

Report to the Council

Committee: Cabinet

Date: 3 November 2009

Subject: Finance & Economic Development Portfolio

Portfolio Holder: Councillor Chris Whitbread

Item: 7(e)

Recommending:

That the report of the Finance & Economic Development Portfolio Holder be noted.

National Non Domestic Rating Scheme

Members will be aware that the non domestic rates a business pays are calculated by multiplying the rateable value of their property by a rate in the pound (the multiplier) set by the Government. Every five years business properties are re-valued by the Valuation Office Agency to keep the tax base up to date. This is a national exercise and is intended to be revenue neutral across the country as a whole. However, as property values have increased relatively more in and around London than in the rest of the country the share of the tax paid by business in and around London is proposed to increase. After allowing for the proposed transitional scheme the East Midlands is the greatest beneficiary with a reduction of 4% in its share whilst London is the biggest loser with an increase of 3%.

Many local businesses have contacted me to express their concern at the letters they have received from the Valuation Office Agency. These letters give the new property values from the draft list but do not make businesses aware of the reduction in the multiplier which will also be taking place. The draft multiplier and draft scheme of transitional relief will not be announced until mid November and these are unlikely to be confirmed as final until mid January 2010.

I am proposing a Motion later in the agenda which calls on the Government to carefully consider the impact on businesses of the revaluation and asks that when they set the final terms of the new scheme they make the greatest possible reduction in the multiplier, limit increases in bills to no more than 2.5% and double the limits that restrict entitlement to small business rate relief.

Implementing the new scheme will also cause difficulty for our officers as they are already working with an amended scheme for 2009/10. Members may recall that after the bills had already been despatched for 2009/10 the Government introduced a scheme that allowed for the deferment of 60% of the increase in 2009/10 rate bills to 2010/11 and 2011/12. Whilst the general principle of the scheme was welcomed the timing was not helpful and with a revaluation on top of bills including deferred increases it will become difficult for businesses to understand their bills.

A separate issue to the national revaluation is the "correction" of rateable values for a number of businesses in Buckhurst Hill. The Valuation Office Agency have stated that these businesses have previously been incorrectly undervalued and now they have realised their mistake corrected higher valuations have been issued. I urge any

businesses that have been affected by the amended valuations to consider appealing against the new valuation.

Local Business

This Council previously agreed to sign up to the Small Business Engagement Accord that has been developed by the Federation of Small Businesses and I am delighted that the formal signing of the Accord has taken place this evening. The Council continues to work closely with the FSB and the Chamber of Commerce and an excellent event to help businesses boost sales took place in Theydon Bois on 22 October. The event was attended by nearly 100 different businesses and a lot of positive feedback has been received.

I have previously provided assurances about the Council's procurement practices and the level of our spend with local and small businesses and I am pleased to be able to confirm that in 2008/09 56.28% of this Council's spend went to small and medium sized enterprises (SMEs). This compares with 51.70% for district councils generally and 49.62% for authorities in the East of England.

The average local share of spend as a percentage of spend for 2008/09 was 19.06%, which compares with an average of 16.25% for district councils generally. Whilst we must give proper regard to our duty to achieve Best Value and make savings, these figures demonstrate that the Council will do business with SMEs and local firms where possible to support our local economy.