

AGENDA ITEM X			
REPORT TO:		Cabinet	
DATE:		19 July 2017	
PORTFOLIO:		Cllr Miles Parkinson, Leader	
REPORT AUTHOR:		Joe McIntyre, Deputy Chief Executive	
TITLE OF REPORT:		National Non Domestic Rates Revaluation Support Scheme Consultation	
EXEMPT REPORT (Local Government Act 1972, Schedule 12A)	No	Not applicable	
KEY DECISION:	No	If yes, date of publication:	

1. Purpose of Report

- 1.1 This purpose of this report is to seek approval to commence a public consultation on plans for Hyndburn Borough Council's National Non Domestic Rates Discretionary Revaluation Relief Scheme (DRRS).

2. Recommendations

- 2.1 This report requests that Cabinet:
- 2.2 Authorises the Deputy Chief Executive to commence a public consultation on plans for a National Non Domestic Rates Revaluation Relief Scheme.
- 2.3 Notes that the consultation will run for four weeks from 20th July 2017 to 19th August 2017 and will inform the final recommendations to be placed before Full Council on 21st September 2017.
- 2.4 Notes that final detail of funding constraints for the scheme are still to be released by the Government (having been delayed by the election) and that the proposed scheme for Hyndburn may be subject to change.
- 2.5 Notes that the proposed Discretionary Revaluation Relief Scheme will initially apply to the financial year 2017-18 but it will be proposed that the Deputy Chief Executive be given power to continue the scheme in subsequent years subject to the availability of government funding with power to make minor changes without further approval.

3. Reasons for Recommendations and Background

- 3.1 National Non Domestic Rates (NNDR), or Business Rates are a tax on organisations or companies using a building or office space for business purposes. The calculation of an NNDR bill is based on a 'rateable value' which is determined by the Valuation Office Agency (VOA). The rateable value is multiplied by one of two rates set by

Central Government to arrive at the gross NNDR bill before any exemptions or reliefs are granted.

- 3.2 In April 2017 a new valuation list was implemented nationally with the intention of bringing rateable values in line with property market changes since the last valuation list was published in 2010. Nationally, with the exception of London, average NNDR bills have reduced as a result of the 2017 revaluation. Across the North West there has been an average 10% reduction and in Hyndburn a 9.3% reduction.
- 3.3 In the spring 2017 Budget, the Government announced a series of temporary financial support schemes for businesses affected by the 2017 revaluation. This includes
1. Supporting Small Businesses Relief
 2. Business Rate Relief Scheme for Pubs
 3. Discretionary Revaluation Relief Scheme (DRRS)
- 3.4 To support the third measure above, the Government announced £300 million for local councils to finance a Discretionary Revaluation Relief Scheme to support businesses affected by the 2017 revaluation. This extra funding can only support relief schemes targeted at businesses facing an increase in their business rates bill following the 2017 revaluation. Final details of funding restraints have not yet been announced, but are expected in summer 2017.
- 3.5 A Government consultation on the allocation of funding has recently closed and local authorities petitioned for flexibility to move funding between years – a response to this is still to be announced and as it stands currently, unallocated grant will be repaid to the Government.
- 3.6 The Government’s allocation of funding for Hyndburn is set out below:

Amount of discretionary pot awarded (£000s)			
2017-18	2018-19	2019-20	2020-21
100	38	16	2

- 3.7 When allocating resources the Government has assumed that local authorities will provide support only to those businesses that are facing an increase in their bills following revaluation – and have made this a condition of the grant. It further assumes that, by and large, more support will be provided to
- i. Businesses/ratepayers that face the most significant increase in their bills; and
 - ii. Ratepayers occupying lower value properties
- 3.8 In line with these broad assumptions about how authorities will design their revaluation relief schemes, the Government has allocated resource to each billing authority by working out the total increase in bills (excluding the impact of transitional relief and other reliefs) for every rateable property in the billing authority’s area that satisfies both of the following criteria:

- a) The rateable property has a rateable value for 2017-18 that is less than £200,000;
- b) The increase in the rateable property's 2017-18 bill is more than 12.5% compared to its 2016-17 bill (before reliefs).

3.9 Whilst the policy is fully funded by central government and some expectations have been laid out, local authorities must design their own schemes to fit their own circumstances.

3.10 From our analysis of the revaluation, 28% of businesses in Hyndburn have seen an increase in their rateable value as a result of the 2017 revaluation. These businesses have seen an average increase of 29% in their rateable values, including 30 assessments with an increase of over 100%.

3.11 It is our intention to design and implement a fair, equitable and streamlined scheme which will provide support for small and medium businesses in Hyndburn. Our initial proposal, which will be presented for consultation alongside alternative schemes, is to provide a percentage rate of support to businesses that have seen a significant increase in their bills, with the exception of a number of businesses who fall into the following categories:

- a) Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers);
- b) Medical services (e.g. health centres, vets, dentists, doctors, osteopaths, chiropractors);
- c) Professional Services (e.g. solicitors, accountants, insurance agents/financial advisors, tutors, funeral services);
- d) Post Office sorting offices;
- e) Other services (e.g. estate agents, letting agents, employment agencies, car showrooms);
- f) Properties that are operated by the same organisation / business. This applies where the business runs three or more properties in the U.K or in the U.K and overseas;
- g) Ratepayers in receipt of re-occupation relief in 2016/17 and 2017/18;
- h) Ratepayers taking up occupation of properties after 1 April 2017;
- i) Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively);
- j) Properties which are unoccupied;
- k) Properties where any arrears due from 2016/17 or earlier are not cleared by 31/05/17 or by arrangement with the Council;
- l) Where the award of relief would not comply with EU law on State Aid.

- 3.12 In line with other transitional protections and pending confirmation of funding restraints from the Government, DRRS will reduce annually and end after 2020/21 in line with scheme funding.
- 3.13 Businesses that have seen no change or a reduction in their rateable values would not be eligible for the scheme.
- 3.14 Businesses wishing to apply for Discretionary Revaluation Relief will be asked to complete a short application form which will confirm their eligibility both for the scheme and EU State Aid regulations.
- 3.15 As the scheme is not finalised and the public consultation has not yet been conducted, the draft scheme and any amount of relief available are all subject to change.

4. Alternative Options considered and Reasons for Rejection

- 4.1 A failure to design and implement a Discretionary Revaluation Relief Scheme will most likely result in the scheme funding being returned to central government and local businesses missing out on vital financial support.

5. Consultations

- 5.1 The 2017 Discretionary Revaluation Relief consultation will run from 20th July 2017 to 19th August 2017. The consultation will be available online, by email and in hard copy on request. A copy of the proposed questionnaire is available at appendix 3.
- 5.2 Following guidance provided by the DCLG, we will consult with preceptors and businesses. In addition, we will invite views from partners such as the Chamber of Commerce on scheme proposals in an effort to support our mutual objectives.

6. Implications

Financial implications (including any future financial commitments for the Council)	Central government funding for the scheme is expected to be £156k over 3 years. The scheme funding is at no cost to the Council.
Legal and human rights implications	The Discretionary Revaluation Relief Scheme will be administered through the Council's discretionary relief powers under section 47 of the Local Government Act 1988.
Assessment of risk	Pending clarification from the Government, it is expected that awards must be applied to NNDR bills by the end of the financial year 2017/18 in order for local businesses to benefit from this scheme.
Equality and diversity implications A Customer First Analysis should be completed in relation to policy	The Council is subject to the public sector equality duty introduced by the Equality Act 2010. When making a decision in respect of

<p>decisions and should be attached as an appendix to the report.</p>	<p>the recommendations in this report Cabinet must have regard to the need to:</p> <ul style="list-style-type: none"> • eliminate unlawful discrimination, harassment and victimisation; and • advance equality of opportunity between those who share a relevant protected characteristic and those who don't; and • foster good relations between those who share a relevant protected characteristic and those who don't. <p>For these purposes the relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. To assist the Cabinet in this regard a Customer First Analysis has been carried out in respect of the consultation phase of the policy development process and is attached to this report. Cabinet is advised to consider the Customer First Analysis and its obligations in respect of the public sector equality duty when making a decision in respect of the recommendations contained in this report. The CFA will be reviewed and updated when a final policy is being produced for approval.</p>
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7. Local Government (Access to Information) Act 1985:
List of Background Papers

7.1 Copies of documents included in this list must be open to inspection and, in the case of reports to Cabinet, must be published on the website.

If the report is public, insert the following paragraph. If the report is exempt, contact Member Services for advice.

8. Freedom of Information

8.1 This report does not contain restricted or exempt information under the Local Government Act 1972, Schedule 12A and all information can be disclosed under the Freedom of Information Act 2000.