

DISCRETIONARY LOCAL BUSINESS RATES RELIEF SCHEME

Cabinet - 14 September 2017

Report of Chief Finance Officer

Status: For Decision

Also considered by: Finance Advisory Committee - 5 September 2017

Key Decision: No

Executive Summary: The Government has set aside £300m in funding over the period 2017/18 to 2020/21 to support those businesses most affected by the revaluation of Business Rates from 1 April 2017. This report sets out the proposals for awarding discretionary local business rates relief for 2017/18 to 2020/21.

This report supports the Key Aims of: Supporting and developing the local economy and providing value for money

Portfolio Holder Cllr. John Scholey

Contact Officers Sue Cressall Ext. 7041, Paula Porter Ext. 7277

Recommendation to Finance Advisory Committee: Members are asked to recommend that Cabinet approve the proposals for granting relief from business rates for 2017/18 to 2020/21 as set out in the guidelines in Appendix A.

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Reason for recommendation: Relief from business rates provides organisations with valuable support and contributes to the Council's commitment to supporting and developing the local economy.

Introduction and Background

- 1 In the Budget on 8 March 2017, the government announced that £300m in funding over the period 2017/18 to 2020/21 would be provided to support those businesses most affected by the revaluation of business rates from 1 April 2017.
- 2 Each billing authority has an allocation of funding for 2017/18 to 2020/21 based on formulae taking into account the impact of the 2017 revaluation.

- 3 At present the funding is intended to be utilised during the specific year of allocation with no ability to transfer between years. However, this is under review by the government and may be subject to change.
- 4 There is no national scheme to determine which businesses receive the support and billing authorities are required to determine a local scheme.
- 5 Billing authorities are required to consult with major precepting authorities when designing their scheme.
- 6 Billing and precepting authorities will be compensated for lost business rates by way of s.31 grant equivalent to their loss of income under the business rates retention scheme.
- 7 Awards of discretionary business rate relief are made using powers under Section 47 of the Local Government Finance Act 1988 (amended by s69 of the Localism Act 2011).
- 8 The award of relief is subject to the conditions attached to State Aid under European Union regulations.
- 9 Applications for discretionary rate relief may be made up to six months after the end of the financial year for which relief is sought. No discretionary rate relief can be awarded if an application is made outside of the statutory time frame.
- 10 Once awarded, discretionary rate relief may only be withdrawn or reduced if a minimum of 12 months' notice has been given to the recipient.

Sevenoaks' proposed scheme

- 11 Sevenoaks' funding allocation is as follows:

| Year | Funding available |
|-------------|--------------------------|
| 2017/18 | £284,000 |
| 2018/19 | £138,000 |
| 2019/20 | £57,000 |
| 2020/21 | £8,000 |

- 12 The funding has been determined by a formula based on three criteria:
 - a) The total amount of national relief for the year;
 - b) The total increase in bills for an authority where the rateable property has a value for 2017/18 below £200,000 and the increase in the property's bill is more than 12.5%, when compare to its 2016/17 bill (pre-reliefs);
 - c) The sum of total increases in the bills nationally applying criteria b) above.

- 13 Billing authorities are not obliged to exactly mirror the rateable value limits and percentage increases in their scheme; hence the proposed scheme for Sevenoaks, as set out in Appendix A, seeks to offer support to a wider range of businesses.
- 14 The scheme sets out the maximum amount of relief to be awarded in 2017/18 and provides indicative levels of relief for subsequent years on the basis that the government does not permit funding to be transferred between years.
- 15 It is the intention to submit further reports for future years confirming the level of support to be made available.
- 16 Based on initial estimates, if relief is claimed by and awarded to all qualifying customers at the suggested rates, the projected amount of relief awarded will be as follows:

| Year | Estimated total relief |
|---------|------------------------|
| 2017/18 | £228,053 |
| 2018/19 | £114,027 |
| 2019/20 | £38,009 |
| 2020/21 | £7,602 |

Other Options Considered and/or Rejected

- 17 Relief could be made available to ratepayers with higher rateable values than that proposed. However, this has not been recommended as the current proposals are sufficient to provide significant assistance to the small to medium sized properties within the District.

Key Implications

Financial

- 18 Since 1 April 2013 all discretionary relief granted has come under the provisions of the business rate retention scheme. The cost of relief is initially shared between Central Government (50%), and local authorities (50%). Of this Sevenoaks District Council is required to fund 40%. However, due to the complexities of business rate retention, the actual impact is likely to be significantly lower.
- 19 The government has committed to compensating billing and precepting authorities by way of s.31 grant for their share of the cost of awarding discretionary local business rate relief.

Legal Implications and Risk Assessment Statement

- 20 There are no legal issues.

Risk Assessment Statement

21 There are no perceived risks associated with the proposals

Equality Assessment

22 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

23 There are clear benefits to the business community of awarding discretionary local rate relief and therefore the proposals are submitted for endorsement as per Appendix A.

Appendices

Appendix A - Guidelines for considering applications for Discretionary Local Business Rates Relief

Background Papers:

[DCLG Consultation March 2017](#)

[Business Rate Information Letter 20 June 2017](#)

Adrian Rowbotham
Chief Finance Officer