

Report of the Managing Director

BUSINESS RATES LOCAL DISCRETIONARY RELIEF SCHEME**1 Purpose of Report**

To seek approval for a new local discretionary rate relief scheme for businesses adversely affected by the 2017 rating revaluation.

2 Executive Summary

On the 8 March 2017, the Chancellor announced in his spring budget that a scheme of relief would be available for those most adversely affected by the 2017 new rating revaluation.

3 Appendices

None

4 Proposed Action:

The Committee is invited to APPROVE the local discretionary rate relief scheme as detailed in section 6 of the report.

5 Background

5.1 It was announced in the spring budget that a scheme of relief would be introduced to support those most adversely affected by the 2017 new rating revaluation.

5.2 The measures announced:

- give a £1,000 lump sum award to public houses with a rateable value of up to 100,000_{RV}. This award is for one year only and would apply to 41 properties in the area.
- cap increases for business no longer entitled to small business rate relief to a maximum of £600 in the year 2017/2018. This would apply to just one property in the borough.
- make available part of a £300 million discretionary fund to local authorities to assist businesses hardest hit by the revaluation.

5.3 The first two measures are fully funded by central government. The final measure requires this authority to set up a locally agreed scheme which will be funded from our allocation of the discretionary fund.

6 Discussion

6.1 The government intends for local authorities to deliver schemes through the use of discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended).

6.2 The grant funding represents the local government share of 50% of the relief, with central government meeting the other 50% cost. The total allocation shown below therefore represents 40% Borough Council of Wellingborough £80,000 and 10% Northamptonshire County Council £20,000:

| | |
|-----------|----------|
| 2017/2018 | £100,000 |
| 2018/2019 | £42,000 |
| 2019/2020 | £17,000 |
| 2020/2021 | £2,000 |

6.3 The granting of the relief is purely discretionary and there is the option for authorities to choose not to make awards or even have a scheme at all.

6.4 Should a scheme be introduced, businesses will not have to apply for relief as our systems can make the awards automatically. The grant to fund this scheme is ring fenced and therefore cannot be used for any other purpose, cannot be carried forward to future years and any underspends will have to be paid back to central government, thus the funding opportunity would be lost. Should the discretionary scheme exceed the government allocation in any of the years, the direct funding implication to this council would be in the same proportion to the allocation i.e. 40% of the award.

6.5 It is proposed that the borough scheme should be based on the following criteria for ease of administration:

- the hereditament must be occupied
- it must not have a rateable value of £200,000 or over
- the business does not receive a zero bill
- the business must not be in receipt of mandatory charitable relief (at 80%)
- it is not occupied by a precepting authority
- the business must not be a multi-national company (to avoid any state aid issues).

6.6 Utilising this scheme outline, an initial analysis has shown that there would be 106 qualifying hereditaments for the new discretionary business rates relief and that all of the rate increases attributable to the revaluation can be met during year one from the borough allocation.

6.7 The total amount of relief awarded would initially be £84,774.72 (the BCW & NCC share being 50% £42,387.36). This allows for a contingency should other businesses be found that qualify for the scheme or due to retrospective changes in rateable value by the District Valuation Officer.

6.8 It is proposed that for future years the percentage levels of award are adjusted. This will allow for an effective transition to the new rateable values for the affected smaller businesses. The levels are shown in the table below. This approach also makes good use of the available funding allocation in each year.

6.9 **Table showing levels of transitional protection**

| | Protection Available % | Relief Awarded £ | BCW & NCC Share (50%) £ | Grant Available £ | Balance £ |
|-----------|------------------------|------------------|-------------------------|-------------------|-----------|
| 2017/2018 | 100 | 84,775 | 42,388 | 100,000 | 57,612 |
| 2018/2019 | 70 | 59,342 | 29,671 | 42,000 | 12,329 |
| 2019/2020 | 35 | 29,671 | 14,836 | 17,000 | 2,164 |
| 2020/2021 | 5 | 4,239 | 2,120 | 2,000 | - 120 |

6.10 Northamptonshire County Council as a major precepting authority has been consulted about the scheme and they have no comment.

6.11 A general consultation has commenced with customers on these proposals but no comments have been received so far.

7 Legal Powers

The authority has discretionary powers to grant the reliefs first introduced under the Localism Act 2011 under Section 47 of the Local Government Finance Act 1988 (as amended).

8 Financial and Value for Money Implications

The scheme will be cost neutral to the authority due to the allocation of the funds released in the Spring Budget.

9 Risk Analysis

| Nature of risk | Consequences if realised | Likelihood of occurrence | Control measures |
|----------------------|---|--------------------------|--|
| No scheme introduced | No relief granted to support businesses and allocation lost | High | Introduction of discretionary rate relief scheme to allocate the funds |

10 Implications for Resources

None

11 Implications for Stronger and Safer Communities

None

12 Implications for Equalities

None

13 Authors and Contact Officers

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14 Consultees

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15 Background Papers

Local authority discretionary distribution list
Department for Communities and Local Government letter 22nd June 2017