

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

21 June 2017

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 BUSINESS RATES RELIEF SCHEME

In March 2017, the Department for Communities and Local Government published a paper entitled – ‘Consultation on proposals on the design and implementation of the locally administered Business Rates Relief Scheme’. This report provides an overview of and our response to the consultation paper; and requests that delegated authority be granted to the Director of Finance and Transformation in conjunction with the Leader, Cabinet Member for Finance, Innovation and Property and the Chairman of this Advisory Board to agree the scheme to be adopted by this Council.

1.1 Introduction

1.1.1 The Chancellor in the March 2017 Budget announced that the Government would provide £300m to support those businesses most affected by the revaluation of business rates due to take effect from April 2017.

1.1.2 The Department for Communities and Local Government subsequently published a paper entitled – ‘Consultation on proposals on the design and implementation of the locally administered Business Rates Relief Scheme’. This report provides an overview of and our response to the consultation paper; and requests that delegated authority be granted to the Director of Finance and Transformation in conjunction with the Leader, Cabinet Member for Finance, Innovation and Property and the Chairman of this Advisory Board to agree the scheme to be adopted by this Council.

1.2 Consultation on proposals on the design and implementation of the locally administered Business Rates Relief Scheme

1.2.1 The consultation paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598261/Discretionary_Business_Rates_Relief_Scheme_consultation.pdf

1.2.2 The return date for responses to the consultation was 7 April 2017 and a copy of the response agreed with the Cabinet Member for Finance, Innovation and Property and the Chairman of this Advisory Board can be found at **[Annex 1]**.

1.2.3 An overview of the proposals set out in the consultation paper is given below.

- The Government is to provide £300m over the four-year period 2017/18 to 2020/21 to support those businesses most affected by the revaluation of business rates due to take effect from April 2017.
- Every billing authority will be provided with a share of the £300m. The sums allocated to this Council in each of the four years 2017/18 to 2020/21 are £338,000, £164,000, £68,000 and £10,000 respectively.
- Which businesses receive support is to be determined locally by billing authorities. There will be no national scheme.

Consideration was given to whether in responding to ask the Government to alter the transitional relief scheme as an alternative to locally determined schemes, but on balance decided not to do so.

- Billing authorities will be required to consult with their major precepting authorities on the design of the local scheme to be implemented.

Expressed the view there should be no formal requirement to consult where the total discretionary rate relief granted under a local scheme is to be capped at that year's allocation. Also note the consultees to be those organisations in the Business Rates Retention Scheme which is not necessarily one and the same as major precepting authorities.

- Relief provided above the allocated amount will not be refunded.

1.2.4 The Government did not say that it will provide support to local authorities for the costs arising from designing and managing the introduction of this additional discretionary scheme. As a result clarification was sought as to whether the administration of this scheme is to be or should be covered under the New Burdens Doctrine.

1.3 Approach to be taken in Administering the Business Rates Relief Scheme

1.3.1 It is for the local authority to adopt a local scheme and decide in each case when to grant relief. Local authorities have been waiting for Government guidance on the various reliefs to be applied in order to inform the design of the local scheme which only recently has been made available.

As a result it is requested that delegated authority be granted to the Director of Finance and Transformation in conjunction with the Leader, Cabinet Member for Finance, Innovation and Property and the Chairman of this Advisory Board to

agree the scheme to be adopted by this Council. Factors to be considered in the design of the scheme are to include the scale of the increase in the business rates liability for 2017/18 when compared to that payable for 2016/17 and the rateable value of the property.

1.4 State Aid

- 1.4.1 The De Minimis regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three-year period (current financial year and the two previous financial years). Local authorities are asked to note the terms of this State Aid exemption and to seek assurance that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.

1.5 Legal Implications

- 1.5.1 The legislative framework for the billing, collection, recovery and administration of national non-domestic rates (business rates) is set out in the Local Government and Finance Act 1988. The relief scheme to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act).

1.6 Financial and Value for Money Considerations

- 1.6.1 As set out above. Cash flow implications, albeit relatively small.

1.7 Risk Assessment

- 1.7.1 There could be a challenge by way of judicial review if an organisation were unhappy with a decision. Such a challenge can succeed only when the Council behaves unreasonably.

1.8 Recommendations

- 1.8.1 It is requested that delegated authority be granted to the Director of Finance and Transformation in conjunction with the Leader, Cabinet Member for Finance, Innovation and Property and the Chairman of this Advisory Board to agree the locally administered business rates relief scheme to be adopted by this Council.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

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Nil

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