



EXECUTIVE BOARD DECISION

REPORT OF: Executive Member for Resources

LEAD OFFICERS: Director of Finance and IT

DATE: 10 August 2017

PORTFOLIO/S AFFECTED: Resources

WARD/S AFFECTED: All

KEY DECISION: YES NO

SUBJECT: Introduction of Supporting Small Business relief, Business Rate relief for Pubs and the Local Discretionary Relief Scheme

1. EXECUTIVE SUMMARY

The March 2017 budget announced three separate measures to assist businesses that had faced increases in business rate bills following the revaluation of all business properties in the country.

The announcements included;

- additional support for small businesses facing large increases,
- a one year £1000 discount for pubs and,
- £300m of extra funding for local authorities to provide a local discretionary relief to those facing increases in their business rate bills.

Blackburn with Darwen Council will be receiving the following funding to be awarded through its local scheme:

2017/18 - £176,000
2018/19 - £86,000
2019/20 - £35,000
2020/21 - £5,000

The criteria for providing financial support for small businesses and for pubs has been prescribed by government and is contained in Appendix A. The local discretionary policy for those business facing increases in bills has been developed in consultation with the Executive Member for Resources. The principles used in the design of the local discretionary relief include the following:

- I. Relief to be targeted at businesses that are facing an increase in their business rate bills following the revaluation, encompassing different sizes, sectors and locations across the borough;
- II. The relief to be distributed in a way that is proportionate to how much the business rates bill has increased, and in a fair manner;
- III. The extra relief is distributed to local businesses quickly and smoothly; and,
- IV. The relief is simple for the Council to administer.

2. RECOMMENDATIONS

The Executive Board is asked:

- To approve the new Business reliefs and discount policy outlined in Appendix A;
- To delegate to the Director of Finance and IT, in consultation with the Executive Member for Resources, the authority to approve the amendment to the Council's Business Rates Relief policy to include the provision for implementing any future government announced relief or discount;
- To delegate the setting of the discretionary relief amounts in 2018/19, 2019/20 & 2020/21 to the Executive Member for Resources.

3. BACKGROUND

The Government has undertaken a national revaluation of all commercial premises in England and Wales; as a consequence, all premises in the borough were assigned a new 'rateable value' by the Valuation Office with effect from 1st April 2017. The rateable value attributable to a property is then used to calculate the level of business rates paid by the occupier or owner of commercial properties. Those properties that have seen an increase in their rateable value have therefore seen an increase in the amount of Business Rates payable.

In the Spring Budget of 8th March 2017, the Chancellor announced;

- additional support for small businesses facing large business rate increases,
- a one year discount of £1,000 for pubs and,
- £300m of extra funding for local authorities to provide discretionary relief to those facing increases in their business rate bills following the revaluation.

This report outlines the approach to be taken in respect of the small business rate support and the £1,000 business rates discount for pubs and it also details the criteria to be applied in the administration of the Council's own local discretionary relief scheme.

4. KEY ISSUES & RISKS

4.1 Supporting Small Business relief and Discounts for Pubs

Those businesses and premises that are identified as having an entitlement to the small business rate support relief, or the discount for pubs, will be awarded the relief/discount without the need for an application form. All those entitled to this will be immediately contacted once the assessment has been completed by the Council.

4.2 Local Discretionary Relief

The design of the Local Discretionary Relief has been delegated to each Local Authority. The Government guidelines for relief state that certain conditions should be met, including the requirement that this relief can only be targeted at businesses that will see their rates bills increase in April 2017 as a result of the revaluation.

In respect of the financial year 2017/18, those businesses that qualify for the extra discretionary relief will receive a reduction in their business rate bill equivalent to the amount of the increase in the year e.g. a qualifying company facing a 10% increase on their previous bill equating to £10,000 would receive a £10,000 relief on their bill.

The amount of relief to be awarded in future financial years will be determined by the Executive Member for Resources on a year by year basis based on the funding made available by the government for this purpose and the increases facing businesses in the borough.

4.2.1 Exclusions

The Local Discretionary Relief scheme will not apply to all properties that have received an increase in rates payable. Certain organisations and premises will be excluded from consideration for the relief, which include:

- Financial services (banks, cashpoints, bureau de change, pay day lenders);
- Professional services (solicitors, accountants, insurance agents, financial advisors);
- Premises mainly used for religious worship;
- Overseas Aid organisations;
- Administration Offices for National Charities;
- Amusement arcades – establishments operating a business that is predominately gambling/slot machines, etc.
- Takeaways – establishments that predominately function as a takeaway;
- Off licences – establishments that predominately sell alcohol, and;
- Shisha cafes.

In addition, where any of the following apply, again the ratepayer will not be eligible for local discretionary rate relief:

- Ratepayers in receipt of reoccupation or regeneration relief for the financial year 2017/18;
- Ratepayers who occupied the property after the 31st March 2017;
- Properties that are unoccupied;
- Properties that have no employees based in the hereditament on which relief is being sought;
- Where the relief would not comply with EU law on state aid rules;
- Ratepayers operating an intermittent occupation, and;
- National companies, national charities, national chains and public bodies;

5. POLICY IMPLICATIONS

A full and comprehensive policy for small business support, the discount for pubs and local discretionary relief has been detailed in Appendix A.

6. FINANCIAL IMPLICATIONS

The small business relief and the £1,000 discount for pubs will be fully funded by the Government based on the criteria set out in the guidance. The local Discretionary Relief is however capped based on a Government calculation of the business properties in the borough. Any allocation made by an individual Council in excess of their allocation will not attract the Government grant.

It is expected that Blackburn with Darwen will be issued with £302,000 over the next four years as detailed below;

Amount of Discretionary relief funding awarded				
2017/18	2018/19	2019/20	2020/21	Total
£176,000	£86,000	£35,000	£5,000	£302,000

To assist Local Authorities with the administrative burden, additional funding of £12,000 has been announced for each authority, plus £0.50 for each notification issued to businesses.

7. LEGAL IMPLICATIONS

The Governments funding for all three reliefs is to be provided by way of a grant under section 31 of the Local Government Act 2003. To access the funding, the Council is required to establish a discretionary scheme for administering the rate relief under section 47 of the Local Government

Finance Act 1988. In addition, the scheme will have to also meet the Government's grant conditions. Section 69 of the Localism Act 2011 amends section 47 and provides a new discretionary power to reduce business rates for any local ratepayer.

8. RESOURCE IMPLICATIONS

Existing resources within the Business Rates team will be used to administer all three reliefs.

9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

10. CONSULTATIONS

Consultation has already taken place with the Fire Authority regarding the scheme.

11. STATEMENT OF COMPLIANCE

The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	1
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CONTACT OFFICER:	Andy Ormerod
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DATE:	26 th July 2017
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BACKGROUND PAPER:	
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