

WELWYN HATFIELD COUNCIL
CABINET – 4 APRIL 2017
REPORT OF THE EXECUTIVE DIRECTOR (RESOURCES, ENVIRONMENT AND
CULTURAL SERVICES)

BUSINESS RATES – BUDGET CHANGES

1 Executive Summary

- 1.1 The Chancellor presented his 2017 Spring Budget to the House of Commons on 8 March 2017 and this included three business rate announcements. The purpose of this report is to seek delegated authority for the Executive Director (Resources, Environment & Cultural Services) in consultation with the Executive Member for Resources to agree non-domestic rate discretionary relief guidelines for those businesses facing large increases in rates payable following the 2017 rating revaluation. These guidelines need to be drawn up and agreed with our major preceptor, Hertfordshire County Council, and delegated authority will ease hardship by enabling businesses to apply without delay for any relief they may be entitled to.

2 Recommendation(s)

- 2.1 That Cabinet agrees to give delegated authority to the Executive Director (Resources, Environment & Cultural Services) in consultation with Executive Member for Resources to agree Welwyn Hatfield Borough Council's discretionary relief guidelines to take account of measures contained in the Chancellor's budget to provide additional relief to businesses following the 2017 non-domestic rating revaluation. This is in view of the need for expeditious decisions to be made outside of timetabled meetings. The final discretionary relief guidelines will be reported to a future Cabinet meeting for noting.

3 Explanation

- 3.1 Non-domestic rates and the national multiplier is set by central government and not the local authority. Each non-domestic property has a rateable value which is set by the Valuation Office Agency (VOA), an agency of HMRC. The rateable value broadly represents the yearly rent the property could have been let for on the open market on a particular date.
- 3.2 Rateable values are used by local councils to calculate business rates and revaluation is the updating of all rateable values of all business properties. The VOA generally reassesses all rateable values in England and Wales every five years, based on their open market rental value on a fixed date although the last revaluation was in 2010. The April 2017 revaluation is based on rental values on 1 April 2015. Revaluation is done to maintain fairness in the system by redistributing the total amount payable in business rates, reflecting changes in the property market.
- 3.3 Concerns have been raised nationally following the revaluation exercise and this has resulted in business rate budget changes to absorb the impact of some of

the rate increases following revaluation. The following measures have been announced.

- 3.4 Discretionary Support - The Government has made £300 million available to local authorities over four years from 2017-18, to provide discretionary relief to those ratepayers facing significant increases in their bills following the revaluation. There is no proposed national scheme to determine which businesses receive the support. This will need to be determined locally by billing authorities. On 9th March, the Government has issued a consultation on how local government should design and implement this scheme and the calculation and administration of compensation for local authorities.
- 3.4.1 Guidelines will need to be drawn up and agreed with Herts County Council for awarding this support relief. These guidelines will be based on the government's consultation and consideration will be given to businesses with a rateable value less than 200,000 and a percentage increase exceeding 12.5%.
- 3.4.2 It should be noted that the following allocation is the total amount of relief to be provided to ratepayers and therefore takes into account the cost of the Council, Herts County Council and Central Government. Any relief provided above the allocated amount will not be refunded. The funding Welwyn Hatfield Borough Council will receive is as follows:
- 2017/18 £300,000
 - 2018/19 £146,000
 - 2019/20 £60,000
 - 2020/21 £9,000
- 3.5 Support for Small Business Rate Relief - From April 2017, the small business rates scheme (SBRR) provides 100% rate relief for properties with a rateable value of up to 12,000 and tapered relief for those properties with a rateable value between 12,000 and 15,000. There will be increased support for those businesses that lost SBRR entitlement as a result of revaluation 2017. The support will limit increases in bills to £600 per annum (£50.00 per month).
- 3.6 £1,000 discount for smaller pubs 2017/18 - There will be a one off, for 2017/18 only, £1,000 business rate discount for public houses with a rateable value of up to 100,000, subject to state aid limits for businesses with multiple properties. Only 4 of the 59 pubs in our borough have a rateable value over 100,000.

Implications

4 Legal Implication(s)

- 4.1 Section 47 of the Local Government Finance Act 1988 (LGFA) permits the billing authority to grant discretionary rate relief. This was amended by Section 69 of the Localism Act 2011 from 1 April 2012, which removed the previous restrictions of discretionary relief to only apply to charities and other organisations of prescribed types.

5 Financial Implication(s)

- 5.1 The budget papers state that local government will be fully compensated for the cost of these measures. Payments to billing authorities will be made during the course of the year, based on estimates of the amount of relief that each billing authority will give. Amounts will be reconciled following the end of the year when outturn figures are available.

6 Risk Management Implications

- 6.1 A risk assessment has not been prepared in relation to the proposal in this report as there are no significant risks inherent in the proposals.

7 Security & Terrorism Implication(s)

- 7.1 There are no security and terrorism implications with the recommendation in this report.

8 Procurement Implication(s)

- 8.1 There are none.

9 Climate Change Implication(s)

- 9.1 The proposals in this report will not impact on greenhouse gas emissions.

10 Link to Corporate Priorities

- 10.1 The subject of this report is linked to the Council's Corporate Priority: Engage with our communities and provide value for money.

11 Equality and Diversity

- 11.1 An initial impact assessment has been carried out on our existing discretionary rate relief policies and there were not any differential impacts identified. An equalities impact assessment will be carried out on the discretionary relief budget change when guidelines are drawn up and further details are known.

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