

Report to	-	Cabinet
Date	-	25 September 2017
Report of the	-	Executive Director of Resources
Subject	-	Business Rates – Discretionary Business Rate Relief Scheme

Recommendation to COUNCIL: That the discretionary business rate relief scheme detailed in Appendix A of this report be approved and adopted and the Executive Director of Resources be authorised to make minor textual amendments, if necessary.

Service Manager: Robin Vennard
Lead Cabinet Member: Councillor Lord Ampthill

Introduction

1. Cabinet Minute CB17/10 considered proposals made by the Overview and Scrutiny Committee (Minute OSC17/14), for a new discretionary rate relief scheme. This followed announcements in the Spring Budget, by the Chancellor of the Exchequer of three measures aimed to alleviate some of the financial burden on businesses following the national revaluation of business rates that came into force on the 1 April 2017. Cabinet approved the draft proposals for consultation and this report presents the final draft scheme for Members to consider following the consultation response.

Background

2. The previous report advised that, the Government established a £300m discretionary fund over four years from 2017/18 to support businesses. The £300m covers the four years from 2017/18 in the following amounts:

£175m in 2017/18
£85m in 2018/19
£35m in 2019/20
£5m in 2020/21

3. The maximum funding available to Rother over the four years is as follows:

£228,000 in 2017/18
£111,000 in 2018/19
£46,000 in 2019/20
£7,000 in 2020/21

4. Funding will be drawn down annually based on the actual amount of relief granted each year. As Members will see, the majority of support will be given in the first year with a rapid drop off in subsequent years. Whilst general guidance has been issued by the Department for Communities and Local

Government (DCLG) each Council is largely free to design their own scheme which reflects the issues in their area and which supports economic and social regeneration policies. Whatever scheme is introduced, Members will need to be mindful on the need to restrict the relief to the overall funding available.

5. Work was undertaken to identify those businesses most affected by looking at the percentage increase and the amount of increase in rateable value. The percentage increases vary enormously, with the highest increase being 477%. The amount of increase also varies significantly up to £195,000 for one retail warehouse and premises. A number of businesses have seen their rateable value decrease.
6. The type of businesses adversely affected by the revaluation in Rother has been analysed based on the Valuation Office Agency classifications. The top six most affected businesses by type are shown below:

Business Type	Number of business adversely affected by the revaluation
Shops	73
Holiday Units	58
Public Houses	48
Office Accommodation	48
Warehousing	46
Communications (including masts)	45

Consultation

7. The Council has received positive confirmation from East Sussex County Council, East Sussex Fire and Rescue Service and Sussex Police and Crime Commissioner that they are supportive of the proposed scheme. The Council also published the draft scheme but at the time of writing this report no specific comments had been received. Members will be updated if necessary at the meeting on any comments received.

Discretionary Relief Scheme – Final Design

8. The Council has a high degree of freedom in its scheme design. The proposed scheme is expected to be simple to administer, thereby reducing the administrative burden on both businesses and officers. The funding referred to above cannot be used to meet the costs of additional administration. To remain within the available funding and to achieve the administrative simplicity, it is proposed that the scheme operates as per the draft proposals as follows:
 - a. Relief will be allowed to qualifying businesses as at 1 April 2017. Any business commencing occupation of a property after this date would not qualify for help. This is on the basis that the rate liability would be known to the business before they occupied the property.
 - b. Businesses will have to apply for the help. Applications will enable the Council to check that any other reliefs have been claimed and that any state aid issues are identified.

- c. Help will be available to businesses with a rateable value of less than £100,000. This will ensure the available funding is targeted at small medium enterprises (SMEs) within the district.
 - d. Relief would be applied after all other qualifying reliefs are awarded e.g. mandatory rate relief, small business rate relief.
 - e. That the following business sectors are excluded from help:
 - Local Authorities (including The District, County Council and any Parish or Town Councils are automatically excluded from receiving relief)
 - Other Precepting Authorities (including the Police and Crime Commissioner and the Fire and Rescue Service are automatically excluded from receiving relief)
 - Other public sector organisations (e.g. National Health Service Trusts etc.; Ministry of Defence etc.)
 - Public Sector Organisations (e.g. Health, Local Government)
 - Utility and Communication companies
 - Financial Services (e.g. banks, accountancy)
 - Gambling establishments
 - Pawn brokers and similar organisations
 - Estate Agents
 - Solicitors
 - Private Schools – post five year old education
 - f. For qualifying ratepayers the Relief awarded will meet any increase above 5% of the full year equivalent amount payable for 2016/17.
 - g. That the relief awarded for subsequent years be reduced to the following amounts to remain within the available funding:
 - Year 2 – 48% of the relief awarded in 2017/18
 - Year 3 – 20% of the relief awarded in 2018/19
 - Year 4 – 3% of the relief awarded in 2019/20
9. Members should note that whilst the scheme is expected to cost no more than the available funding, the Council cannot restrict the relief given to qualifying businesses. It may be therefore, that in reality the amount awarded may be more than the funding available. The actual scheme is produced at Appendix A. Members are asked to agree the scheme and make a recommendation to full Council for its adoption. The scheme will be backdated to the 1 April and will be closely monitored over the next four years. It is further requested that the Executive Director of Resources be authorised to make minor textual amendments, if necessary.

Malcolm Johnston
Executive Director of Resources

Risk Assessment Statement

There are no risks to the Council as a direct result of this report.