

**Decision Maker:** EXECUTIVE

**Date:** Wednesday 7 February 2018

**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);

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1. Reason for report

- 1.1 This report advises of the potential government grant not yet utilised and requests an enhancement be made to the scheme. Following which that the Director of Finance be provided with delegated authority to authorise further changes to ensure that the government funding is fully utilised to support local businesses.

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2. **RECOMMENDATION(S)**

- 2.1 **The previously adopted scheme for 2017/18 be enhanced to provide eligible businesses with 50% of their net business rates increase.**
- 2.2 **The scheme in respect of future years to be enhanced to ensure full utilisation of Government funding. Decision on the level of support to be made once accurate levels of projected expenditure can be determined.**
- 2.3 **Further to 2.1 and 2.2 , that the Director of Finance be granted delegated authority in consultation with the Director of Corporate Services and Resources Portfolio holder, to vary the scheme further in order to maximise the use of Government funding.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Not applicable
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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 the three years from 2018/19
  3. Budget head/performance centre: Exchequer - Revenues
  4. Total current budget for this head: £3.956m
  5. Source of funding: 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: Not applicable
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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: Not applicable
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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: Not applicable

### **3. COMMENTARY**

#### **Background**

- 3.1 At the 19 July 2017 meeting of the Executive it was agreed to adopt a scheme designed to mirror the criteria used by the DCLG when allocating the overall budget between Local Authorities. The main elements of the scheme being:
- Relief limited to properties having a Rateable Value of under £200k
  - Business/ Property has suffered a loss (pre Transitional Relief) of more than 12.5%
  - There has been an increase in Business Rates liability after all other reliefs applied
  - Business was barred from receiving assistance as a result of State Aid regulations
  - Assistance would not be given to LBB properties, properties held by the Official Receiver and properties whilst empty.
- 3.2 For 2017/18 Bromley was allocated funding of £1.4m (amount retained by Bromley is £422k). Based on the figures it was calculated that relief at 25% of the net increase for 2017/18 could be granted.
- 3.3 It was estimated that 2,600 businesses could receive assistance.
- 3.4 Initial legal advice was that conformation should be obtained from businesses that they qualified under State Aid rules before any assistance was given.

#### **Current Position**

- 3.5 The response to Council letters seeking confirmation as to a business's State Aid position was very poor and reminder letters were issued. Whilst this provoked further replies the response rate remained disappointing.
- 3.6 The DCLG issued a letter on the 17 November 2018 indicating that other LA's were experiencing difficulty in allocating funds and suggested that authorities consider auto awarding where applications/confirmation had previously been sought.
- 3.7 Following further legal advice it was decided to auto award those with a potential entitlement of less than £2k. This is currently being undertaken, with a letter being sent to the businesses asking that they contact the Council should they not qualify under State Aid Rules. For those businesses with a potential entitlement of over £2k attempts will be made to contact them by phone or email.
- 3.8 After auto awarding entitlement is complete, just over half of the Government funding will remain unallocated. It has been reported that many authorities are experiencing significantly lower expenditure from their initial adopted schemes. The scheme was drafted to ensure expenditure remained within the Government funding provided in the knowledge that revision might be required later in the year. However, expenditure has been lower than expected mainly as a result of the following:

- Empty properties, therefore relief not payable
- Lack of Applications for the Discretionary fund
- Other reliefs being granted
- Businesses not qualifying under State Aid rules
- Subsequent RV reduction

The other authorities that have experienced lower than expected expenditure are in the process of enhancing their schemes.

#### 4. POLICY IMPLICATIONS

- 4.1 The DCLG has been requested to consider carrying forward any unused grant which would provide a better distribution of support over 2017/18 to 2020/2. To date, the DCLG has not allowed any carry forward of funding on that basis the unused grant would need to be returned to the Government.
- 4.2 As Members have previously endorsed a commitment to fully utilise the grant. The Executive are requested to approve the enhancement of the scheme by increasing the level of assistance provided to those eligible under the adopted scheme. For 2017/18 it is proposed to increase the grant from 25% to 50% of the net increase.
- 4.3. In respect of future years, the Executive also requested to approve the enhancement of the scheme by increasing the level of assistance available to eligible businesses. The level of increase to be determined once an accurate estimate can be made of expenditure.
- 4.4 Further to paragraphs 4.2 and 4.3, it is requested that the Director of Finance be granted delegated authority, in consultation with the Director of Corporate Services and the Resources Portfolio holder, to vary the scheme further to ensure that the Government funding is fully utilised.

#### 5. FINANCIAL IMPLICATIONS

- 5.1 Bromley will receive Government funding towards the Locally Administered Business rates relief scheme. The maximum amount that Bromley will receive in 2017/18 and subsequent years are tabled below:

Year	Grant Funding £'000
2017/18	422
2018/19	205
2019/20	84
2020/21	12

- 5.2 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 setup costs of £4.8k. For 2018/19 on wards the annual cost will be £11.8k. These costs will be absorbed with the overall departmental budget.
- 5.3 Approximately half of the 2017/18 grant of £422k has been spent, following the auto awarding entitlement exercise.

- 5.4 It should be noted that any unspent grant at the end of each financial year will need to be returned to the Government. It is therefore essential that the scheme is enhanced in order to maximise the use of the grant funding.

## 6. LEGAL IMPLICATIONS

These have been set out in previous reports. However as is outlined in the body of the report the scheme is subject to the rules on State Aid. The de minimis threshold is £200,000 Euros over 3 years. The approach set out in paragraph 3.7 gives flexibility to provide relief to local business whilst minimising a risk of non-compliance with the State Aid Rules.

<b>Non-Applicable Sections:</b>	Impact on vulnerable adults and children, Personnel and Procurement
Background Documents: (Access via Contact Officer)	