

	<h2>Policy & Resources Committee</h2> <h3>5 December 2017</h3>
Title	Business Rates – Revaluation Support, a new discretionary rate relief scheme – implementation progress report
Report of	Councillor Richard Cornelius
Wards	All
Status	Public
Urgent	No
Key	No
Enclosures	Appendix 1 - Revaluation Support scheme - discretionary business rate relief 2017/18 to 2020/21.
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<h2>Summary</h2>
<p>This report is intended to provide an progress report on the implementation of the government funded revaluation support. The central government grant (£2.3m over 4 years) had been allocated to LB Barnet to award to businesses hardest hit by the effect of the 2017 revaluation.</p> <p>On 27 June 2017, Policy & Resources Committee agreed the scheme for consultation, that the Deputy Chief Executive be authorised to make further amendments, and to implement the policy in conjunction with the chairman of the committee.</p> <p>Following consultation and further amendment the scheme was implemented in October 2017. The final scheme is attached at Appendix 1. This report details the progress made in</p>

allocating the grant, and seeks committee approval for the business rates team to automatically award the relief in some circumstances in order to maximise use of the scheme.

Recommendations

1. That the report is noted.
2. That, except in the case of properties for which the Healthier Catering Commitment may apply, the Committee instruct the business rates team to automatically award the relief, without the need for an application.

1. WHY THIS REPORT IS NEEDED

- 1.1 This is a progress report on the implementation of the government funded business rate relief scheme intended to support those businesses facing increases as a result of the 2017 revaluation.
- 1.2 A £300m discretionary fund has been established for four years to be awarded to businesses facing the steepest increases in their business rate bills as a result of the revaluation. The LB Barnet share of the £300m is £2.373m.

	Amount of discretionary pot awarded (£000s)			
	2017-18 (year 1)	2018-19 (year 2)	2019-20 (year 3)	2020-21 (year 4)
Local authority				
Barnet	1,384	672	277	40

- 1.3 Section 2.5.3 of the Policy & Resources Report 27 June 2017 set out the council's expectations that any unallocated grant could be rolled over to a later year, but further guidance from government has clarified that this is not possible. Any unallocated grant as at 31 March 2018 would need to be returned to government.
- 1.4 In October 2017, 2,305 invitations to apply were issued to ratepayers that were expected to be eligible. Ratepayers were encouraged to return their applications by 31 October to guarantee an adjustment to their December instalments.
- 1.5 As at 15 November 2017 only 31 per cent of these have been returned and £263,275 awarded. This equates to 19 per cent of the year 1 grant funding.

Overall eligibility

	Number of ratepayers	Value
Eligible	2,305	~1,384,000
Awarded	715 (31%)	263,275 (19%)

- 1.6 The scheme sets criteria for catering premises that means only those that are accredited under the healthier catering commitment (HCC) would be eligible for the revaluation support.
- 1.7 There are 117 eligible catering premises in the borough. Of those 28 have returned their applications, 22 have been awarded £13,238 but a small number (6) have been reluctant to claim the reduction because they have failed to comply with the HCC condition, and appear not to want to. There are 89 claims still outstanding, worth a potential £95,008.
- 1.8 We are working with the Public Health team to try and overcome any barriers for any of the business rate payers who do not wish to progress their applications.

Healthier Catering Commitment

	Number of ratepayers	Value
Eligible	117	£95,008
Awarded	22	£13,238
Rejected	6	£4,094

- 1.9 Those business rate payers that have not yet submitted an application, and would need to be accredited to the HCC will be separately approached and encouraged to take up the relief. Details of the HCC will be made clearer to them.
- 1.10 It has been the general trend across other London authorities that the take up is low, and our finding of just 31 per cent take up is similar to that experienced elsewhere. Some authorities are now automatically awarding the relief rather than waiting for an application. In doing so, they are issuing a letter with the revised bill advising that the relief has been awarded, and that if they are not eligible, then they should advise the business rates team.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The government has made it clear that any unallocated grant, as at 31 March 2018, will be required to be repaid.
- 2.2 Many ratepayers will lose out on valuable support, and any burden created from the revaluation will not be alleviated. This increase in rates payable will therefore need to be collected. Reducing the rates payable, without reducing the income due to the council assists ratepayers, supports small businesses.
- 2.3 The onus is placed on the ratepayer receiving the award to declare if they are not entitled to the relief. Any ratepayer that fails to make the declaration would be in breach of the State Aid rules, not the Council.
- 2.4 The likelihood of a ratepayer exceeding the State Aid limit of 200,000 Euros is unlikely because of other conditions within the policy such as limiting the relief to businesses with fewer than 3 premises in the UK.

- 2.5 The recommendation is to engage with ratepayers who need to meet the condition of the healthier catering commitment, and not award those automatically. Instead we will separately write to each of those businesses again and enclose details of the HCC.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 A letter has already been sent to all eligible ratepayers. A further letter to the ratepayers is unlikely to stimulate take up sufficiently in the time scales available. This also adds further financial burden to the council. Contacting the remaining businesses by telephone is not viable, given the volume of ratepayers to contact.
- 3.2 If we were to do nothing, and wait for ratepayers to make the applications, we would be unlikely to allocate the entire grant funding by 31 March 2018, and the grant would need to be repaid to government.

4. POST DECISION IMPLEMENTATION

The remaining ratepayers who have so far not returned their applications, will be awarded the relief, and a letter sent advising them of this will be enclosed with their bill.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The policy supports the Corporate Plan 2015-20 priority for Barnet:

Responsible growth and regeneration – revitalising communities and providing new homes and jobs whilst protecting what residents love about the borough, such as its green spaces, and generating local revenue as Government funding reduces to zero.

- 5.1.2 The council provides support for business and made a commitment to make Barnet the best place in London to be a small business. The Entrepreneurial Barnet strategy outlines the council's vision to make Barnet 'the best place in London to be a small business' and support for the economy to grow.

- 5.1.3 The change in business rates payable is directly linked to inflation and increasing property rents. Supporting business to face those increases will assist in protecting businesses.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The government have allocated £300m between authorities, of which £2.3m is Barnet's share over 4 years.

2017-18	2018-19	2019-20	2020-21
£1,384,000	£672,000	£277,000	£40,000

5.2.2 The amount allocated to Barnet was set out in the government's consultation on 9 March 2017 (<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>). The actual amount received will be the amount due to Barnet and the GLA under the current rates retention rules; the government will retain their share.

5.2.3 The policy will be implemented by CSG under existing arrangements, and as this is fully funded by central government will not have a negative impact on business rate income budgets. Reducing the amount businesses have to pay will however reduce the burden on the business rate payer, and assist in maximising collection rates.

5.3 Social Value

5.3.1 The policy sets out the parameters for the delivery of the grant. By developing the policy to support healthy high streets through the Healthier Catering Commitment it can support social and economic benefits.

5.4 Legal and Constitutional References

5.4.1 The Local Government Finance Act 1988 s.47 provides the statutory authority to provide discretionary rate relief, and s.49 provides for a hardship relief.

5.4.2 The Localism Act 2011 gives authorities the ability to give local discounts, by amending s.47 of the Local Government Finance Act 1988.

5.4.3 The Councils Constitution, Article 7 - Committees Sub-Committees Area Committees and Forums and the Local Strategic Partnership sets out the terms of the Policy and Resources Committee including responsibility to determine strategic policy, finance including recommending capital and revenue budget to full Council, welfare, corporate plan and local plans, procurement, partnerships, IT, grants and the effective use of resources.

5.5 Risk Management

5.5.1 There is a risk that without awarding the full relief, the financial burden placed on businesses in the borough would not be alleviated within the financial year.

5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups

5.6.2 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services.

5.6.3 There is no cost to the local taxpayer, so no burden is created elsewhere in the borough. The scheme is designed to phase the level of support with the level of new revaluation burden.

5.6.4 An initial assessment suggests that no equalities impact is anticipated as a result of these proposals. The policy supports all business organisations in the Borough such as companies, partnerships and sole traders, and therefore direct impact on the protected characteristics is likely to be more evident in small businesses and sole traders. This will be kept under review as proposals develop.

5.7 Consultation and Engagement

5.7.1 None

5.8 Insight

5.8.1 The recommendation uses evidence of best practice and guidance such as benching marking with other authorities.

6. BACKGROUND PAPERS

6.1 Policy & Resources Committee 27 June 2017- Business Rates – Revaluation Support, a new discretionary rate relief scheme.

<https://barnet.moderngov.co.uk/documents/s40449/Business%20Rates%20Revaluation%20Support%20a%20new%20discretionary%20rate%20relief%20scheme.pdf>

6.2 Delegated Powers Report 29 September 2017 - Business Rates – Revaluation Support, a new discretionary rate relief scheme – post consultation. <http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=6769>