

**Policy and Resources
Committee**

**20 September
2017**

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Discretionary Rate Relief Scheme

Final Decision-Maker	Policy and Resources Committee
Lead Head of Service	Sheila Coburn, Interim Head of Revenues and Benefits
Lead Officer and Report Author	Sheila Coburn, Interim Head of Revenues and Benefits
Classification	Public
Wards affected	All

This report makes the following recommendations to this Committee:

1. That the Business Rates Discretionary Rate Relief scheme described in the report, with the criteria for eligibility set out as Option 2 in section 3, be adopted
2. Authority is delegated to the Head of Revenues and Benefits to finalise and implement the scheme.

This report relates to the following corporate priorities:

- Securing a successful economy for Maidstone Borough – The proposed scheme will provide financial assistance to businesses adversely affected by revaluation.

Timetable

Meeting	Date
Committee (Policy and Resources)	20 September 2017

Discretionary Relief Scheme

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report proposes the introduction of a scheme benefitting from Government funding to support local businesses adversely affected by Business Rates revaluation.
 - 1.2 At the Spring budget, the Government announced the establishment of a £300 million discretionary fund over four years to help councils support those businesses in their area that experienced the steepest increases following the 2017 revaluation.
 - 1.3 The council is expected to use its share of the fund to devise and implement a Discretionary Relief Scheme to target support to those businesses.
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2. INTRODUCTION AND BACKGROUND

- 2.1 Business Rates are set jointly by the Valuation Office Agency and Government. Maidstone Borough Council has no control over the amount of Business Rates charged.
- 2.2 The Valuation Office Agency, who is part of Her Majesty's Revenues and Customs, set the rateable value of each business assessment. The Government sets a rate poundage each year. The multiplication of these two determines the amount a business is charged for Business Rates.
- 2.3 Of the Business Rates collected, the Government levies a tariff on Maidstone Borough Council and the council only keeps 4% of Business Rates.
- 2.4 A revaluation of rateable values is normally undertaken by the Valuation Office Agency every 5 years. The last revaluation took place on 1 April 2010.
- 2.5 The Government delayed a revaluation by 2 years until 1 April 2017. As a result of changes in the rateable values for business properties in Maidstone borough, 1,176 businesses (23%) benefitted from a reduction in rateable value and 1,478 businesses (30%) had no change in rateable value. The remaining 2,373 (47%) faced an increase in the rateable value as a result of the revaluation and there was much publicity in the press as a consequence of this.
- 2.6 In response the Government looked at ways to assist those businesses that faced large increases in their rateable values and ultimately their Business Rates liability.
- 2.7 In March 2017, the Government announced that it would make available a discretionary fund over 4 years to help councils support those businesses in their area that experienced the steepest increases following the 2017 revaluation.

- 2.8 Government determined that councils would be 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.
- 2.9 The council can operate such a scheme through its discretionary relief powers under S47 of the Local Government Act 1988.
- 2.10 The share of the fund made available to the council (£492,000 over 4 years) is to compensate for the 50% of business rates that would have been retained locally had such a scheme not been implemented. As such support for local business through the scheme is funded up to £984,000 over 4 years, with the difference in funding met directly by Government.

	2017-18	2018-19	2019-2020	2020-2021
Govt funding	287,000	140,000	57,000	8,000
Scheme total	574,000	280,000	114,000	16,000

- 2.11 Properties with a Rateable Value of under £12,000 already benefit from 100% Small Business Rate Relief.
- 2.12 511 businesses remain who had an increase in the amount of Business Rates payable for 2017-18 as a result of revaluation.
- 2.13 It is proposed that in making such awards the council works to a set of principles including;
- Revaluation – relief is available to businesses that experienced an increase in rateable value from the 1 April 2017 as a result of revaluation, when compared to the rateable value at 31 March 2017.
 - Rateable value – relief is available to businesses with a rateable value above £12,000, with properties below that level to receive small business rate relief, up to £100,000.
 - Rates liability – relief is available to businesses that have experienced an increase in the level of rates payable, after allowing for all other forms of rate relief.
 - Occupation – relief is available to businesses that were in occupation of the premises as at 31 March 2017 and remain in continuous occupation.
 - Relief is available to businesses that are not entitled to 80% mandatory relief due to their charitable status.
 - Relief is available to support local businesses rather than national businesses.
- 2.14 By excluding the national businesses, this will leave 218 local businesses who had an increase in their Business Rates liability as a result of revaluation.

- 2.15 It is proposed that approximately 80% of the funding (£229,600) is distributed to businesses meeting the above criteria, with the fund apportioned in line with the Rateable Value of the business.
- 2.16 It is proposed relief will be automatically awarded to eligible businesses without applications having to be made, which will avoid further delays.
- 2.17 The remainder, 20% of the funding (£57,400), will be held as a contingency for any appeals and to assist businesses identified as experiencing financial hardship as a result of revaluation.
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3. AVAILABLE OPTIONS

- 3.1 Option 1 - Do nothing – there is no requirement for the council to introduce a scheme to make such awards, however, local businesses would fail to benefit from the funding made available by Government.
- 3.2 Option 2 – Award 80% relief to businesses with a rateable value less than £100,000. This will benefit 209 businesses, amounting to £221,911.
- 3.3 Option 3 – Award 100% relief to businesses with rateable values under £51,000. This will benefit 174 businesses amounting to £238,122.
- 3.4 Option 4 – Award 60% relief to businesses with a rateable value up to £200,000. This will affect 215 businesses amounting to £214,047.
- 3.5 Option 5 – Award 40% relief to all properties irrespective of rateable value. This will affect 218 businesses amounting to £224,185.
- 3.6 Option 6 – Award 100% relief to properties which had an increase of over 5%, up to a Rateable Value of £200,000. This will affect 165 businesses amounting to £173,813.
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3 PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 3.6 The Committee is asked to introduce a local scheme with the recommendation of Option 3.2.
- 3.7 It is considered that this option achieves the right balance of a significant level of relief (80%) whilst benefiting local small ratepayers with a rateable value up to £100,000. A higher percentage of relief would mean reducing the upper limit; a higher upper limit would mean providing a smaller percentage figure in relief.
- 3.8 In general, by introducing a local discretionary scheme the council will be able to make use of Government funding to support local businesses affected by revaluation.

- 3.9 The scheme would be delivered at no cost to the council (providing operated within allocated funding) and supports the corporate priority of securing a successful economy for Maidstone Borough.
- 3.10 The Economic Development Strategy focuses on 5 priorities for intervention to support the growth of the local economy; the first being 'Retaining and Attracting Investment'.
- 3.11 The Strategy sets out the importance of business retention as "the growth Maidstone has seen over recent years has been largely due to the expansion of existing businesses, rather than new inward investment from outside of Kent. Supporting existing local businesses to grow is therefore critical for delivering the job growth we want for the future."
- 3.12 The focus of this scheme on existing local businesses directly supports the objectives of the adopted Economic Development Strategy. It reduces the financial burden imposed on small local firms as a result of the business rates revaluation, helping them to remain viable, retain jobs and/or invest in their businesses.
- 3.13 That the Head of Revenues and Benefits has delegated authority to operate the agreed scheme with the Business Rates team awarding relief in accordance with the approved recommendations.
- 3.14 If any business is aggrieved by the non award of relief, the business can appeal to the Head of Revenues and Benefits for its case to be considered.

4 CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 4.6 There is a statutory requirement to consult with major preceptors on the design of the scheme.
- 4.7 That consultation will be undertaken with the proposed scheme supported.

5 NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 5.6 It is intended information will be made available on the council's website regarding the availability of relief.
- 5.7 Eligible businesses will automatically be awarded the relief without having to make an application.

6 CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
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Impact on Corporate Priorities - "Securing a successful economy for Maidstone Borough"	The proposed scheme will help secure a successful economy by providing help to business adversely affected by revaluation.	Sheila Coburn Head of Revs & Bens (interim)
Risk Management	The risks associated with implementing and operating the scheme is considered low. Endorsement of a corporate scheme helps reduce the risk.	Sheila Coburn Head of Revs & Bens (interim)
Financial	The council is to receive £492,000 over 4 years to compensate for the cost of the scheme. New burdens funding has been provided to meet the cost of administration.	
Staffing	The scheme will be operated within existing resources.	Sheila Coburn Head of Revs & Bens (interim)
Legal	The powers to operate such a scheme are provided by section 47, Local Government Act 1988.	Head of Legal
Equality Impact Needs Assessment	The scheme itself does not impact on those with protected characteristics. However, consideration should be given when implementing the scheme in terms of ensuring that it can be accessed by hard to reach groups.	Equalities and Corporate Policy Officer
Environmental/Sustainable Development	No impact	Sheila Coburn Head of Revs & Bens (interim)
Community Safety	No impact	Sheila Coburn Head of Revs & Bens (interim)
Human Rights Act	No impact	Sheila Coburn Head of Revs & Bens (interim)
Procurement	No impact	Sheila Coburn

		Head of Revs & Bens (interim)
Asset Management	No impact	Sheila Coburn Head of Revs & Bens (interim)

7 REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix I: Discretionary Relief Scheme
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8 BACKGROUND PAPERS

None