

## **Summary Sheet**

### **Committee Name and Date of Committee Meeting**

Cabinet and Commissioners' Decision Making Meeting – 16 October 2017

### **Report Title:**

Business Rates Discretionary Rate Relief for Small Businesses and Pubs

### **Is this a Key Decision and has it been included on the Forward Plan?**

Yes

### **Strategic Director Approving Submission of the Report**

Judith Badger – Strategic Director, Finance & Customer Services Directorate

### **Report Author(s)**

Robert Cutts – Service & Development Manager - Revenues, Benefits & Payments

### **Ward(s) Affected**

All

## **Summary**

In the Spring Budget of 8 March 2017, the Chancellor announced the introduction of a series of new Business Rates reliefs including Supporting Small Businesses and Support for Pubs details of which are set out below;

- Supporting Small Businesses - provides support for up to 5 years for those ratepayers facing large increases as a result of the loss of small business or rural rate relief following the 2017 revaluation. The support limits increases in their Non Domestic Rates bills to the greater of £600 or the real terms transitional relief cap for small businesses each year.
- Support for Pubs - provides Business Rates Relief of up to £1,000 support to public houses with a Rateable Value of up to £100,000. The relief will be for one year from 1 April 2017.

The new reliefs are to be granted by Authorities using their Discretionary Relief powers under Section 47 of the 1988 Local Government Finance Act. Further guidance was subsequently issued by the DCLG on 20 June 2017 to cover the implementation of these reliefs and updated billing software was released by the Council's providers – Northgate on 21 August.

Both reliefs will be subject to the De-Minimis State Aid regulations, which limit assistance (to a maximum of 200,000 Euros in 3 fiscal years which is around £183,000) and it will therefore be necessary to obtain a State Aid declaration from ratepayers (as has been the case with other reliefs such as retail relief).

Billing authorities will be fully compensated through a Section 31 grant for the cost of the authority granting these reliefs.

### **Recommendations**

1. That approval be given to the implementation of the Supporting Small Businesses and Support for Pubs discretionary Business Rates schemes.
2. That the two schemes be implemented in accordance with guidance issued by the Department for Communities and Local Government.

### **List of Appendices Included**

Appendix A - State Aid Declaration

### **Background Papers**

Business Rates Information Letter (4/2017): Spring Budget Update

DCLG guidance (Business Rates Information Letter (4/2017).

<https://www.gov.uk/government/publications/52017-small-business-rate-relief>

### **Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

### **Council Approval Required**

No

### **Exempt from the Press and Public**

No

## **Business Rates Discretionary Rate Relief for Small Businesses and Pubs**

### **1. Recommendations**

- 1.1 That approval be given to the implementation of the Supporting Small Businesses and Support for Pubs discretionary Business Rates schemes.
- 1.2 That the two schemes be implemented in accordance with guidance issued by the Department for Communities and Local Government.

### **2. Background**

- 2.1 In the Spring Budget of 8 March 2017, the Chancellor announced the introduction of a series of new Business Rates reliefs including "Supporting Small Businesses" and "Support for Pubs":
- 2.2 The Government indicated that the new reliefs are to be granted by Authorities using their Discretionary Relief powers under Section 47 of the 1988 Local Government Finance Act. Further guidance was subsequently issued by the DCLG on 20 June 2017 to cover the implementation of these reliefs and updated software to allow new bills to be issued to the affected businesses was released by the Council's software provider - Northgate on 21 August 2017.
- 2.3 Billing authorities will be fully compensated by the Government through a Section 31 grant for the cost of the authority granting the reliefs.
- 2.4 Both reliefs will be subject to the De-Minimis State Aid regulations, which limit assistance (to a maximum of 200,000 Euros in 3 fiscal years which is around £183,000) and it is therefore necessary to obtain a State Aid declaration from ratepayers before awarding the relief as was the case previously with other Business Rates Reliefs such as Retail Relief and a copy of the declaration form used is attached as Appendix A

#### **Supporting Small Businesses**

- 2.5 Supporting Small Businesses will provide support for up to 5 years for those ratepayers facing large increases as a result of the loss of small business or rural rate relief following the 2017 revaluation by limiting increases in their bills to the greater of £600 or the real terms transitional relief cap for small businesses each year.
- 2.6 Initial terms for implementation of the scheme were issued to Authorities on 9 March 2017 followed by further guidance on 20/6/17 covering the operation and delivery of the policy including more complex cases and updated software was provided on 21 August 2017.
- 2.7 Initial estimates indicate that subject to State Aid Regulations 36 ratepayers in Rotherham will be eligible with a total relief of £36k.
- 2.8 Subject to approval by Cabinet, the Supporting Small Businesses relief would be applied in accordance with DCLG guidance (Business Rates Information Letter (4/2017)).

### **Support for Pubs**

- 2.9 Support for Pubs relief will provide up to £1,000 business rate discount for public houses with a rateable value of up to £100,000 for one year from 1 April 2017.
- 2.10 Initial estimates indicate that subject to State Aid regulations 117 ratepayers in Rotherham may be eligible with a total relief of £110k.
- 2.11 Subject to approval by Cabinet, the Support for Pubs relief would be applied in accordance with DCLG guidance (Business Rates Information Letter (4/2017)).

### **3. Key Issues**

- 3.1 It is proposed that the Council exercise its discretionary powers to award Supporting Small Business relief and Support for Pubs relief using the criteria set out in the Government guidance (Business Rates Information Letter (4/2017)).
- 3.2 The authority is able to identify the businesses which are eligible for both reliefs using the criteria set out in the Government guidance. Both reliefs are however subject to the De-Minimis State Aid regulations, and it will therefore be necessary to require ratepayers to complete an application form which includes a State Aid declaration before awarding the relief and issuing revised rates bills.

### **4. Options considered and recommended proposal**

- 4.1 There are no alternative options being considered and the recommendation is that both the Supporting Small Businesses and Support for Pubs reliefs are implemented in accordance with Government guidance.

### **5. Consultation**

- 5.1 The recommendations have been considered by the relevant Cabinet Member who is supportive of the recommendations to award both reliefs in accordance with Government criteria.

### **6. Timetable and Accountability for Implementing this Decision**

- 6.1 Businesses who have been identified as potentially eligible for Supporting Small Businesses or Supporting Pub Relief will be contacted within 10 working days of the Cabinet decision advising them of their potential eligibility for the relief and with a request that they complete and submit an application form incorporating a state aid declaration.
- 6.2 It is anticipated that once completed applications and State Aid Declarations have been received revised rates bills backdated to April of this financial year will be issued.

## **7. Financial and Procurement Implications**

- 7.1 The estimated cost of the relief is £146k which is made up of £36k for Supporting Small Business relief and £110k for Support for Pubs. Of this £146k relief Rotherham's share would be 49% or £72k however the Government has stated that all authorities will be compensated fully for this loss in Business Rates income through a Section 31 grant.
- 7.2 All authorities have each been allocated £12k New Burdens from the Government funding to compensate for the introduction of the new reliefs.

## **8. Legal Implications**

- 8.1 The new reliefs are to be granted by Authorities using their Discretionary Relief powers under Section 47 of the 1988 Local Government Finance Act and are subject to State Aid Rules.

## **9. Human Resources Implications**

- 9.1 No direct implications from this report

## **10. Implications for Children and Young People and Vulnerable Adults**

- 10.1 No direct implications from this report

## **11. Equalities and Human Rights Implications**

- 11.1 No direct implications from this report

## **12. Implications for Partners and Other Directorates**

- 12.1 No direct implications from this report

## **13. Risks and Mitigation**

- 13.1 The implementation of the reliefs will be an additional administrative burden for the Business Rates team. All authorities have each been allocated £12k New Burdens funding to compensate for additional administration for the introduction of the new reliefs and the issuing of revised rates bills.

## **14. Accountable Officer(s)**

Judith Badger, Strategic Director of Finance and Customer Services

	<b>Named Officer</b>	<b>Date</b>
Strategic Director of Finance & Customer Services	Graham Saxton	01.09.2017
Assistant Director of Legal Services	Dermot Pearson	27.09.2017
Head of Procurement (if appropriate)	N/A	

Head of Human Resources (if appropriate)	N/A	
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*Report Author: Robert Cutts, Service & Development Manager – Revenues, Benefits and Payments*

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