



Council	Tuesday, 05 September 2017	Matter for Decision
----------------	---------------------------------------	----------------------------

Title: **Discretionary Business Rates Revaluation Relief Scheme**

Author(s): **Martin Hone (Interim Chief Finance Officer / Section 151 Officer)**

1. Introduction

- 1.1 In the Spring Budget held on 8 March 2017, the Chancellor announced that the Government would make available a discretionary fund of £300 million over four years from 2017/18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation which is effective from 1 April 2017.
- 1.2 The Government stated that "local government is best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need".
- 1.3. This report sets out the proposed scheme for Oadby and Wigston.

2. Recommendation(s)

That Council:

- 2.1. Approves the scheme (as set out in the report).
- 2.2. Delegates authority to the Chief Finance Officer to make minor changes to the scheme to maximise any surplus of the fund available after the initial distribution.

3. Information

- 3.1 All billing authorities have been allocated a proportion of this fund, and the total "pot" available to Oadby & Wigston ratepayers is as follows:

Year	(£)
For 2017/18	120,000
For 2018/19	58,000
For 2019/20	24,000
For 2020/21	3,000
Total	205,000

- 3.2 It is for each authority to devise its own scheme, but the amount of relief available has been estimated by the Government as being able to limit the increase in charges due for the first year (ignoring transitional relief) to 12.5%. It also excludes properties with a Rateable Value (RV) of £200,000 and above.
- 3.3 The Government states the relief is to help those that face "the steepest increase (...) as a result of the revaluation". It is to "deliver targeted support to the most hard-

pressed”, and provide more support to “ratepayers occupying lower value properties”.

- 3.4 The Government also states that billing authorities should consult with their major precepting authorities before adopting any scheme.

4. The Proposed Scheme

- 4.1. Firstly, some types of properties/ratepayers should be excluded from this scheme as follows:

Types of Properties/Ratepayers	No.
Total number of Business Rates properties	1,377
Excluding	
Cases where liability has reduced	-353
Nil liabilities (mostly 100% small business relief cases)	-560
Empty properties	-100
Properties with RV of £200,000 and above	-19
Oadby & Wigston, Precepting Authorities, Government bodies	-49
Net number eligible to receive relief	296

- 4.2. After a revaluation, ratepayers already have excessive increases limited over the first few years of the new list under the Government’s “Transitional Relief Scheme”. For 2017/18, rate bills are already limited as follows:

“Small” properties	RV up to £20,000	Increase limited to 5% + inflation of 2%
“Medium” properties	RV £20,001 to £100,000	Increase limited to 12.5% + inflation of 2%
“Large” properties	RV £100,001 and above	Increase limited to 42% + inflation of 2%

- 4.3. An analysis of property records has been carried out and the funding provided for the 2017/18 year would be sufficient to be able to limit the increases for 2017/18 as follows:

Compare net liability for 2016/17 year with net liability (i.e., reduced by transitional relief) for 2017/18 year

“Small” properties	RV up to £20,000	Increase limited to total of 3%	£22,700 award
“Medium” properties	RV £20,001 to £100,000	Increase limited to total of 5%	£75,500 award
“Large” properties	RV £100,001 and above	Increase limited to total of 35%	£16,200 award
Total awarded			£114,400

This would leave a contingency to cover changes in liabilities and RVs.

- 4.4. In order to qualify, a ratepayer must be in occupation of the property on both 31 March 2017 and 1 April 2017. New occupiers after this date will be expected to have budgeted to pay the new charges.
- 4.4. The initial amount awarded will need to be apportioned pro rata if the property is vacated or if there is another reduction in charges e.g. reduction in RV.
- 4.5. The main features of this scheme are:
 - It targets ratepayers occupying lower value properties;
 - Supports a variety of different types and sizes of businesses across the Borough;
 - Treats all ratepayers consistently; and
 - Straightforward to calculate and for ratepayers to understand.
- 4.6. As this is a discretionary scheme, European Union State Aid rules apply. This means that businesses cannot receive more than 200,000 Euros in assistance in any three-year period. Ratepayers will need to sign an undertaking that they are eligible to receive the relief before it is allowed.
- 4.7. The scheme will be reviewed for future years in due course, but, since the funding for the second year is approximately half that of the first year, it is anticipated that the amount of relief to be given to ratepayers for the 2018/19 year will be approximately half of the amount they received for the 2017/18 year. The Government have recently confirmed that it is not possible to redistribute the grant between the years specified.
- 4.8. Possible alternatives to this scheme which have been considered are:
 - Certain types of properties could be excluded – however this could be seen as an arbitrary decision.
 - Certain areas (e.g. town centres) could be assisted further – however this could be seen as unfair to the other ratepayers in the Borough.
 - Large national or multi-national chains could be excluded – however this could be seen as discouraging these types of businesses from locating to the area and employing local people.
 - A more generous percentage increase could be allowed to the “large” properties – however this would have a significant effect on the amount of the total pot remaining to help the “small” and “medium” properties.
 - Awards are not made automatically as above but ratepayers are invited to make individual applications and each one is looked at on its own merit – however this would be extremely labour-intensive and difficult to administer; once the “pot” was exhausted, further applications would have to be turned down or funded in another way.

5. Consultation

- 5.1. A consultation document was issued on 24 July 2017 to Leicestershire County Council, The Office of Police and Crime Commissioner, Leicestershire Fire and Rescue Service, Leicestershire Chamber of Commerce, and the Leicestershire Federation of Small Businesses (LFSB) asking for any comments or suggestions by 11 August 2017.
- 5.2. There was one response, from LFSB, who stated “We are pleased to see that Oadby and Wigston have produced a timely and thorough proposition and grateful that the views of local small businesses, through the FSB, have been sought. It is also good to

see that the proposed scheme avoids any unnecessary administrative burden on either the Council or small businesses. We are supportive of the rationale used, giving smaller companies/properties the greatest protection, as intended by the Central Government objective”.

Background Documents:

Consultation Document issued on 24 July 2017

E-mail: david.coe@oadby-wigston.gov.uk

Tel: (0116) 257 2634

Implications Discretionary Business Rates Revaluation Relief Scheme	
Finance	As set out in the body of the report.
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	
Legal	No implications.
Anne Court (Director of Services / Monitor Officer)	
Corporate Risk(s) (CR)	<input checked="" type="checkbox"/> No Corporate Risk(s) Identified
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	
Corporate Priorities (CP)	<input checked="" type="checkbox"/> An Inclusive and Engaged Borough (CP1)
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	<input checked="" type="checkbox"/> Effective Service Provision (CP2)
Vision & Values (V)	<input checked="" type="checkbox"/> "A Strong Borough Together" (Vision)
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	<input checked="" type="checkbox"/> Customer Focus (V5)
Equalities & Equality Assessment(s) (EA)	No implications.
Martin Hone (Interim Chief Finance Officer / Section 151 Officer)	<input checked="" type="checkbox"/> Not Applicable (EA)