

CABINET

9th August, 2017

Subject Heading: Business Rates
Discretionary Revaluation Support
Scheme

Cabinet Member: Cllr Barrett

SLT Lead: Debbie Middleton
Chief Financial Officer

Report Author and contact details: Dave Gibbs Head of Revenues &
Transactional Finance
Dave.Gibbs@onesource.co.uk
Tel 020 373-0675

Policy context: Business Rates Revaluation Relief –
Discretionary Requirement

Financial summary: The Scheme is fully funded by Central Government. The amount of relief the London Borough of Havering's can grant for the 4 year period is £1.696m, of which £0.989m is designated to the first year (2017/2018). Central Government are providing £12,000 to support the administration of the scheme which will contribute towards the admin costs and software development costs required to administer the scheme which are not yet fully determined. Further Government Funding may be awarded, dependent upon actual additional costs incurred.

The subject matter of this report deals with the following Council Objectives

Communities making Havering	[x]
Places making Havering	[x]
Opportunities making Havering	[]
Connections making Havering	[]

SUMMARY

- 1.1 This document sets out the Council's proposals for administering the Revaluation Support Scheme (RSS) for the financial year 2017/18, and the schemes principles for the remaining 3 year period up until 2020/2021.
- 1.2 In the Budget statement on 8 March 2017, the Chancellor announced that the Government would provide £300m to support those business most adversely affected by the recent revaluation of commercial properties. This funding will be available over a period 4 years.
- 1.3 Local Authorities are able to use their current powers with regards to Discretionary Business Rate Relief under Section 47 of the Local Government Act 1988 to develop and administer this new relief.
- 1.4 The Government have not prescribed how this relief is to be applied as they consider that Local Authorities are best placed to design their own relief schemes to determine eligibility and how best to distribute this support.
- 1.5 The revaluation relief scheme will enable Havering to grant relief up to £1.696m as profiled in the table below. This funding will be applied to fully fund the award of relief to eligible businesses across the local share (split between the council and the GLA) and the central share..

Year	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total Funding £m
Value of funding	£0.989	£0.481	£0.198	£0.028	£1.696

- 1.6 Government have now confirmed that Authorities must use their annual allocation within each year and will not be allowed to carry forward any unspent allocation.

RECOMMENDATIONS

- Cabinet is asked to approve the proposed Discretionary Revaluation Support scheme as set out in the Report Detail.
- The scheme should be reviewed after year 1 by the Chief Financial Officer in consultation with the Lead Member to ensure the scheme is delivering maximum support to businesses.

REPORT DETAIL

2.1 Having considered various models, it is proposed that the scheme applies and equal allocation to all accounts which:

- have a Rateable Value (RV) of between £15,000 and £50,999
- have incurred an increase of 2% or more in business rates compared to 2016/17
- are occupied
- are not in receipt of any Mandatory or Discretionary Rate Relief.

2.2 By limiting the Rateable Value thresholds to £15,000 to £50,999, this seeks to provide the maximum support to smaller businesses that have been adversely affected by the revaluation.

2.3 Qualifying properties with a Rateable Value below £12,000 will already receive 100% relief under the separate Small Business Rates Relief Scheme, assuming they occupy one property or other properties with a value below £2,899 or a total aggregate value of £27,999.

2.4 Under the same Small Business Rates Relief Scheme, businesses with a Rateable Value between £12,000 and £15,000 will receive tapered relief i.e. a property with a Rateable Value of £13,500, will receive 50% relief, and a property with Rateable Value of £14,000 will receive a 33% reduction in their rates charge.

2.5 In respect of 2017/2018 the local Discretionary Business Rate Revaluation Support Scheme will apply for the year 1 April 2017 to 31 March 2018. Under the scheme relief will only be provided where a qualifying ratepayer's bill has increased due to the 2017 revaluation by more than 2%. The total assistance the Council is able to offer under the scheme will be limited to the funding provided of £0.989m in 2017/18. Assistance in future years will be determined by the amount of grant awarded by central Government.

2.6 An analysis of the tax base has been undertaken, and it has been established that there are 1,422 properties within the Rateable Value range of £15,000 to £50,999. Within these properties, 308 have either experienced a decrease in their rates charge, or their charge has been limited to a maximum increase of 2%.

2.7 It is therefore expected that the proposed scheme for 2017/2018 will provide relief to up to 1,114 small businesses, and up to a maximum amount of £887.79 each. The scheme seeks to apply the same criteria as contained within the national Retail Support Scheme, which excludes Government Buildings, Advertising Rights, Amusement Arcades, and Communication Masts etc. The proposal also seeks to exclude betting shops and pay day lenders.

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- 2.8 Properties which were not on the rating list at 1 April 2017, will not be eligible for the relief. Ratepayers, who have arrears due from 2016/17 or earlier and are not paid by 01/09/17 or by arrangement with the Council, will not qualify.
- 2.9 Where a qualifying ratepayer's 2017/18 and, or 2016/17 rates bill is reduced for any reason, the amount of their relief will be reduced or removed accordingly.
- 2.10 The schemes principles and Rateable Value thresholds will be adopted in years 2, 3 & 4 of the scheme, albeit the amount of relief awarded will decrease, in-line with the total levels of Government funding received for each year.
- 2.11 Due to state aid implications, relief will need to be awarded individually on a case by case basis and administered via an application form. Should the scheme be approved, the Council's business rates team, will proactively contact those businesses that are eligible to receive the relief, so that the support scheme is fully maximised.
- 2.12 The scheme and levels of funding allocation will be kept under review, and can be adjusted to take account of any unspent allocation, that may arise.

Year	2017/18	2018/19	2019/20	2020/21	
Value of funding	£989,000	£481,000	£198,000	£28,000	£1,696,000
No. of accounts on full list				5,864	£83,179,501
No. of accounts on full list & occupied				5,442	£79,941,799
No. of accounts on full list, occupied & RV 15,000 to 50,999				1,501	£15,933,494
No. of accounts on full list, occupied & RV 15,000 to 50,999 & no MR or DRR				1,422	£15,808,722
No. of accounts on full list & RV < 15,001				3,439	£3,573,398
No of accounts in receipt of SBRR				1,794	£523,538
Value of SBRR given					£5,263,081
Proposed Scheme					
Criteria: Occupied, RV 15,000 to 50,999, No Mandatory or Discretionary relief					
	2017/18	2018/19	2019/20	2020/21	
No. of accounts	1,422	1,422	1,422	1,422	
Chargeable amount	£15,808,725	£15,808,725	£15,808,725	£15,808,725	
RSS per account	£695.50	£338.26	£139.24	£19.69	
Criteria: Increase in Bill & Occupied, RV 15,000 to 50,999, No Mandatory or Discretionary relief					
No. of accounts	1,114	1,114	1,114	1,114	
RSS per account	£887.79	£431.78	£177.74	£25.13	

REASONS AND OPTIONS

Reasons for the decision:

- 3.1 The Council is required by central government to implement a Discretionary Revaluation Support Scheme. The Council does not have the ability to abstain from the implementation of the scheme.

Other options considered:

- 3.2 There may be other criteria upon which the scheme may be based. However, it is considered that the proposals outlined in this report, best seek to maximise the support to small businesses.

IMPLICATIONS AND RISKS

4. Financial implications and risks:

- 4.1 The funding announced for the Havering area over the period to 2020/21 is as set out in the summary report. This funding will be used to award relief in accordance with the proposed scheme up to the total value of grant awarded, i.e. £1.696m. The profile of the funding over the business rates beneficiary organisations is as below, assuming we give relief up to the funding cap.

	Share	17/18 £m	18/19 £m	19/20 £m	20/21 £m	Total £m
LBH Council Tax	30%	0.297	0.144	0.059	0.008	0.509
GLA share	37%	0.366	0.178	0.073	0.010	0.628
Pool to central government	33%	0.326	0.159	0.065	0.009	0.560
		0.989	0.481	0.198	0.028	1.696

- 4.2 The Scheme will therefore be fully funded by Central Government. The share for Havering and the GLA (67%) will be paid to the council via s31 grant, the balance being met by government through the central share. It is understood that as part of the end of year NNDR3 return process there will be a reconciliation based on actual reliefs granted and the allocations of s31 grant to Havering and the GLA will be adjusted. The Government have confirmed that they will not allow funding to be carried over between financial years. However, officers will work to ensure the use of grant is maximised within any funding conditions that may apply.
- 4.3 The Council will incur additional costs in relation to the administration of the scheme in dealing with applications, calculating and awarding relief due. These costs are not yet known with certainty. However, Government has awarded an

initial £12,000 to Havering in 'new burdens' funding with potential further funding available subject to confirmation of actual costs.

- 4.4 The Council has formally consulted with the GLA on these proposals, and who have acknowledged the schemes objectives to maximize support to small businesses. The GLA have no objections to the proposed scheme.

5. Legal implications and risks:

The Consultation paper on the new schemes, published by DCLG in March 2017 states:

"6.1 Billing authorities will be responsible for designing the discretionary relief schemes that are to operate in their areas. However, the Government expects billing authorities to discuss options with their major precepting authorities at an early stage and to consult them before adopting any scheme and where applicable consult their combined authority."

6.2 We will place conditions on the s.31 grant that we pay billing authorities requiring them to consult their major precepting authorities and where applicable their combined authority."

If the DCLG carry through with their planned conditions then it will be a requirement to have completed consultation with the precepting authority, in this case the GLA, before finalising the scheme.

It is considered that in this case there is no duty to consult any more widely as the impact will only be advantageous to those who receive any benefit.

The requirements of lawful consultation are that the decision maker must conscientiously take into consideration any comments made by consultees prior to making a final decision and the consultee must have sufficient information and time to comment meaningfully.

Whenever the Authority is exercising functions it must comply with the public sector equality duty in s 149 Equality Act 2010 and therefore assess the impact of the proposed scheme as follows:

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

6. Human Resources implications and risks:

N/A

7. Equalities implications and risks:

- 7.1 In consultation with the Corporate Diversity Advisor, it has been determined that an Equality Impact Assessment is not required at this time as the scheme is aimed at helping smaller businesses. In respect of the Equality Duty, there is no potential within the scheme for a detrimental or negative impact on 'protected' groups or individuals. The scheme will be kept under review as it is implemented.

BACKGROUND PAPERS

None