



**Hinckley & Bosworth
Borough Council**

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION

10 JULY 2018

WARDS AFFECTED:

ALL WARDS

REVALUATION DISCRETIONARY RATE RELIEF SCHEME (UPDATE)

Report of Head of Finance

1. PURPOSE OF REPORT

- 1.1 To Inform Members of the changes to the additional funding made available for discretionary rates relief.

2. RECOMMENDATION

- 2.1 That Scrutiny note the actions taken.

3. BACKGROUND TO THE REPORT

- 3.1 In the Spring Budget in March 2017, the Chancellor unexpectedly 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 ratable 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.

- 3.2 Both the pub and small business rates relief has been applied as intended and reported. However, to ensure use of the Discretionary Revaluation Rate Relief, which cannot be carried forward, changes had to be made to ensure the funds were utilised Meaning more businesses would receive financial support.

Revaluation Discretionary Rate Relief Scheme

- 3.3 This is the only scheme where Billing Authorities are responsible for designing the scheme that will operate in their areas, and allows authorities to design inline with their priorities and knowledge of the local area. 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

The original proposals for the Revaluation Discretionary Rate Relief Scheme

- 3.4 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.
- 3.5 In 2017/18, this was originally intended to be used for businesses in Barwell, Earl Shilton, Market Bosworth and Hinckley Town Centre (the BID area), to tie in with our corporate priorities for market towns and keeping business in those areas.
- 3.6 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)

- 3.7 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%. Though, reliefs and exemptions have not been considered as part of the allocation. 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.

Changes to the proposed use of the Revaluation Discretionary Rate Relief Scheme

- 3.8 The criteria for awarding relief had to be amended when the actual rateable values were run through the Council's Business Rates system; it became clear that not enough businesses were meeting the eligibility criteria. The main cause of this was the interplay with other reliefs, in particular transitional rates relief.
- 3.9 When the transitional rate relief was applied, the number of eligible properties in the Market Town areas fell to levels where the amount of relief that could be awarded was less than £10,000. Unfortunately this was highlighted after the original proposal had been put to members.
- 3.10 Following discussion by the S151 officer and Head of Revenues and Benefits, a proposal was put to the SLT to change the original criteria of awarding the relief. This was also discussed with the Leader of the Council. This meant that in addition to the businesses originally identified, the scheme was able to support more businesses in the Borough.

The changes were:

- to extend the eligibility to all business in the Borough,
 - to increase the eligible ratable value (RV) to the maximum under the Central Government requirement to businesses with an RV of less than £200,000, that have had an increase in their ratable value of over 12.5%.
- 3.11 Following these changes £237,906.42 has been awarded, and further work is being done to identify if there are further businesses that can be awarded relief.
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 for the Revaluation Discretionary Rate Relief it is expected that at least £247,906.42 will be awarded for the 2017/18 financial year. This will have no impact on the finances of HBBC as the relief is fully funded from central government funding allocations. Amounts not awarded cannot be carried forward.
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, this has been completed..

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
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