

REPORT TO	ON
CABINET	27 th July 2017

Jan 2017



TITLE	PORTFOLIO	AUTHOR	Agenda item No.
Business Rates Revaluation Discretionary Relief Scheme	Corporate Support and Assets	Peter Haywood, Revenues Manager	4

Is this report a KEY DECISION (i.e. more than £75,000 or impacting on more than 2 Borough wards?)	Yes
Is this report on the Cabinet Forward Plan ?	Yes
Is the request outside the policy and budgetary framework and therefore subject to confirmation at full Council?	No

1. PURPOSE OF THE REPORT

1.1 This report will detail the implementation of three business rates relief schemes for ratepayers following the revaluation of rateable values in April 2017.

2. PORTFOLIO RECOMMENDATIONS

- 2.1 To approve the Discretionary Local Relief Scheme for 2017-18.
- 2.2 To approve delegation to the Director of Development, Enterprise & Communities to design a scheme for subsequent years to 2020-21 in consultation with the Cabinet member for Corporate Support and Assets and the Chief Finance Officer.
- 2.3 To approve delegation to the Revenues Manager following consultation with the Cabinet member for Corporate Support and Assets and the Chief Finance Officer to consider individual applications for relief from ratepayers who are suffering hardship caused by the re-valuation.

3. CORPORATE PRIORITIES

3.1 The report relates to the following corporate priorities

Clean, green and safe		Strong and healthy communities	
Strong South Ribble in the heart of prosperous Lancashire	x	Efficient, effective and exceptional council	

4. BACKGROUND TO THE REPORT

- 4.1 Following the revaluation of business rate hereditaments in April 2017 the Government has announced three schemes to reduce the burden of rates increases upon ratepayers who may have been adversely affected by the re-valuation.
- 4.2 In South Ribble, and in common with a number of other authorities in Lancashire, rateable values actually reduced following the revaluation – in South Ribble’s case by 6.32%. As values have increased across the country as a whole and because a revaluation must be cost neutral, there has been a corresponding reduction in the multiplier used to calculate rates payable. As a result, business rates payable in South Ribble have actually reduced by 11.63% following the re-valuation. From a Business Rates Retention perspective, South Ribble’s business rates baseline is reduced accordingly to compensate for this loss of rates income following the re-valuation.
- 4.3 Ratepayers who have seen an increase in the rates that they pay may see the full effect of those increases implemented over a number of years, and similarly ratepayers who have seen their rates liability decrease may see those reductions implemented gradually over several years. This Transition Scheme avoids ‘cliff edge’ scenarios whereby ratepayers would otherwise see large increases or reductions in their bills from one year to the next. Instead, large changes (both increases and decreases) to ratepayer’s bills are implemented over several years, with the Transition Scheme being self-financing
- 4.4 In addition to the Transition Scheme, and to further ease the burden of rates increases, the Government has recently announced three additional relief schemes, which are being funded separately by Government outside of Business Rates Retention. Two of these (pub relief and supporting small business relief) are prescriptive, whilst the Council may design a third scheme to assist ratepayers affected by the revaluation. Ratepayers who would qualify for these reliefs have already been identified and it is intended that they will be contacted directly regarding their entitlement to relief.
- 4.5 It should be noted that all schemes must comply with EU legislation on State Aid and ratepayers will be asked to confirm that they have not received State Aid above the de-minimus threshold of EU 200,000.

5. PROPOSALS (e.g.RATIONALE, DETAIL, FINANCIAL, PROCUREMENT)

Pub Relief

- 5.1 This scheme will give occupied pubs with a rateable value of up to £100,000 a discount of £1,000 from their business rates for 2017-18. Within South Ribble, after disregarding chain pubs who may not qualify due to State Aid legislation, it is anticipated that around 60 pubs will qualify for this relief.

Supporting Small Business Relief

- 5.2 When a revaluation takes place the Government also introduces a transition scheme to gradually phase in large increases and decreases in rateable values. However, these schemes have not taken into account those ratepayers that were previously in receipt of small business rate relief but which, following the revaluation, are no longer eligible to receive that relief.
- 5.3 To assist these ratepayers the Government has announced that no ratepayer who was in receipt of small business rate relief in 2016-17 will see an increase of more than £600 per annum for the period of the 2017 rating list, with relief being granted to reduce the maximum increase to £600. It is anticipated that six ratepayers will qualify for this relief in South Ribble in 2017-18.

Discretionary Business Rates Revaluation Relief

- 5.4 The Government has announced the establishment of a £300m discretionary fund over four years from 2017-18 to assist Councils in supporting those ratepayers that face the steepest increase in their rates bills following the revaluation. The minimum amount that is provided to a billing authority to provide support in 2017-18 is £100,000 and South Ribble is one of ten Councils across the country whose share of the funding is at that minimum level. The amount of funding provided to South Ribble over the four years is:

2017-18	2018-19	2019-20	2020-21
£100,000	£40,000	£16,000	£2,000

- 5.5 Appendix A details a scheme that will support ratepayers that have seen an increase of more than £1,000 per annum in 2017-18 due to the revaluation. This scheme focuses upon ratepayers in occupation of a hereditament of up to £300,000 in rateable value and which operate locally or regionally, rather than nationally or multi-nationally.
- 5.6 It is estimated that this scheme will result in relief of £85,000 being granted to 40 ratepayers. The balance between the amount granted and relief awarded may be used to assist ratepayers who are experiencing hardship because of the revaluation, but who do not qualify for relief as they do not meet the required criteria. This scheme is for 2017-18 only with schemes for future years being designed in due course to take account of lessons learned from the implementation of this scheme.

6. CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION

- 6.1 Consultation has taken place with Lancashire County Council and Lancashire Fire and Rescue Service, and they are in agreement with the proposed scheme. In designing the scheme officers also consulted with other Lancashire and north west local authorities.

7. OTHER OPTIONS CONSIDERED

- 7.1 An alternative Discretionary Business Rates Revaluation Relief scheme was considered which was based upon the level of percentage increase in rates payable, but this was discounted in favour of the proposed scheme.

8. IMPLICATIONS OF RECOMMENDATIONS

Financial implications	x	People and Cultural implications	
ICT implications	x	Property and Asset Management Implications	

Financial implications

- 8.1 Pub Relief and Supporting Small Business Relief will be fully funded by Government through Section 31 grant payments. Discretionary Business Rates Revaluation (BRR) Relief will be fully funded to the amounts detailed above, with any additional relief being funded in the normal way through business rates retention. Using the current 50/50 local to national share split, any relief being granted above £100,000 would result in South Ribble being liable for 40% of the cost.

- 8.2 New Burdens funding of £12,000 has been provided to South Ribble by the Government to facilitate implementation of these new reliefs.

ICT implications

- 8.3 The Capita Revenues and Benefits system includes functionality to manage the proposed Discretionary Business Rates Revaluation Relief scheme. Supporting Small Business will require changes to be made to the Capita system but, as this is a nationwide relief, these will be provided by Capita.

9. RISK MANAGEMENT

- 9.1 The effects of the revaluation gained considerable nationwide publicity and the Government subsequently announced relief schemes to assist those affected. The implementation of these schemes has been delayed due to elections, which has in itself attracted further publicity. Any additional delay on the part of the Council in implementing these schemes has the potential to generate reputational issues for the Council.
- 9.2 As identified in the comments of the Statutory Finance Officer below, it is important that the Discretionary Business Rates Revaluation Scheme remains within the funding level of £100,000 that has been provided to be cost neutral.

10. EQUALITY AND DIVERSITY IMPACT

- 10.1 None

11. RELEVANT DIRECTORS RECOMMENDATIONS

- 11.1 The report details three schemes to reduce the burden of rates increases upon ratepayers who may have been adversely affected by the re-valuation. The schemes will be implemented in the current staffing structure.

12. COMMENTS OF THE STATUTORY FINANCE OFFICER

- 12.1 This discretionary BRR relief scheme is being introduced at the request of Central Government and therefore the reduced income resulting from its application will be refunded to the Council via a reimbursement grant up to the value of £100,000. Any overspend above this limit will impact on the BRR income collected by the Council and shared between the relevant preceptors. Therefore it is important that the scheme remains within this financial capping level to remain cost neutral.

12. COMMENTS OF THE MONITORING OFFICER

- 12.1 The Governments funding is to be provided by way of a grant under S31 of the Local Government Act 2003. To access the funding, the council is required to establish a discretionary scheme for administering the rate relief under S47 of the Local Government Finance Act 1988 and the scheme will also have to meet the Government grant conditions.

13. BACKGROUND DOCUMENTS (or there are no background papers to this report)

Appendix A - South Ribble Borough Council Discretionary Business Rates Revaluation Relief Scheme 2017/18

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