



CABINET

Subject Heading:

Business Rates
Discretionary Revaluation Support
Scheme

Cabinet Member:

Cllr Ramsey

SLT Lead:

Sarah Bryant

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Policy context:

Business Rates Revaluation Relief –
Discretionary Requirement

The Scheme is fully funded by Central Government. The London Borough of Havering's allocation for the 4 year period is £1.696m, of which £1.470m was designated to the first two years (2017/2018 & 2018/2019). For years 3 & 4 the Councils allocation reduces to £226,000. Central Government provided £12,000 to support the administration of the scheme which contributed towards the admin costs and software development costs required to administer the scheme

Financial summary:

Is this a Key Decision?

Significant effect on two or more Wards

When should this matter be reviewed?

N/a

Reviewing OSC:

N/a

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

Communities making Havering

[X]

Places making Havering

[X]

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Opportunities making Havering
Connections making Havering

[]
[]

Place an X in the [] as appropriate

SUMMARY

- 1.1 This Report sets out the Council's proposals for administering the remaining two years of the Governments Revaluation Support Scheme (RSS) for the financial years 2019/2020, and 2020/2021 and the principles of the scheme for the remaining 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. The funding was provided over a period 4 years.
- 1.3 The Revaluation Support Scheme adopted in 2017 is in addition to the changes announced in the budget on 29th October 2018, which is providing further support to businesses from April 2019.
- 1.4 Local Authorities were 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.
- 1.5 The Government did not prescribe how this relief was to be applied as they considered that Local Authorities were best placed to design their own relief schemes to determine eligibility and how best to distribute this support.
- 1.6 Havering received Government funding of £1.696m as profiled in the table below. The funding for 2017/2018 & 2018/2019 which had to be applied in year, has been fully allocated to the eligible properties in accordance with the scheme approved by Cabinet on 9 August 2017.

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

RECOMMENDATIONS

- Cabinet is asked to approve the continuation of the Governments Discretionary Revaluation Support for the remaining two years of the relief as set out in the Report Detail, and previously agreed by Cabinet in August 2017.

REPORT DETAIL

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- 2.1 It is proposed that the scheme uses the remaining two year funding allocation to apply an 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 continue to provide the maximum support to smaller businesses which were adversely affected by the 2017 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 the remaining two years the local Discretionary Business Rate Revaluation Support Scheme will apply from 1 April 2019 to 31 March 2021. 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 central government funding provided for the final two years totaling £226,000.
- 2.6 An analysis of the tax base has been undertaken, and it has been established that there are 987 properties within the Rateable Value range of £15,000 to £50,999.
- 2.7 It is proposed that for 2019/2020 relief of £200.61 be provided to 987 small businesses. The scheme seeks to apply the same criteria as for the first two years of the scheme which was agreed at Cabinet in August 2017. The Scheme, excludes Government Buildings, Advertising Rights, Amusement Arcades, Communication Masts etc. The scheme also excluded betting shops and pay day lenders.
- 2.8 Properties which were not on the rating list at 1 April 2017, will not be eligible for the relief. This is because those ratepayers, would not have experienced the impact of an increased business rates charge, following the 2017 Revaluation. 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.

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- 2.10 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 a continuation of the scheme be approved, the Councils business rates team, will proactively contact those businesses that are eligible to receive the relief, so that the support scheme is fully maximised. The business rates section, will also visit properties where applications have not been received, as well as using SMS messaging and outbound calling to ensure high levels of take up.
- 2.11 The scheme and levels of funding allocation will be kept under review, and will seek to make adjustments to ensure any unspent funding is allocated. In the first years of the scheme the full Government funding allocation was been used to help small businesses and it is the intention to utilise the full relief in the remaining 2 years.

LBH			
		2019-20	2020-21
Amount of funding		£198,000.00	£28,000.00
No. of accounts on full list	6077		
No. of accounts on full list & occupied	5667		
No of accounts on full list, occupied & RV between 15,000 & 50,999	1476	£134.15	£18.97
No of accounts on full list, occupied, RV between 15,000 & 50,999 & no MRR or DRR	1398	£141.63	£20.03
No of accounts on full list, occupied, RV between 15,000 & 50,999 & no MRR or DRR & Increase in Bill @ 1/4/17	1391	£142.34	£20.13
No of accounts on full list, occupied, RV between 15,000 & 50,999 & no MRR or DRR & currently eligible	987	£200.61	£28.37

REASONS AND OPTIONS

Reasons for the decision:

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

Other options considered:

- 3.2 The report proposes a continuation of the Governments Revaluation Support Scheme as agreed at Cabinet on 9 August 2017. The proposal is in-line with the Governments criteria to help small businesses.

IMPLICATIONS AND RISKS

- 4.1 The funding that was awarded to The London Borough of Havering up until 2020/21 is as set out in the summary report. This funding will be used to award

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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	64%	0.633	0.308	0.127	0.018	1.085
GLA share	36%	0.356	0.173	0.071	0.010	0.611
		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 and 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. Officers will work to ensure the use of grant is maximised within any funding conditions that may apply.
- 4.3 In introducing the four year scheme Government awarded Havering £12,000 in 'new burdens' funding in order to administer its implementation. There has been no subsequent additional funding provided.

Legal implications and risks:

- 5.1 The Government have stated in a letter to Local Authorities dated 20 June 2017.
- 5.2 "Billing authorities are expected to deliver the scheme through the use of their discretionary relief powers under section 47 of the Local Government Finance Act 1988, as amended. Billing authorities will be compensated through a Section 31 grant for the cost to the authority of granting the relief – up to a maximum amount based on the authority's allocation of the £300m fund. The grants will be made quarterly in arrears for the duration of the scheme.
- 5.3 We expect billing authorities to have communicated with ratepayers on the confirmed terms of the new schemes for relief covered by the BRIL (2/2017) and this BRIL (4/2017), including anticipated timescale for rebilling where necessary."
- 5.4 As an exercise of discretion the Authority must act reasonably. It is understood that there have been no complaints during the operation of the scheme to date and it has been utilised to the maximum.
- 5.5 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.

Human Resources implications and risks:

N/a

Equalities implications and risks:

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

The need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;

The need to advance equality of opportunity between persons who share protected characteristics and those who do not, and; foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

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