that a discretionary business rate relief scheme be introduced, which will run for a minimum of two years, with an overall financial cap of £300,000 on the amount of relief granted. As an example, relief could be granted equivalent to 100% of the business rates due in the first year, followed by 50% in the second year and zero thereafter. If this approach were to encourage new businesses to locate within the Borough and they were to remain for more than three years, the scheme has the potential to generate additional business rate income in the longer term.

A further report will be presented to the Executive so that the precise details of the scheme can be agreed. Costs incurred during 2015/16 can be met from the contingency, with any ongoing costs being built into the Council's Commitment Budget. To ensure the continued effectiveness of the scheme, annual reviews will be undertaken, with any proposed improvements being presented to the Executive for consideration.

- 5.5 **That the Executive Members for Culture, Corporate Services and Public Protection; and Economic Development and Regeneration should ensure there is effective promotion of the proposed Discretionary Business Rate Relief scheme.**

Agreed.

Effective promotion and clear communication will be essential in order to assess the effectiveness of the proposed scheme and its potential take up.

6 **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

Borough Solicitor

- 6.1 Nothing to add to the report.

Borough Treasurer

- 6.2 The cost of implementing the proposed Discretionary Business Rate Relief Scheme can be met from the contingency in 2015/16.

Equalities Impact Assessment

- 6.3 A draft initial screening is attached at Annex B to this report. This will be updated and finalised when a discretionary business rate relief scheme is agreed for implementation.

Strategic Risk Management Issues

- 6.4 There is a potential risk to the Council's reputation if the scheme is popular with local businesses but there is insufficient funding available to meet all requests for discretionary rate relief. This, however, needs to be balanced against the potential cost to the Council in a challenging financial environment for local government.

Other Officers

6.5 Not applicable.

7 CONSULTATION

Principal Groups Consulted

7.1 None

Method of Consultation

7.2 None

Representations Received

7.3 None

Background Papers

"A Review of Business Rates and Discretionary Relief" by a Working Group of the Overview and Scrutiny Commission.

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