

Management Committee

19 September 2017

Business Rates Relief

For Decision

Briefholder(s)

Cllr J Cant – Finance & Assets

Senior Leadership Team Contact:

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Report Author:

S Dawson, Head of Revenues & Benefits

Statutory Authority

Local Government Finance Act 1988

Purpose of Report

- 1 For Committee to agree a discretionary rate relief scheme which looks to provide help to those local businesses which have faced with large rate bills as a result of the 2017 revaluation.

Recommendations

- 2 That Committee agrees to adopt the Business Rates Revaluation Support Scheme set out at Appendix 1.
- 3 That Committee agrees that any under spend in 2017/18 to be used to provide additional support for struggling businesses and that approval of such cases be delegated to the Head of Revenues & Benefits in consultation with the Finance & Assets Briefholder.
- 4 That Committee agrees that a further report is submitted later in the year recommending a scheme for 2018/19.

Reason for Decision

- 5 To ensure proper administration arrangements for the awarding of Rates Relief.

Background and Reason Decision Needed

- 6 Government has provided funding of £300m to enable councils to support those businesses who have been faced with significant rates increases as a result of the 2017 revaluation. 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. Government has recently announced that any underspend in funding in a year would not be allowed to be carried forward to a following year.

- 7 At its meeting on 6 June 2017, Committee agreed that officers should look to develop a pan Dorset Discretionary Fund Scheme which supports those businesses which have faced significant increases in rates and which also takes into account the comments from the Federation for Small Businesses.
- 8 Officers across Dorset have been undertaking significant data modelling to help identify schemes which look to use all of the Government funding. They have also been able to agree some common principles in relation to their proposed schemes. These principles include:
 - That relief will only be awarded for those ratepayers who have a liability on both the 31/03/17 and 01/04/17.
 - No relief will be awarded in respect of unoccupied premises.
 - Relief will be automatically awarded. However, arrangements will also be introduced allowing those businesses which are not positively identified to still be able to apply if they think that they are entitled.
 - Relief would be awarded to local independent businesses and not to those businesses that are part of a franchise, national or multi-national in nature.
 - Relief would not be awarded to financial institutions, education establishments, health organisations and public bodies.

However, it has not been possible to agree identical schemes due to the fact that the business rate caseload and Government funding is different for each authority. In developing the proposed scheme for this Council, officers have had regard to the following principles established by the Federation of Small Businesses (FSB).

- I. Committing to focusing the funding on micro and small businesses, particularly those hardest hit by the revaluation.
 - II. Committing to ensuring that funds are distributed as soon as possible and automatically refunding any firm which overpays their business rates
 - III. Committing 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
 - IV. Committing 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.
- 9 The proposed scheme at Appendix 1 looks to limit the maximum rates increase to 7.5% for those local businesses which have a rateable value of less than £200,000. The scheme would benefit 187 identified businesses by an average of £780.05 each and would look to use £145,869 of the £179,000 funding available in 2017/18. It is also proposed that the

remaining £33,131 funding be held in reserve as a contingency for any other ratepayers coming forward and mitigate against the risk of a potential overspend.

- 10 Details of the agreed scheme will be made available on the Council's website to enable those businesses, who do not automatically receive relief, to apply if they believe that they are entitled. The information available will make it clear that, legally, any application for relief for 2017/18 must be received by 31/12/17 in order for it to be considered.
- 11 Relief awarded under the scheme will be subject to State Aid rules. Recipients will be made aware of their responsibility to notify the Council if their business has received State Aid of more than €200,000 over the last three years.
- 12 There is a possibility that there will be an under spend of grant due to recipient businesses relocating during the year. With this in mind it is proposed that the situation be monitored regularly and that any identified underspend of grant be used to provide additional support to those businesses which are struggling to meet their increased rates liability. This additional support would be considered on a case by case basis and determined by the Head of Revenues & Benefits in consultation with the Finance & Assets Briefholder.
- 13 Government requires that councils consult with major precepting authorities on their proposed scheme. The proposed scheme is currently being shared with Dorset County Council, Dorset Police Authority and Dorset and Wiltshire Fire & Rescue Authority and their feedback will be presented to Committee at its meeting.
- 14 As it is not possible to accurately predict future years' spend on this relief, it is also proposed that a review be undertaken later in 2017/18 and a report be brought to Council proposing a scheme for 2018/19 which would look to fully utilise the funding awarded in that year.

Implications

Footnote

Issues relating to financial, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

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