

NORTH LINCOLNSHIRE COUNCIL

**BUSINESS TRANSFORMATION AND FINANCE
CABINET MEMBER**

NEW BUSINESS RATES RELIEF SCHEMES (ADDITIONAL SUPPORT)

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 This report seeks approval from Cabinet Member to introduce the business rates relief schemes and award relief to qualifying properties under section 47 of the Local Government Finance Act 1988, as amended.
- 1.2 The Department of Communities and Local Government have introduced three new schemes to support businesses, in response to business that may have been affected by the 2017 revaluation (business rates).
- 1.3 The three schemes are: Supporting Small Businesses; Business Rate Relief Scheme for Pubs and New Discretionary Relief Scheme, part of a four year £300m fund of which North Lincolnshire has been allocated £480k.
- 1.4 The report recommends the implementation of the first 2 schemes in line with the national eligibility requirements and seeks approval in principle to implementation of the new discretionary scheme subject to the eligibility been established.
- 1.5 The report seek to delegate approval of the eligibility of the scheme to the Director of Governance and Partnerships, in consultation with Cabinet Member Business Transformation and Finance.

2. BACKGROUND INFORMATION

- 2.1 The government announced the three new business rates relief schemes as part of the Spring Budget in March 2017. Local Authorities are expected to deliver the schemes through their use of discretionary relief powers under section 47 of the Local Government Finance Act 1988, as amended.
- 2.2 The schemes to administer and deliver the reliefs for Supporting Small Businesses and Business Rate Relief Scheme for Pubs, are definitively outlined by the Department of Communities and Local Government (DCLG) and local authorities are required to grant the relief to qualifying ratepayers.
- 2.3 In relation to the Business Rate Relief Scheme for Pubs; the scheme is for pubs with a rateable value of below £100,000 and under the scheme, eligible pubs will receive a £1000 discount on their annual bill.

- 2.4 In relation to the Supporting Small Businesses relief; the scheme will be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief.
- 2.5 In relation to the New Discretionary Relief Scheme, it is for local billing authorities to adopt a local scheme, which considers the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies. Nationally, £300m has been made available for the discretionary fund over four years. Allocations to individual local authorities is based on the general principle that the fund will be used to support, primarily smaller businesses, which have faced the steepest increases in their business rates bills as a result of the 2017 revaluation.
- 2.6 The government has established a £300m discretionary fund over four years and each council will receive an allocation of this fund based. North Lincolnshire Council's allocation of the £300m is as follows:
- 2017/18 - £280k
2018/19 - £136k
2019/20 - £56k
2020/21 - £8k.
- 2.7 The purpose of the relief is to maximise benefit for local businesses within the boundaries of the funding available. Analysis is being undertaken by the Business Rates team to determine the specific detail of the criteria for identifying potential recipients who will be invited to submit an electronic application for relief. The recommended criteria will be predicated on the methodology the government used to distribute the funding. In brief, it will be directed at those businesses with a rateable value of below £200,000 which experienced an increase of more than 12.5% in their 2017/18 bill compared to their 2016/17 bill. It is proposed that the decision on the local qualifying criteria is delegated to the Director Governance and Partnership in consultation with Cabinet Member Business Transformation and Finance.

3. OPTIONS FOR CONSIDERATION

- 3.1 Approve the introduction of the three relief schemes in accordance with the discretionary relief powers under section 47 of the Local Government Finance Act 1988, as amended.
- 3.2 Delegate the decision on the local qualifying criteria for the new discretionary scheme to the Director Governance and Partnership in consultation with Cabinet Member Business Transformation and Finance.
- 3.3 Do not approve the introduction of the relief schemes in accordance with the discretionary relief powers under section 47 of the Local Government Finance Act 1988, as amended.

4. ANALYSIS OF OPTIONS

- 4.1 Approving the introduction of the schemes will help to support businesses which have experienced an increase in their business rates as a result of the 2017 revaluation. It will also help to support small businesses and pubs which qualify for the appropriate relief.

There is no financial impact to the council as the reliefs will be fully reimbursed by government.

- 4.2 Local billing authorities are expected to introduce the three new schemes locally.
- 4.3 It is anticipated that the relief for pubs will benefit about 84 pubs, at a cost of £84k which will be reimbursed by the DCLG.
- 4.4 It is estimated that there are 23 businesses which will qualify for the small business relief, at a cost of approximately £92k which will be reimbursed by DCLG.
- 4.5 The DCLG are currently working with local billing authorities' software providers to deliver the required system upgrades required to identify and award the relief to qualifying ratepayers.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

- 5.1 Financial – There are no direct financial implications for the council as billing authorities will be compensated through a Section 31 grant for the cost to the authority of granting the reliefs under section 31 of the Local Government Act 2003.
- 5.2 Staffing, Property, IT – the implementation of these schemes places additional burdens on the council and subsequently the council will receive some New Burdens Funding for expected reasonable costs relating to new software and staffing/administration around rebilling affected ratepayers.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1. Not applicable.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 Not applicable.

8. RECOMMENDATIONS

- 8.1 It is recommended that Cabinet Member approves the introduction of the new Business Rates Relief schemes to allow the council to award reliefs to qualifying properties under section 47 on the Local Government Finance Act 1988, as amended.
- 8.2 It is recommended that the decision for the approval of the qualifying criteria for the new discretionary relief is delegated to the Director Governance and Partnership in consultation with Cabinet Member Business Transformation and Finance.

DIRECTOR OF GOVERNANCE AND PARTNERSHIPS

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Date: 19/7/17

Background Papers used in the preparation of this report

Business Rates Information Letters (BRIL 2/2017 and 4/2017).

Local Government Finance Act 1988.