

Decision Maker: EXECUTIVE

Date: Wednesday 19 July 2017

Decision Type: Non-Urgent Executive Non-Key

Title: **LOCALLY ADMINISTERED BUSINESS RATES RELIEF SCHEME**

Contact Officer: John Nightingale, Head of Revenues and Benefits
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Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report advises the results of the consultation exercise on the proposed Business Rates relief scheme and requests a decision on the scheme to be adopted.

2. **RECOMMENDATION(S)**

2.1 The results of the consultation exercise be noted.

2.2 The proposed scheme as detailed in paragraph 3.2 be adopted.

2.3 In the event that the DCLG permits the transfer of funds between years, a review of the scheme be undertaken in 2018/19 as to be level of assistance that can be provided from 2019/20 and 2020/21.

Impact on Vulnerable Adults and Children

1. Summary of Impact: N/A
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Corporate Policy

1. Policy Status: New Policy:
 2. BBB Priority: Vibrant, Thriving Town Centres
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Financial

1. Cost of proposal: £52k
 2. Ongoing costs: £16.6k in 2017/18 and £11.8k for three years from 2018/19
 3. Budget head/performance centre: Exchequer- Revenues
 4. Total current budget for this head: £3.78m
 5. Source of funding: Existing revenue budget 2017/18
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Personnel

1. Number of staff (current and additional): 2 plus Liberata staff
 2. If from existing staff resources, number of staff hours: N/A
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Legal

1. Legal Requirement: Statutory Requirement

Local Government Act 1988

Local Government Act 2003

2. Call-in: Applicable
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Procurement

1. Summary of Procurement Implications: N/A
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): 2,600 businesses.
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Ward Councillor Views

1. Have Ward Councillors been asked for comments? No
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

Background

- 3.1 At the 24 May 2017 meeting of the Executive it was agreed that a 3 week consultation exercise be undertaken on the scheme to be adopted for Bromley. The scheme recommended in consultation being designed to mirror the criteria used by the DCLG when allocating the overall budget between Local Authorities.

The report submitted to the 24 May 2017 meeting of the Executive can be found at:
<http://cde.bromley.gov.uk/documents/s50048952/Locally%20Administered%20Business%20Rates%20Relief%20SchemePART%201%20REPORT%20TEMPLATE.pdf>

Proposed Scheme as included in the consultation documentation

- 3.2 The scheme is designed to mirror the criteria used by the DCLG when allocating the available “pot” between the Local Authorities.
- 3.3 Relief is limited to all properties that have a Rateable Value of under £200k and who have suffered a loss (pre Transitional Relief) of more than 12.5%. They must have seen an increase in their Business Rates liability after all other reliefs have been applied.
- 3.4 In accordance with legislation, businesses will be subject to De Minimis Regulations (less than €200k State Aid in the current & previous 2 financial years). This would be a requirement in respect of any scheme to be adopted.
- 3.5 The following categories would not be granted assistance: LBB properties, properties held by the Official Receiver and properties whilst empty.
- 3.6 Not allowing for empty properties, this would result in approximately 2,600 business receiving assistance
- 3.7 Based on the available funding, discretionary relief at the following percentages of the net increase for 2017/18 could be granted:

Financial Year	Percentage
2017/18	25%
2018/19	12.25%
2019/20	5%
2020/21	0.7%

- 3.8 A hardship fund of £50k be available for those businesses that have experienced an increase in Business Rates as a result of the revaluation and whose circumstances are such that the Authority wishes to provide more assistance than would payable under this scheme.
- 3.9 Should the DCLG advise that the Authority is permitted to transfer funds between years a review will be undertaken in year 2 as to the level of assistance that can be provided in 2019/20 and 2020/21.

Consultation Process

- 3.10 The consultation period ran between the 13th June and 30th June 2017; this was a restricted period so that assistance could be given to qualifying businesses as soon as possible. Businesses were directed to the online consultation by means of notes enclosed with demand notifications issued during the period and a message entered on the Business Rates helpline.

- 3.11 In addition, a mailing was sent to contacts held by the Town Management & Business Support Team and a press release issued.
- 3.12 Notification of the consultation was sent to the Mayor/GLA and the London Assembly constituency member for Bexley and Bromley (Gareth Bacon)
- 3.13 A letter received prior to the consultation period from the National Federation of Self Employed and Small Businesses (FSB) has been included in the consultation results

Consultation Results

- 3.14 The full consultation report is attached as Appendix 1. Below is provided a summary of the respondents and findings:

In total there were 64 wholly or partially completed responses to consultation; however only 29 commented on the proposal to say whether they were either for or against it.

- 18 out of the 29 were businesses, companies and organisations
- 3 were from representative bodies – Fed of Small Businesses, an agent and “on behalf of an Occupier”
- In addition responses were received from the GLA, an un-named Local Authority, a newspaper and 3 who failed to provide details

- 3.15 Of those responding, 25 (86%) were in favour of the proposal and 4 (14%) against. The largest number of favourable responses came from businesses, companies and organisations where 89% were in favour.

Where respondents were asked to provide alternative schemes, the following 2 suggestions were made:

1. Relief should be applied to all small businesses in proportion to their increase – if their rates have increased by 5%, then relief of 5% should be provided over the period, with a cap of 12.5%

2. Anyone who has had an increase should receive some support.

- 3.16 A letter received from the GLA in response to the consultation is attached as Appendix 2. To summarise the GLA supports the Authority’s proposals to cap increases in bills by a set percentage and the provision of a £50k hardship fund. However, they have also provided further principles for consideration, these are detailed below along with the Authority’s position written in italics:

- Not provide support to ratepayers who operate from a number of premises, potentially 5 or more. *The proposed scheme would provide support subject to the De Minimis regulations.*
- Consultation with other LA’s to develop a consistent application process. *Bromley is expected to be one of the first London Authorities’ in implementing a scheme.*
- Holding back a proportion of funding until the Government has announced its final position on re-profiling. *The Council is keen to ensure that the notified Government funding is fully utilised reflecting known information at the current time.*

Claim Administration

- 3.17 Whilst the proposed scheme mirrors the criteria used by the DCLG when allocating funds, it will require careful drafting to ensure it accurately reflects the schemes intentions, minimises ambiguity and does not contain loopholes. Assistance will be obtained from Legal Services on this matter.
- 3.18 The Revenues Section will forward a letter to businesses it is believed might qualify for assistance, seeking confirmation that they are not “barred” from receiving assistance under the De Minimis Regulations (see paragraph 3.4). The intention is for the process to be as simple as possible, with responses able to be made electronically or by post.

Administration Costs

- 3.19 Liberata have provided indicative costs of £52k over the 4 year period for administration of the scheme. The Government have advised that they will be providing £12k in respect of the Business Rates initiatives announced in the March 2017 budget with an additional payment due once the rebilling costs established in the light of actual number of businesses receiving each relief.

Expenditure not covered by the new burdens funding will be absorbed in the overall departmental Budget.

Impact Assessment

- 3.20 It is not believed that the proposed scheme will have a disproportionate impact on any of the protected characteristics as detailed in the Equality Act 2010.

4. FINANCIAL IMPLICATIONS

- 4.1 Bromley will receive Government Funding towards the locally administered Business Rates Relief Scheme. For 2017/18 the maximum amount that Bromley will receive is £422k.
- 4.2 The administration cost of running the scheme is estimated to be £52k over 4 years. In 2017/18 these costs are £16.6k as it includes one-off set up costs of £4.8k. For 2018/19 onwards the annual cost will be £11.8k. These costs will be absorbed within the overall department budget.

5. LEGAL IMPLICATIONS

- 5.1 As was set out in the report considered by Executive on 24th May any assistance offered is subject to the State Aid Rules and the proposed scheme recognises this. A consultation exercise has been undertaken including the required consultation with the GLA as is set out in the report. Member’s attention is also drawn to Paragraph 3.6 which advises that the proposal will not have a detrimental impact on persons with protected characteristics under the Equality Act 2010.

Non-Applicable Sections:	Impact on Vulnerable Adults and Children, Personnel and Procurement
Background Documents: (Access via Contact Officer)	

