

<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">6 NOVEMBER 2017</p>	
<p>PROPOSED LOCAL DISCRETIONARY BUSINESS RATE RELIEF SCHEME 2017/18</p>	
<p>Report of the Cabinet Member for Finance: Councillor Max Schmid and the Cabinet Member for Economic Development and Regeneration: Councillor Andrew Jones</p>	
<p>Open Report</p>	
<p>Classification - For Decision</p> <p>Key Decision: Yes</p>	
<p>Wards Affected: All</p>	
<p>Accountable Director: Belinda Black, Director for Resident & Business Satisfaction</p>	
<p>Report Author: Jamie Mullins, Head of Recovery</p>	<p>Contact Details: Tel: 020 8753-1650 E-mail: Jamie.Mullins@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. The Council collects National Non- Domestic Rates (NNDR) on behalf of Government under the Local Government Finance Act 1988. Rateable Values of all properties are normally reassessed every five years but the 2015 revaluation was delayed for 2 years and came into force on 1st April 2017.
- 1.2. The 2017 revaluation by the Government has led to considerable increase in bills for some ratepayers. Even with a transitional scheme in place, which has provided some assistance, there are still large numbers of ratepayers who face substantial increases in their NNDR bills because of the increases imposed by Government. LBHF has secured funding to provide further support for businesses affected by the Government increase. This funding will be applied through Local Discretionary Business Rate Relief Schemes.
- 1.3. LBHF has secured £4.091m from Government over four years to fund the scheme with the majority, £2.387m allocated in the first year, 2017/18.

- 1.4. The Government requires the Council to consult with the Greater London Authority (GLA) about its proposed scheme.
- 1.5. This report seeks approval of a draft scheme to take forward and consult with the GLA and provides some detail and background to the rate increase in LBHF since 1st April 2017.

2. RECOMMENDATIONS

- 2.1. To approve the draft Local Discretionary Business Rate Relief Scheme to provide support, by way of the Government Grant, to certain ratepayers who face an increase in their Business Rates bills for the financial year 2017/18 for consultation with the GLA.

3. REASONS FOR DECISION

- 3.1. To agree a draft Local Discretionary Business Rate Relief Scheme for the financial year 2017/18 and to ensure that all local businesses which have had a rateable value increase from the 1st April 2017 receive the maximum assistance available. Once this consultation has been concluded, the Cabinet Member for Finance and Corporate Services will be requested to approve the final scheme.

4. BACKGROUND

- 4.1. As part of the Budget, the Chancellor announced a range of measures following the significant rises in rates for many businesses following a recent Government revaluation which came in to effect from the 1st April 2017. These measures were –
 - To limit the increase in bills for small businesses losing the Small Business Rate Relief to the greater of £600 or the real terms transitional relief cap for small businesses each year
 - To introduce a £1000 discount for public houses with a Rateable Value of up to £100,00, subject to state aid limits for businesses with multiple properties, for one year from 1st April 2017.
 - To provide Local Authorities in England with funding to support £300 million of discretionary relief to provide support to their local area.

This report is concerned solely with the discretionary relief funding.

5. PROPOSAL AND CRITERIA

- 5.1. The following proposed criteria and the rationale are deemed to be the fairest method of allocating the relief. Some of the criteria are statutory but others can be varied if required (limits on the rateable value or the categories of business to be excluded).

Criterion	Rationale
The business suffered an increase in their Business Rates because of the Revaluation from April 2017	It is a condition of the funds secured from Government
The rateable value of the property is between £15,000 & £200,000	Properties with an RV of less than £12,000 will pay no Business Rates. This relief decreases on a sliding scale for every rateable value over £12,000, up to £15,000. These properties benefit already from Small Business Rate Relief and the scheme to limit their increase to £600.00 for 2017/18. £200,000 was the upper limit of RV which the Government used in allocating funds between authorities
The Ratepayer will have no more than two business properties with a combined RV of less than £400,000	These criteria focus the scheme on smaller businesses.
The business complies with State Aid rules.	This is a legal requirement
<p>The business does not fall into any of the following categories:</p> <ul style="list-style-type: none"> • Amusement arcade • Banks & Building societies • Betting shop • Bingo Hall • Communication Station • Publicly funded bodies & organisations e.g. hospitals, law courts, local authority schools • Advertising Rights • Car parks and spaces • Pawn Brokers or Money Lenders • Bureau de Change • Post Office Sorting Office • ATM Machine 	These categories were excluded in the Retail Relief Scheme. In many cases, such organisations would be excluded via the other criteria

5.2. It is proposed that any eligible business, taking in to account the above criteria, which suffered an increase in their rates bill (excluding Business Rate Supplement), and after applying Transitional Relief (TR) and any other reliefs, will receive a reduction to its bill pro rata to the amount of the increase. For example

Amount of Relief = Amount of increase after TR etc

Divided by the

Total increase after TR etc of all eligible businesses

Multiplied by the

Funding available in year for the scheme

- 5.3. This proposal is regarded as fair and provides relief to all eligible businesses and should be straightforward to administer. The proposal meets the conditions of funding secured from Government and allows the Council to help the hardest hit businesses. The actual level of reduction will vary dependent on the final total applications which are received.
- 5.4. Based on the proposed criteria, it is estimated that 2100 properties could be eligible for this relief. However, eligibility will be based on the proposals above although these may be subject to change. For example, we may not be aware that one of our ratepayers with 2 properties in our borough has a third property somewhere else. The qualifying criteria (Appendix A) will be sent to all potential businesses in the Borough along with an application form (Appendix B) which is required to comply with the State Aid Regulations and so that a declaration can be made as to whether the ratepayer has more than 2 businesses in the UK.
- 5.5. The Government have confirmed that the full Year's funding is to be allocated within the year and there can be no carry over in to subsequent years. An application form with the attached criteria will be sent to all 2,100 ratepayers who may be eligible for this relief. The proposal is to include a time limit of 6 weeks to return the application form which will allow us enough time to grant the relief using the above formula. Priority will be given to qualifying applications received and these will be actioned within 7 days of receipt.

6. OPTIONS AND ANALYSIS

- 6.1. The Council has three options:
- Adopt the proposed scheme
 - Amend the proposed scheme
 - Develop an alternative scheme

7. LEGAL IMPLICATIONS

- 7.1. The Council has powers to provide discretionary relief to ratepayers under Sec 47 of the Local Government Act 1988
- 7.2. The Central Government funding for such discretionary relief scheme permits the Council to formulate their own discretionary relief scheme and determine eligibility criteria for their hard pressed ratepayers. However, the Council is required to consult with the GLA before adopting such a scheme

- 7.3. The Council is also required to ensure that the relief provided to the rate payer fall under the de minimis exception limit of £200,000 over three years.
- 7.4. Implications verified/completed by: Babul Mukherjee, Senior Solicitor (Contracts) Shared Legal Services, 02073613410

8. FINANCIAL IMPLICATIONS

- 8.1. Funding for the scheme has recently been confirmed and the Council will receive a maximum of £2.387m from the Government in 2017/18. Should the relief offered be less than this sum then the balance is refundable to the Government with no carry forward. The Hammersmith and Fulham scheme is designed to fully utilise the grant made available.
- 8.2. Implications verified/completed by Andrew Lord, Head of Strategic Planning and Monitoring Ext 2531:

9. IMPLICATIONS FOR BUSINESS

- 9.1. Eligible local businesses will benefit greatly from this scheme and this will enable them to continue to contribute to the local economy
- 9.2. Given the limited amount of funds made available by Government, it will not be possible for all local businesses to be supported by this scheme, hence, it is important to establish clear and fair eligibility criteria in line with national and local guidelines, priorities and good practice.
- 9.3. The proposal fits well with the business ambitions of the recently launched Industrial Strategy Economy Growth for Everyone and the recommendations of the Business Commission by supporting existing businesses and sending a positive message to prospective ones. Any impact on businesses within target growth sectors such as tech, creative, cultural and other relevant ones needs to be monitored during the implementation stage.
- 9.4. Opportunities for communicating consistent positive messages of business support offered by the council should be sought and maximised via every council contact business where appropriate.
- 9.5. Implications verified by Albena Karameros, Economic Development Learning & Skills Tel:020 7938 8583

10. BACKGROUND PAPERS USED IN PREPARING THIS REPORT: None

List of Appendices:

- Appendix A – LBHF Discretionary Scheme Qualifying Criteria
- Appendix B - Application Form