



**Hinckley & Bosworth
Borough Council**

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION
EXECUTIVE

9 October 2017
18 October 2017

WARDS AFFECTED:

All Wards

BUSINESS RATES RELIEF SCHEMES 2017/18

Report of Head of Finance

1. PURPOSE OF REPORT

1.1 To advise Members of additional business rate relief schemes arising from the Government's Spring Budget and to agree the recommendations below.

2. RECOMMENDATION

2.1 That the Executive notes the introduction of the prescribed schemes detailed below and delegates authority to the Head of Finance to administer:

- a) The Public Houses Relief Scheme and
- b) The Supporting Small Business Relief Scheme.

2.3 Approve the Revaluation Discretionary Rate Relief Scheme for 2017-18 at Appendix 1.

2.4 Delegate authority to the Head of Finance to administer and award the reliefs in accordance with the Revaluation Discretionary Rate Relief Scheme as outlined in the report including revising the scheme for the subsequent three years.

3. BACKGROUND TO THE REPORT

3.1 The rateable values of all non-domestic properties have recently been re-assessed by the Valuation Office Agency, with the new rateable values being in force from 01/04/2017. As a result of the revaluation some businesses are facing large increases in the amount they have to pay.

- 3.2 When a revaluation takes place the government designs a transitional relief scheme which phases in any large increases or decreases in rateable values over several years. Any such schemes must be implemented by the Council as a billing authority.
- 3.3 In the Spring Budget in March 2017, the Chancellor announced three further relief schemes to support certain businesses as a result of the 2017 revaluation. These reliefs were:
- **Public Houses Relief Scheme** - Eligible public houses with a rateable value of below £100,000 will receive up to £1,000 discount on their bill in 2017/18.
 - **Supporting Small Businesses** - From 1 April 2017 the thresholds for Small Business Rate Relief have been changed and this along with the revaluation has resulted in some businesses facing large increases in the amount payable.
 - **Discretionary Revaluation Rate Relief** - A £300 million pot of money will be distributed to local authorities over the next 4 years for them to help businesses facing large increases as a direct result of the 2017 revaluation. Our allocation is £279,000 for 2017/18, which will be covered by a grant allocation to cover our element, being £139,500. The other 50% representing amounts that would normally be passed on to Central Government.
- 3.4 The design and administration of revaluation discretionary rate relief schemes is for local authorities to determine, and is independent of the Council's existing Discretionary Rate Relief policy.

Details of each scheme

Public House Relief Scheme

- 3.5 This Relief applies for one year only to occupied properties. The eligibility criteria listed in Business Rates Implementation Letter (BRIL 4/2017) will determine the level of relief available. The intention is that eligible public houses should:
- Be open to the general public
 - Allow free entry other than when occasional entertainment is provided
 - Allow the consumption of alcohol without requiring food to be consumed
 - Permit drinks to be purchased at a bar
- 3.6 This means it will exclude certain premises, such as restaurants, cafes, nightclubs, hotels, snack bars and guest houses amongst others. The Council has identified 59 properties to date which it believes will be eligible for this relief.

Supporting Small Businesses

- 3.7 Following further guidance from the Department for Communities and Local Government (DCLG) 20 properties have been identified which will potentially benefit from the cap on business rate increases for small businesses.
- 3.8 The Supporting Small Business Relief will ensure that the increase per year in the bills of these ratepayers is the greater of:
- 1) a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% (2017/18 to 2021/22) all plus inflation; or

2) a cash value of £600 per year (£50 per month). This cash increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief will pay something.

3.9 Although we have identified all those affected, there is still a need to update our software to apply the discounts, which should be actioned by mid-October 2017

Revaluation Discretionary Rate Relief Scheme

3.10 This is the only element where Billing Authorities are responsible for designing the scheme that will operate in their areas. Officers have consulted, as required, with the Council's major preceptors (Leicestershire County Council and the Leicestershire Combined Fire Authority) and met with other Leicestershire authorities. The scheme will allow each authority to apply local variances in line with each authority's grant allocation. The Department for Communities and Local Government (DCLG)CLG has announced the amounts it intends to allocate to this authority over the next 4 years as follows:

Council	17/18	18/19	19/20	20/21
HBBC	279,000	136,000	56,000	8,000

3.11 DCLG have confirmed that there is no flexibility in the funding and no carry forward are permitted

Proposals for the Revaluation Discretionary Rate Relief Scheme

3.12 The proposed scheme set out below is for the 2017/18 financial year only. Given the tapering nature of the grant the scheme will be reviewed for subsequent years.

3.13 In 2017/18, the relief will be awarded to businesses in Barwell, Earl Shilton, Market Bosworth and Hinckley Town Centre (the BID area).

3.14 Relief will be awarded on the basis of the items in the table below:

To Include	To Exclude
Properties with rateable values less than £51,000 that have had a 12.5% increase in RV and are in receipt of Transitional Relief (TR)	Multi property businesses, national chains, international operations and all those with substantial turnovers and high profits
Occupied properties	Public Houses as they will fall under the Pub Relief Scheme
	County Council and Parish/Town councils
	Ratepayers in receipt of mandatory and/or other discretionary relief
	Ratepayers in receipt of Small Business Rate Relief
	Ratepayers with less than £600 extra to pay in 2017/18
	Exclude certain Valuation Office property codes/descriptions (Appendix 1)

- 3.15 The funding allocation was determined by Central Government on the basis of the number of businesses in each area with Rateable Values less than £200,000 which have experienced an increase in their rateable value of over 12.5%. DCLG have confirmed that the criteria for funding does not have to be used for in the scheme criteria. The Discretionary Scheme can be determined by each Local Authority in accordance with their specific aims and priorities.

Further Action Required

- 3.16 Formal response to from main preceptors providing to be provided August/September 2017, no objection expected based on initial discussions.

Administration costs

- 3.18 The DCLG intends to pay authorities a new burden sum in respect of the additional administration and IT related costs of administering the new schemes, in line with the current New Burdens Framework. A flat rate of £12,000 will be paid to all billing authorities. A further new burden sum of £0.50 per bill reissued will also be paid.
- 3.19 As a condition of this award, the relief will need to be recalculated in the event that there is a change of ratepayer for a property or a backdated increase/decrease in the ratepayer's rateable value.

4. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

- 4.1 Report to be taken in open session

5. FINANCIAL IMPLICATIONS [AW]

- 5.1 After applying the above parameters to the data, as at 31.7.17, there are 58 ratepayers who could potentially apply for the new relief. The total rates payable for the 58 accounts in 2017/18 is £331,048. On this basis, we could apply up to an 80% discount to the total of their 2017/18 rates bill. This is derived from:

- £279,000 (DRR budget) / £331,048 (2017/18 total rates payable for potentially properties eligible) * 100 = 84.28%

- 5.2 Targeted ratepayers can apply and are awarded an 80% discount, this would leave approximately £14,162 unspent. This can be used for individual hardship cases that the council may choose to support or to supplement the ratepayers who receive Discretionary Rate Relief under this scheme but are then subject to a backdated increase in their RV.

- 5.3 The above figures may be slightly different once a refresh of the data is completed prior to the application forms and state aid declarations being issued to targeted ratepayers in September.

6. LEGAL IMPLICATIONS [AR]

- 6.1 The statutory power to offer such a relief is set out within s.47 of the Local Government Finance Act 1988.
- 6.2 This section was also amended by The Localism Act 2011 which allowed local authorities the ability to give local discounts.

7. CORPORATE PLAN IMPLICATIONS

7.1 The Council's governance arrangements are robust

8. CONSULTATION

8.1 There is a duty to consult Leicestershire County Council (LCC) and the Leicestershire Combined Fire Authority.

9. RISK IMPLICATIONS

9.1 It is the council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

10. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

Various reliefs are available for businesses and charities under the business rate regulations.

11. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Revenues and Benefits Monitoring Reports

Author: Ashley Wilson, Head of Finance ext 5609

Executive Member: Cllr M Hall

PROPERTY DESCRIPTION	
ADVERTISING RIGHT & PREMISES	Exclude
CAR SHOWROOM & PREMISES	Exclude
CLUBS, COMMUNITY CENTRES ETC	Exclude
CAR PARK & PREMISES	Exclude
CAR PARKING SPACE & PREMISES	Exclude
BANK & PREMISES	Exclude
BETTING SHOP & PREMISES	Exclude
WAREHOUSE & PREMISES	Exclude
LAND USED FOR STORAGE & PREMISES	Exclude
STORES & PREMISES	Exclude
OTHER COMMERCIAL	Exclude
SCHOOL & PREMISES	Exclude
COLLEGE & PREMISES	Exclude
DAY NURSERY & PREMISES	Exclude
SCHOOL AND PREMISES	Exclude
UNIVERSITY & PREMISES	Exclude
OTHER EDUCATIONAL	Exclude
SURGERY & PREMISES	Exclude
HEALTH CENTRE & PREMISES	Exclude
POLICE STATIONS	Exclude
FIRE STATION & PREMISES	Exclude
COMMUNICATIONS TATION & PREMISES	Exclude
OTHER MISCELLANEOUS	Exclude
OTHER PUBLIC UTILITIES	Exclude