

Policy Group – 21 June 2017

Business rate relief

1. Purpose of report

To seek Policy Group support to recommend to Council delegating the award of rate relief under Section 47 of the Local Government Finance Act 1988 to the General Manager – Resources and to seek to develop a county-wide discretionary relief scheme.

2. Summary

2.1 In his Spring Budget the Chancellor announced a number of schemes to provide support to businesses faced with large increases in their rates bill following the 2017 revaluation. The proposed schemes would rely on councils using their discretionary powers under Section 47 of the Local Government Finance Act 1988 to award the relief to qualifying businesses and for this to be fully reimbursed by the Government, up to a maximum amount awarded by the Government.

2.2 Following the decision to hold a general election on 8 June 2017, the Government decided to defer two of the three schemes. However, once a new Government is formed councils may be expected to introduce and administer the deferred schemes promptly. As Government are more regularly asking councils to use their discretionary powers to award rates relief, it makes sense for Council to consider a delegation to the General Manager – Resources in certain circumstances as set out in the recommendation, which would allow the Council to respond quickly in awarding the relief and thereby help the targeted businesses more promptly and support the local economy.

2.3 Government has decided to proceed with its decision to grant local discretionary relief funds and has made £300m available for this purpose. The Council's share of this funding is £217,000 in 2017/18; £106,000 in 2018/19; £43,000 in 2019/20 and £6,000 in 2020/21. Councils are required to develop schemes for their area in collaboration with major preceptors. It is, therefore, proposed that officers look at the possibility of developing a county-wide scheme.

3. Recommendation

3.1 That a report be submitted to Council recommending that where the Government introduces a new, or amendment to an existing, rate relief and asks councils to use their discretionary powers under Section 47 of the Local Government Finance Act 1988 to enact the relief, that the General Manager – Resources has delegated authority to implement the relief under these powers, provided:

- the changes are in the best interests of local businesses and the local economy; and
- there is no detriment to local council tax payers.

3.2 That the Revenues and Benefits Partnership Manager seeks to develop a pan Dorset Discretionary Fund Scheme, taking account of comments from the FSB and to report back to Policy Group on the outcome.

4. Policy issues

4.1 How will this affect the environment, social issues and the local economy

4.1.1 Agreeing to delegate the awarding of relief will enable qualifying businesses to receive financial support more promptly in future, which will benefit the local economy.

4.1.2 Agreeing a county-wide discretionary fund scheme will help to ensure a consistent approach is taken across Dorset.

4.2 Implications

4.2.1 Resources

Government has agreed to provide total funding of £372,000, over four years to enable the Council to provide support to businesses facing large increases in their rates bills. The scheme that is developed to distribute these funds will need to ensure support is targeted at the most affected businesses.

4.2.2 Equalities

There are no equalities implications of this report. The draft discretionary policy will be subject to an equalities screening process.

5. Further information

5.1 Background information

5.1.1 Government is concerned that some businesses may be faced with large increases in their rates bills as a result of the 2017 revaluation. To help provide such businesses with a level of support, the Chancellor announced the following rate relief schemes in his spring budget.

- i. Additional support for small businesses who are faced with large increases as a result of losing some or all of their rural rate relief or small business rate relief. Qualifying businesses would see their annual increase limited to £600 or the matching cap on increases for small properties in the transitional relief scheme (whichever is the greater).
- ii. A discount of £1,000 on the 2017/18 bills for those public houses with a rateable value of less than £100,000.
- iii. The establishment of a national £300m discretionary fund to support the most hard-pressed businesses.

5.1.2 Government decided it did not want to change legislation to allow for these schemes but asked councils to use their discretionary powers under Section 47 of the Local Government Finance Act 1988 to make awards to qualifying ratepayers.

- 5.1.3 In the case of the schemes mentioned in i) and ii) above, councils would be fully reimbursed via a section 31 grant. In the case of the scheme mentioned in iii) above, councils will be expected to use their share of the £300m funding to support businesses over four years from 2017-18. The Council's share of this funding is £179,000 in 2017/18; £87,000 in 2018/19; £36,000 in 2019/20 and £5,000 in 2020/21.
- 5.1.4 Government indicated it would provide additional guidance in relation to the schemes. However, following the decision to hold a general election on 8 June 2017, for schemes i) and ii) the guidance will be delayed until a new government is formed. It is anticipated that following the release of such guidance, Government will expect councils to deliver the schemes promptly. With this in mind, it is recommended that where Government introduces a new or amendments to an existing relief and asks councils to use their powers under Section 47 of the Local Government Finance Act 1988, to award the relief, that the General Manager – Resources be given delegated authority to implement the change under Section 47 of the Act, provided the award of the new relief is not detrimental to local business and the local economy or local council tax payers.
- 5.1.5 Despite the delays in respect of schemes i) and ii) above, Government has announced it intends to proceed with the discretionary fund. This scheme needs to be developed in consultation with the major preceptors: Dorset County Council; and the Dorset and Wiltshire Fire and Rescue Authority. It would, however, make sense to seek a countywide scheme, which would be: easier for businesses across Dorset to understand and benefit from; easier to publicise; and easier for revenues partnerships to administer.
- 5.1.5 The Council has been contacted by the Federation for Small Business (FSB) about the scheme and requests it takes into account the following 5 Small Business Principles:

The five principles are:

1. Commit to focusing this money on micro and small businesses, particularly those hardest hit by the revaluation.
2. Commit to ensuring that funds are distributed as soon as possible and automatically refunding any firm which overpays their business rates
3. Commit to a communications campaign to make sure that all affected firms know how they can benefit from the discretionary funds you provide, and proactively approach businesses most in need
4. Commit to making any application process for funds as simple and straightforward as possible, so it is inclusive for the smallest firms in our area, and attaches no conditions aside from the size of a firm and how that firm is disadvantaged by the revaluation
5. Commit to passing a motion of the council, making clear it is the council's view that business rates present significant hardship to small and micro businesses in particular, and that the council is acting to alleviate that hardship

- 5.1.6 The draft scheme will take account of the FSB's 5 Small Business Principles and officers will seek feedback from the FSB on the draft scheme before bringing it back to Policy Group for consideration.

Background papers:

There are none.

For further information contact:-

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