

**REPORT TO:** Executive Board

**DATE:** 21 September 2017

**REPORTING OFFICER:** Strategic Director - Enterprise, Community & Resources

**PORTFOLIO:** Resources

**SUBJECT:** Local Discretionary Business Rate Relief Scheme

**WARD(S):** Borough-wide

## **1.0 PURPOSE OF REPORT**

1.1 To seek approval to establish a local discretionary business rate relief scheme, in order to support businesses suffering hardship as a result of the 2017 Business Rates Revaluation. In addition, the report provides details of additional rate relief being provided for small businesses and public houses.

## **2.0 RECOMMENDED: That**

- (i) the Local Discretionary Business Rates Relief Scheme set out in the report and appendix, be approved, subject to consultation with Cheshire Fire and Rescue Service and the Liverpool City Region Combined Authority;**
- (ii) Delegated authority be granted to the Operational Director – Finance, in liaison with the Resources Portfolio Holder, to finalise and implement the Scheme following appropriate consultation;**
- (iii) the scheme of business rates relief for public houses outlined in the report, be approved; and**
- (iv) the scheme of business rates relief support for small businesses outlined in the report, be approved.**

## **3.0 SUPPORTING INFORMATION**

### **Background**

3.1 On 8 March 2017 the Chancellor announced within his Spring Budget that the Government would make available a discretionary fund of £300m nationally over four years from 2017/18. This was intended to support those businesses which faced the steepest increases in business rates, as a result of the April 2017 Business Rates Revaluation.

3.2 Businesses facing increases in their business rates following the Revaluation are already being supported through transitional arrangements put in place nationally, to phase-in the increase. Additional

support is also being provided to those businesses which have lost some or all of their small business rate relief and also to public houses.

- 3.3 The General Election delayed the detailed implementation of the Chancellor's announcement, but the necessary guidance and funding arrangements are now in place to enable councils to establish and implement their schemes.

### **Local Discretionary Business Rate Relief Scheme**

- 3.4 Each council has been allocated a share of £300m section 31 grant funding to support their local businesses, with the funding heavily weighted towards the first two years following the Business Rates Revaluation. It will be administered through billing authorities' existing legal powers under section 47 of the Local Government Act 1988. Halton has been awarded grant funding totalling £285,000 spread over four years, as follows;

<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>Total £'000</b>
166	81	33	5	285

- 3.5 The Government recently announced that any unused section 31 grant funding cannot be carried forward at year-end, but must be repaid to Government. It is therefore important that the Council makes full use of the available grant funding to support local businesses in need of this targeted relief.
- 3.6 In order to allocate the grant funding to each council the Government has made certain assumptions regarding the eligibility criteria which councils may adopt for this relief. They have assumed that councils will only award relief to those businesses facing the most significant increases in their bills and who also occupy lower rateable value properties. As a result, they have allocated the grant funding on the basis of businesses who both have a rateable value of less than £200,000 and whose 2017/18 rates bill is more than 12.5% higher than their 2016/17 bill (before any reliefs).
- 3.7 Whilst it is at the Council's discretion as to the application criteria which should be applied for this relief, the above basis appears appropriate and therefore it is proposed to adopt the same application criteria for Halton's Scheme.
- 3.8 Appendix 1 sets out the proposed Local Discretionary Business Rates Relief Scheme, including how applications should be made and the eligibility criteria to be applied. The Business Rates Team will identify those businesses who meet the eligibility criteria and will contact them
- 3.9 The Council is required to consult with Cheshire Fire and Rescue Service and the Liverpool City Region Combined Authority on the design of the

Local Scheme. It is proposed to do this via the relevant Chief Finance Officers, following which the Local Scheme will be finalised and implemented.

### **Business Rates Relief for Public Houses**

- 3.10 The Government also announced a scheme of business rates relief for public houses. Under this arrangement, public houses with a rateable value of less than £100,000 will receive a £1,000 business rates discount. It is anticipated that 35 businesses will qualify for this relief in Halton and each will be contacted by the Business Rates Team. The total cost of rates relief provided under this scheme will be fully funded by additional section 31 grant.
- 3.11 Whilst this will also be administered using existing legal powers under section 47 of the Local Government Act 1988, it requires the Board to confirm that this new relief will be provided.

### **Support to Small Businesses Relief**

- 3.12 The Government also announced further support for small businesses affected by the Business Rates Revaluation. This is to be known as Support to Small Businesses Relief. The relief is intended to help those ratepayers who as a result of the change in their rateable value following the Revaluation will lose some or all of their Small Business Rates Relief and are facing large increases in their bills.
- 3.13 For businesses that qualify their increase in rates will be limited to no more than £600 per annum. It is anticipated that 8 businesses will qualify for this relief in Halton and they will each be contacted by the Business Rates Team.
- 3.14 The Government has also taken steps to extend existing Small Business Rates Relief following the Revaluation. Prior to April 2017 small businesses with a rateable value of £6,001 to £12,000 received tapered relief from 100% to 0%. From April 2017 the thresholds have increased to £12,000 for 100% relief and £12,001 to £15,000 for tapered relief. This ensures that many ratepayers previously entitled to Small Business Relief will pay less following the Revaluation.
- 3.15 The total cost of rates relief provided under this Scheme will be fully funded by additional section 31 grant. Whilst this will be administered using existing legal powers under section 47 of the Local Government Act 1988, it requires the Board to confirm that this new relief will be provided.

### **Conclusions**

- 3.16 The proposed three business relief schemes will enable the Council to support businesses within the Borough who have suffered disproportionately as a result of the Business Rates Revaluation in April 2017 and the three schemes will be fully funded by Government section 31 grant.

- 3.17 The Council's business rates software supplier is currently providing the necessary system updates to accommodate the operation of all three new business rates relief schemes. The costs of the systems changes will be met from New Burdens grant funding to be provided by the Government.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 The above proposals will extend the range of business rates relief schemes operated by the Council and will be implemented using existing legal powers under section 47 of the Local Government Act 1988,

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The total cost of rates relief provided under the three schemes will be fully funded by additional section 31 grant.

#### **6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

##### **6.1 Children and Young People in Halton**

None

##### **6.2 Employment, Learning and Skills in Halton**

None.

##### **6.3 A Healthy Halton**

None.

##### **6.4 A Safer Halton**

None

##### **6.5 Halton's Urban Renewal**

None.

#### **7.0 RISK ANALYSIS**

- 7.1 The total cost of business rates reliefs awarded could exceed the total available grant funding. Close financial monitoring will be undertaken to mitigate this risk.

#### **8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 None.

#### **9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072**

<b>9.1 Document</b>	<b>Place of Inspection</b>	<b>Contact Officer</b>
Various DCLG Business Rates Information Letters	Kingsway House, Caldwell Road, Widnes	Steve Baker Divisional Manager, Revenues & Financial

## Management



### **Local Discretionary Business Rate Relief Scheme**

#### **1.0 Background**

- 1.1 On 8 March 2017 the Chancellor announced within his Spring Budget that the Government would make available a discretionary fund of £300m nationally over four years from 2017/18. This is intended to support those businesses which face the steepest increases in business rates, as a result of the April 2017 Business Rates Revaluation.
- 1.2 This assistance will be provided using existing legal powers under Section 47 of the Local Government Finance Act 1988.
- 1.3 The Scheme will be fully funded by Government grant under Section 31 of the Local Government Finance Act 2003. Funding for the Scheme will only be available to the extent of the grant allocation provided to Halton by Government.

#### **2.0 Eligibility**

- 2.1 Assistance will only be provided to ratepayers who face an increase in their business rates bills following the April 2017 Revaluation. The assistance will be targeted at those ratepayers facing significant increases in rates in lower value properties. This will apply to properties with a rateable value of less than £200,000 and with a year-on-year increase of 12.5% or more.
- 2.2 The assistance will only be provided in relation to business rates liability net of all other business rates reliefs which may apply.
- 2.3 Applicants will be required to provide details of any State Aid provided to them in the current and previous two years.
- 2.4 Applicants should have been in 6 months continuous occupation of the property prior to 1<sup>st</sup> April 2017

#### **3.0 Application of Rates Relief**

- 3.1 The Council will identify from its system those ratepayers who qualify for assistance under this Scheme and will contact them to inform them of the rates relief which may be applied to their account.
- 3.2 The amount of relief to be applied will be calculated by considering the total available grant funding in each year, the number of eligible businesses, and their rates liabilities (after all other reliefs). The amount of relief will be tapered down as the grant funding reduces each year.

- 3.3 In making a decision regarding the award of discretionary rate relief the Council will take account of the following;
- (i) The overall cost of the Scheme will not exceed the funds provided by the availability of section 31 grant funding on an annual basis.
  - (ii) The financial position of the applicant;
  - (iii) The extent to which the business is likely to be financially sustainable;
  - (iv) The employment and other economic, social and environmental benefits provided by the business to the Borough.
- 3.4 Decisions regarding the award of discretionary rate relief will be made by the Divisional Manager, Revenues & Financial Management. In the event of a business requesting a review of the award decision, this will be considered by the Operational Director, Finance whose decision will be final and there will be no further right of review.