

DISCRETIONARY BUSINESS RATE SCHEME

Cabinet Member: Councillor David Watson

Ward(s) Affected: All

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PROPOSED DECISION

- (i) The discretionary scheme set out in Appendix 1 is agreed;
- (ii) Authority be delegated to the Head of Finance and Commercial Services in consultation with the Cabinet Member for Finance to agree the final % award for the financial years 2017/18 & 2018/19, and future changes having regard to Government guidance, the Council's financial position and such other considerations as they may think fit.

Reason for Decision

Cabinet approval is needed to implement this new scheme that will benefit local businesses

Corporate Implications

Funding is provided by Central Government up to the limits specified in this report.

Authority to grant discretionary rate relief is under section 47 of the Local Government Finance Act 1988

Executive Summary

1. The Government announced a new scheme of discretionary relief for businesses in the spring budget. The Department for Communities and Local Government has made it clear that it is for each local authority to design its own scheme.
2. A standard scheme throughout Buckinghamshire has been designed, with flexibility for local variations if required.

Sustainable Community Strategy/Council Priorities - Implications

3. The recommendation supports the Council's key priorities and contributes to the theme of supporting a thriving economy.

Background and Issues

4. The discretionary business rate scheme is aimed at supporting those businesses facing a large increase in their business rates as a result of the revaluation. The Government believes local authorities are best placed to judge the criteria for relief and the amount awarded. It is suggested that Wycombe's scheme is aimed at supporting local businesses.

5. A two-pronged scheme is recommended to support local businesses for the first two years:
 - a) All ratepayers matching agreed criteria (outlined below) who have seen an increase in the annual rates payable from 2016/17 to 2017/18 of more than £250 are eligible for a reduction (% relief to be agreed, based on affordability but expected to be between 35% - 45%)
 - b) Applications from ratepayers falling outside the criteria to be considered on a case by case basis and assessed on need and local impact.
6. As Central Government funding in year 3 & 4 is significantly less than earlier years it is difficult to imagine meaningful awards being applied to a wide group of ratepayers. In view of this, a case by case approach is recommended, and will be applied in line with the criteria already used for assessing applications for hardship and the existing discretionary relief scheme (primarily if the organisation benefits the local community, including consideration of local employment impacts or the organisation's role in providing services not existing nearby).
7. A summary of the suggested eligibility criteria is set out below:
 - a) Relief is aimed at local businesses
 - b) The business must see an increase in business rates between 2016 & 2017 of more than £250 as a result of the revaluation
 - c) Awards will be made as a percentage of the increase in rates
 - d) The scheme will normally apply to businesses with a rateable value below £200,000
 - e) Awards in year 2 will be a proportion of year 1 relief.
 - f) The following types of occupiers/properties will not qualify for relief:
 1. Unoccupied properties
 2. Ratepayers that occupy more than 2 properties
 3. Government buildings
 4. Betting and gambling premises
 5. Financial institutions including cash machines / ATMs
 6. Pawnbrokers and pay day lenders
 7. Sex shops
 8. Education establishments
 9. NHS premises
 10. Premises occupied by a precepting authority (legislative restriction)
 11. Ratepayers already in receipt of mandatory/discretionary relief
8. The full scheme for approval is set out in Appendix 1

Financial implications

9. Each local authority already currently administers discretionary relief under section 47 of the Local Government Finance Act 1988. Authorities will be provided with specific funds to support businesses in their area for this new scheme.
10. The funding allocation announced by central government for Wycombe is as follows, and shows a significant tapering of funding especially for years 3 & 4:

2017-18	2018-19	2019-20	2020-21
£0.373m	£0.181m	£0.075m	£0.011m

If Government funding levels are exceeded any over-spending will be funded by 40% Wycombe DC, 10% Bucks CC & 50% Central Government.

Consultation

11. There is a requirement to consult with the major preceptors, who have confirmed their support for the scheme through the Bucks Finance Officers group.

Conclusions

12. Cabinet are asked to approve the draft scheme for discretionary business rates scheme as described in this report.

Next Steps

13. Implementation of scheme

Background Papers

Held in Financial services