

CABINET MEMBER DECISION RECORD TEMPLATE

This form should be used to record Executive decisions taken by Cabinet Members

<p>Decision Ref. No:</p>
<p>Responsible Officer: Adam Richens, Chief Financial Officer</p>
<p>Subject: Business Rates Revaluation Support Scheme</p>
<p>Decision taken: To approve the Business Rates Revaluation Support Scheme</p> <p>Delegate to the Chief Financial Officer the work to consult with major preceptors and implement the scheme unless a major objection from the preceptors is raised.</p> <p>Note that affected ratepayers will be contacted and their bills adjusted once the feedback from the major preceptors has been received.</p>
<p>Reasons for the decision: Government announced in their March 2017 budget, funding from 2017/18 to support a Business Rates Revaluation Support Scheme.</p> <p>The purpose of the funding is to support those businesses that face the steepest increase in their business rates as a result of the 2017 revaluation exercise.</p> <p>Government have not prescribed a national scheme as they consider local authorities are best placed to determine how this funding should be targeted within their area.</p> <p>The implied indications are that Government expect local authorities to have reissued the relevant bills by the end of August 2017.</p>
<p>Call-in and Urgency: The decision is subject to the Council's call-in procedures.</p>
<p>Background: Please see attached report and criteria document.</p>
<p>Options - and reasons for rejection: Numerous permutations and sensitivities were undertaken and considered.</p> <p>The recommended scheme is the one which focuses on local businesses operating wholly within the Council's, or adjacent to the Council's, area.</p>
<p>Consultations undertaken: Specific consultation has been undertaken with the Leader and Portfolio Holder for resources.</p> <p>Consideration of other local authority schemes under development has been undertaken insofar as they are available.</p>

Wider consultation has been limited based on the limited guidance from Government and the need to get the relief in place as soon as possible.

As per the decision consultation with the major preceptors (Poole/Fire) will be undertaken.

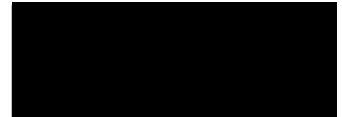
Finance/Resource Implications:

As set out in attached report.

Name: *SHAUN DARCY*

Date: *25/08/17*

Assistant
Signature: (of Chief Finance Officer)



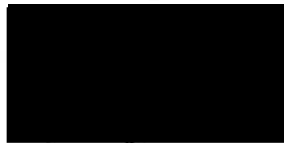
Legal implications:

As set out in attached report.

Name: *TANYA COUNTER*

Date: *25/08/17*

Signature: (of Monitoring Officer)



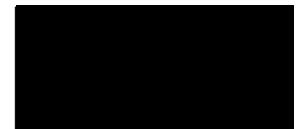
Risk assessment:

As set out in the attached report the main risks are;

- a) that the ratepayers who have not been granted relief will appeal against the decision. The appeals process will have an initial administrative resource implication and subsequently could lead to an additional cost exposure for the Council if successful. This risk is partially mitigated by a £29,000 contingency held against the £366,000 available.
- b) that the scheme will not accord with ratepayers expectations around the extent of relief or how the relief has been targeted. The scheme is restricted based on the Government grant available.

Name: *SHAUN DARCY* Signature: (of Officer completing assessment)

Date: *25/08/17*



Impact Assessments:

As set out in the attached report

Information for/not for publication:

Confidential appendix on likely impacted ratepayers.

Background papers:

Government: Spring 2017 Budget

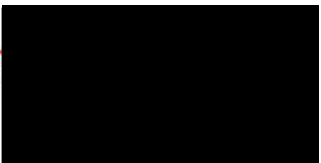
Department for Communities and Local Government: Business Rates: Consultation on proposals on the design and implementation of the locally administered Business Rates Relief Scheme.

Any conflict of interest declared by a Cabinet Member who is consulted by the Member taking the decision	Name of Cabinet Member	Nature of interest	Details of any dispensation granted by the Monitoring Officer
Yes/No* (*Delete as appropriate)			

Decision taken by:

Councillor BROADHEAD (Print name) Cabinet Portfolio

LGR + ECONOMIC GROWTH.

Signed 

Date of decision: 25.8.17.

Date of publication of record of decision: (to be inserted by Democratic Services)
29 August 2017

Date decision effective - that is 5 working days after the date of publication of the record of decision unless the decision is called-in for consideration by the relevant Overview and Scrutiny Panel:
6 September 2017 -insert date-

BOURNEMOUTH COUNCIL

MEMBER DECISION RECORD

Business Rates Revaluation Support Scheme

1 Purpose

- 1.1 The main purpose of this report is to:
- a) provide the background to the business rates revaluation support scheme.
 - b) seek the Portfolio Holder for Local Government Reorganisation & Economic Growth's approval of the proposed scheme for Bournemouth

2 Decisions Required

That the Portfolio Holder for Local Government Reorganisation & Economic Growth;

- 2.1 Approves the Business Rates Revaluation Support Scheme.
- 2.2 Delegate to the Chief Financial Officer the work to consult with the major preceptors and implement the scheme unless a major objection from the preceptors is raised.
- 2.2 Note that affected ratepayers will be contacted and their bills adjusted once the feedback from the major preceptors has been received.

3 Background

- 3.1 On the 8 March 2017, as part of the 2017 Spring Budget, the Government announced that they had allocated £300m over a four year period from 2017/18 to a Business rates revaluation support scheme. The purpose of the funding is to support those businesses that face the steepest increases in their business rates as a result of the 2017 revaluation exercise.
- 3.2 This funding was in addition to other support of business rates announced in the budget which included a £1,000 discount for pubs with a rateable value of less than £100,000 and protection for businesses coming out of Small Business Rates Relief.
- 3.3 The £300m revaluation hardship funding was made available as follows;

	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
Nationally	£175m	£85m	£35m	£5m

Allocations to the two Councils are as follows (£000s);

	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
Bournemouth	£366	£178	£73	£10
Poole	£322	£156	£64	£9

- 3.4 These allocations are for the total amount of relief to be provided to the local ratepayer. Councils will receive a section 31 grant for their share of any reduction in business rates as a result of awarding the relief.
- 3.5 In Poole there are approximately **350** properties facing an increase of more than **10%** in their Business Rates payable and **680** in **Bournemouth**. The additional amount payable by these businesses is approximately £2.5m in Poole and £3m in Bournemouth.

4 Context

- 4.1 The Government have not prescribed a national scheme and have clearly stated that it is for each Local Authority to devise its own scheme. Their view is that local government is best placed to determine how this funding should be targeted and administered to support those businesses within their area in greatest need.
- 4.2 However the Government will only allocate resources to Local Authorities on the condition that it will be used to provide support to
- *Those ratepayers who are facing an increase in their bill following the 2017 revaluation.*
 - *Those that face the most significant increase in their bills.*
- 4.3 Local Authorities are also expected to consult with major precepting authorities (police/fire) and receive their feedback prior to the implementation of any scheme. Consultation is also required with combined authorities where applicable the assumption being that this would not be necessary. No communication with the ratepayer will take place until the preceptors feedback has been received and considered.

5 Proposed Policy

- 5.1 It is recommended that the relief is awarded after;
- a) any other relevant reliefs have been applied and is limited to the increase in business rates liability of the ratepayer comparing 2016/17 to 2017/18.
 - b) Based on the following principles that more support will be provided to ratepayers.
 - facing an increase in their bill following the 2017 revaluation exercise.
 - seeing the most significant increases in their bills.
- 5.2 The proposal
1. The scheme is designed to assist ratepayers who have suffered a significant increase in rate liability, specifically caused by an increase in their Rateable Value, due to the 2017 Revaluation. Any Ratepayers who despite such an increase in Rateable Value have not seen an increase in their net bill for 2017/18 will not be eligible for this relief.

2. In assessing any potential entitlement to an award under this scheme, the Council will compare the following:
 - a. The rate liability of the ratepayer at 31 March 2017 after any reliefs and reductions; and
 - b. The rate liability of the ratepayer at 1 April 2017 after any reliefs and reductions;
3. Relief will be awarded where the calculation in 2 above would result in an increase of more than **12%**.
4. Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted for unoccupied premises;
5. Relief will only be granted to ratepayers who were in occupation at 31st March 2017 and in occupation on 1st April 2017 and for each day subsequently;
6. Ratepayers taking up occupation after 1st April 2017 will **not** be eligible for relief on the basis that new ratepayers would not have suffered from increases due to a revaluation;
7. Relief will be targeted to local independent businesses and not those businesses that are part of a franchise, national or multi-national in nature. Local businesses are, for the purposes of this scheme, those which have premises wholly in the Council's and adjacent Council's area;
8. Relief may be awarded for more than one premises as long as **all** criteria are met;
9. Relief will not be awarded where:
 - a. Mandatory relief is granted (S43 (6) of the LGFA 1988);
 - b. The ratepayer has applied for a reduction under S44a of the Local Government Finance Act 1988; and
 - c. The hereditament has an increase in Rateable Value after the 1st April 2017 which increases the rate charge above the 1st April 2017 value.
10. Relief will not be awarded for hereditaments which are wholly or mainly used for:
 - a. Banks, Building Societies, cash points, bureau de change, payday lenders, betting establishments, pawn brokers;
 - b. Schools, Academies, Universities or other higher education institutions;
 - c. National Health Service; including NHS & Foundation Trust, Practitioners who provide services under contract to the NHS;
 - d. Public Bodies such as Councils, Fire Authorities, Police, Unions, legislative bodies and the armed forces;

11. Any ratepayers who would qualify for an award for this relief of £25 or less will not be eligible.

5.3 Applications.

The Council will automatically apply the relief based on its assessment of the criteria. It will write to all those businesses affected enclosing details of the scheme and a reduced bill. The information included will detail how to contact the Council if the ratepayer does not want the relief due to state aid. Details of the scheme will also be made available on the Council's website should any ratepayer believe they are entitled and the Council has not directly awarded. In addition;

- i. Applications for relief cannot be backdated more than 6 months following the end of the financial year to which they relate, even in the case of a change in rating list by the Valuation Office Agency.
- ii. All applications must be signed by a person of sufficient responsibility within the organisation, for example a Director or Company Secretary.
- iii. Any award applied is dependent on supporting legislation.

5.4 Calculation of relief – 2017/18

100% relief of any amount over a 12% increase.

5.5 Review of the criteria

Funding has been confirmed by Government in 2017/18 and is indicative for the three subsequent years. Continued support to businesses under this criteria will therefore be dependent on confirmation of future years funding by Government. The allocation of funding is broadly fifty per cent smaller in year two and a further fifty per cent smaller in year three. In 2020/21, the fourth and final year, the anticipated award is minimal (£10,000 or less in total). A review of the business rates revaluation support relief scheme will therefore be undertaken in 2017/18 to ensure that support is most appropriately distributed and continues to support those local independent businesses experiencing the highest increases in their bills

6 Financial Implications

6.1 A confidential appendix identifies that it is intended to directly award £337,000 of the £366,000 available. This enables an element of the total to be held in reserve as a contingency for other ratepayers coming forward and mitigates against the risk of a potential overspend.

7 Legal Implications

7.1 The legislation covering this discount is within Section 47 of the 1988 Local Government Finance Act as amended by the Localism Act 2011.

7.2 Awards of relief made under Section 47 of the 1988 Act usually amount to state aid. The state aid de-Minimis is approximately £55,000 per annum (This is the equivalent of €200,000 euros over three consecutive years).

8 Equality Implications

8.1 The reports recommendations will not have a direct impact on any of the 9 protect characteristics.

9 Risk Management Implications

9.1 This report and the outlined recommendations will form part of the mitigation strategy associated with the following risks which appear on the Council's Corporate Risk register:

- Failure to respond effectively to changing national policy agenda within the local context of the town **(CR02)**
- Failure to positively manage the Council's leadership role in the development of the local economy **(CR07)**

9.2 The main specific risks include;

- a) that the ratepayers who have not been granted relief will appeal against the decision. The appeals process will have an initial administrative resource implication and subsequently could lead to an additional cost exposure for the Council if successful. This risk is partially mitigated by a £29,000 contingency held against the £366,000 available.
- b) that the scheme will not accord with ratepayers expectations around the extent of relief or how it has been targeted. The scheme is though restricted based on the Government grant available.

A RICHENS
CHIEF FINANCIAL OFFICER
3 August 2017

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e-mail: a.richens@poole.gov.uk

Background Papers

None

Bournemouth Borough Council

Discretionary Rate Relief Criteria

Businesses Rates Revaluation

Support

INTRODUCTION

The Localism Act of 2011 (“the Act”) amended the discretionary powers available to Councils with effect from April 2012. Specifically, section 69 of the Act amended section 47 of the Local Government Finance Act 1988 (“the 88 Act”). Section 47 of the 88 Act enables the Local Authority to grant relief to any ratepayer, including profit making organisations and individuals, with the proviso that awarding relief is in the interests of its Council Tax payers

Any use of this additional discretionary power would normally have to be funded in full by the local authority, as government funding is not normally available to offset the cost of granting this relief.

Since the introduction of The Act, the Government has introduced a number of measures aimed at providing business rate relief to qualifying ratepayers whilst guaranteeing to reimburse local authorities for the local share of discretionary relief by way of a grant under section 31 of the Local Government Act 2003 (“the 2003 Act”).

This document gives guidance to officers administering claims for discretionary relief under the discretionary powers provided by the Act in regards to Business Rates Revaluation Support.

BUSINESS RATES REVALUATION SUPPORT - BACKGROUND

The legislation covering this discount is within Section 47 of the 88 Act as amended by the Localism Act 2011.

The Government has committed to fund a relief scheme for Businesses adversely affected by the 2017 Business Rates revaluation. The intention is that the scheme will last for four years and will be funded by a s31 grant under the 2003 Act. The funding provided by this relief is as follows;

2017/18	£366,000
2018/19	£178,000
2019/20	£73,000
2020/21	£10,000

Awards of relief made under s47 of the 88 Act usually amount to state aid. The state aid de-Minimis is approximately £55,000 per annum (This is the equivalent of €200,000 euros over three consecutive years).

*This figure expressed in sterling will be calculated on the exchange rate applicable on the date of the decision to award the relief.

All necessary adjustments are calculated by the billing authority. The relief is awarded after any other relevant reliefs have been applied and is limited to the increase in business rates liability of the ratepayer comparing 2016/17 to 2017/18.

Under the Act any discount is discretionary.

BUSINESS RATES REVALUATION SUPPORT – PRINCIPLES

The principles behind the relief scheme are that more support will be provided to Ratepayers;

- A) facing an increase in their bill following the 2017 revaluation exercise.
- B) seeing the most significant increases in their bills.

BUSINESS RATES REVALUATION SUPPORT – PROPOSAL

1. The scheme is designed to assist ratepayers who have suffered a significant increase in rate liability, specifically caused by an increase in their Rateable Value, due to the 2017 Revaluation. Any Ratepayers who despite such an increase in Rateable Value have not seen an increase in their net bill for 2017/18 will not be eligible for this relief.
2. In assessing any potential entitlement to an award under this scheme, the Council will compare the following:
 - a. The rate liability of the ratepayer at 31st March 2017 after any reliefs and reductions; and
 - b. The rate liability of the ratepayer at 1st April 2017 after any reliefs and reductions:
3. Relief will be awarded where the calculation in 2 above would result in an increase of more than 12%.
4. Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted for unoccupied premises;
5. Relief will only be granted to ratepayers who were in occupation at 31st March 2017 and in occupation on 1st April 2017 and for each day subsequently;
6. Ratepayers taking up occupation after 1st April 2017 will **not** be eligible for relief on the basis that new ratepayers would not have suffered from increases due to a revaluation;
7. Relief will be targeted to local independent businesses and not those businesses that are part of a franchise, national or multi-national in nature. Local businesses are, for the purposes of this scheme, those which have premises wholly in the Council's and adjacent Council's area;
8. Relief may be awarded for more than one premises as long as **all** criteria are met;
9. Relief will not be awarded where:
 - a. Mandatory relief is granted (S43 (6) of the LGFA 1988);
 - b. The ratepayer has applied for a reduction under S44a of the Local Government Finance Act 1988; and
 - c. The hereditament has an increase in Rateable Value after the 1st April 2017 which increases the rate charge above the 1st April 2017 value.

10. Relief will not be awarded for hereditaments which are wholly or mainly used for:
 - a. Banks, Building Societies, cash points, bureau de change, payday lenders, betting establishments, pawn brokers;
 - b. Schools, Academies, Universities or other higher education institutions;
 - c. National Health Service; including NHS & Foundation Trust, Practitioners who provide services under contract to the NHS;
 - d. Public Bodies such as Councils, Fire Authorities, Police, Unions, legislative bodies and the armed forces;
11. Any ratepayers who would qualify for an award for this relief of £25 or less will not be eligible.

APPLICATIONS

The Council is keen to identify ratepayers who may qualify for the relief and as such will look to encourage certain ratepayers to apply. The Council will look to simplify the application process wherever possible. Where required applications must be made on the prescribed forms supplied by the Authority, and ratepayers are expected to provide sufficient evidence to enable a determination to be made by the Authority.

- i. Applications for relief cannot be backdated more than 6 months following the end of the financial year to which they relate, even in the case of a change in rating list by the Valuation Office Agency.
- ii. All applications must be signed by a person of sufficient responsibility within the organisation, for example a Director or Company Secretary.
- iii. Any award applied is dependent on supporting legislation.

CALCULATION OF RELIEF - 2017/18

Award = Increase in rate liability calculated in (2) above - 100% relief after percentage increase identified in (3) above.

DISPUTES

A ratepayer dissatisfied with a decision made under this Criteria may make an appeal to request that the decision be reviewed, with the exception of decisions made by the Portfolio Holder which shall be final. Requests for the decision to be reviewed should be received by the Council within four weeks of the notification of the award or refusal of an award.

STATE AID

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However discretionary relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)2.

The De Minimis Regulations allow an undertaking to receive up to 200,000 euros of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. The threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation). In basic terms this means discretionary assistance which could have the effect of distorting competition between similar undertakings within the European Union.

REVIEW OF THE CRITERIA

Funding has been confirmed by Government in 2017/18 and is indicative for the three subsequent years. Continued support to businesses under this criteria will therefore be dependent on confirmation of future years funding by Government. The allocation of funding is broadly fifty per cent smaller in year two and a further fifty per cent smaller in year three. In 2020/21, the fourth and final year, the anticipated award is minimal (£10,000 or less in total). A review of the business rates revaluation support relief scheme will therefore be undertaken in 2017/18 to ensure that support is most appropriately distributed and continues to support those local independent businesses experiencing the highest increases in their bills