


<p style="text-align: center;">London Borough of Hammersmith & Fulham</p> <p style="text-align: center;">CABINET</p> <p style="text-align: center;">3 DECEMBER 2018</p>	
<p>PROPOSED LOCAL DISCRETIONARY BUSINESS RATE RELIEF SCHEME 2018/19, 2019/20 & 2020/21</p>	
<p>Report of the Cabinet Member for Finance and Commercial Services: Councillor Max Schmid and the Cabinet Member for the Economy and the Arts: 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: Karen Sullivan – Assistant Director of Resident Services</p>	
<p>Report Author: Jamie Mullins, Head of Revenues</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 been allocated £4.091m from Government over four years to fund the scheme with £2.387m allocated in the first year, 2017/18 and £1.159m allocated for year two, 2018/19. In year three 2019/20, the award is reduced to £477k and £68k in 2020/21.

- 1.4. The Government required the Council to consult with the Greater London Authority (GLA) about its proposed scheme. The scheme was approved by the GLA in 2017, and there are no changes to the future year's schemes, other than to apportion the amount of relief payable.
- 1.5. Approximately, 930 businesses benefited from the scheme in 2017, securing 100% relief after all other reliefs types were deducted. It is estimated that 915 businesses will secure 54% under this formula for 2018/19, 22% in 19/20 and 3% in 2020/21. These percentages may vary pending occupation change and retrospective property splits/merges, as advised by the Valuation Office Agency.

2. RECOMMENDATIONS

- 2.1. To approve the amended 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 2018/19 through to 2020/21.

3. REASONS FOR DECISION

- 3.1. To agree a Local Discretionary Business Rate Relief Scheme for the financial years 2018/19, 2019/20 and 2020/21 and to ensure that all local businesses which have had a rateable value increase from the 1st April 2017 receive the maximum assistance available. The Cabinet Member for Finance and Corporate Services will be requested to approve the final scheme.

4. BACKGROUND

- 4.1. As part of the Spring Budget in 2017, 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
- A £1000 discount for public houses with a Rateable Value of up to £100,000, subject to state aid limits for businesses with multiple properties. This scheme has been extended into financial year 2018/19.
- 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 2018/19. £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
The business does not fall into any of the following categories: <ul style="list-style-type: none"> • Amusement arcades • Banks & Building Societies • Betting & Gambling Industry • Bingo Halls • 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 Machines 	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

$$\begin{aligned} \text{Amount of Relief} = & \text{Amount of increase after TR etc} \\ & \text{Divided by the} \\ & \text{Total increase after TR etc of all eligible businesses} \\ & \text{Multiplied by the} \\ & \text{Funding available in year for the scheme} \end{aligned}$$

- 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 number of businesses included in the scheme.
- 5.4. Eligibility will be based on the number of qualifying businesses identified in 2017/18 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) was sent to all potential businesses in the Borough. All businesses were required to disclose information to LBHF, confirming whether the ratepayer had more than two businesses and they complied with the State Aid Regulations.
- 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. The proposal is to continue to award the scheme for 2018/19, 2019/20 and 2020/21 in the same format as 2017/18.

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 Section 47 of the Local Government Act 1988 and section 49 provides for a hardship relief.
- 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: Rhian Davies, Assistant Director of Legal and Democratic Services.

8. FINANCIAL IMPLICATIONS

- 8.1. Funding for the scheme has been confirmed and the Council will receive a maximum of £1.159m in 2018/19, £477k in 2019/20 and £68k in 2020/21 from the Government. 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, tel. 0208 753 2531.
- 8.3. Implications verified by Hitesh Jolapara, Strategic Director, Finance and Governance – tel. 020 8753 2501.

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 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. *We are currently working with our Business Intelligence team to try and establish whether any of the businesses that were awarded the relief fell in to these growth sectors. However, BI have advised that this is proving more difficult than they first thought and will follow up with the relevant data in the near future.*
- 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. RISK MANAGEMENT

- 10.1 There are considerable benefits to our local business community for the

scheme. The proposal positively contributes to our H&F Values specifically building a strong and vibrant local economy and the creation of more jobs and opportunities for our residents and businesses as a result of the proposals. This report outlines how we will use the Council's local discretionary powers to grant discretionary rate relief to organisations that meet our schemes' criteria. The proposals recognise that public funds are not unlimited due to years of National Government Austerity and that a proportion of the costs of any relief granted are borne by general tax payers. Therefore, one of the criteria for making an award under the scheme is ensuring that money invested in this way will result in economic and / or community benefit for our residents. Supporting local businesses and organisations to promote the provision of local facilities, economic growth, employment and investment to improve prosperity and contribute to improving our residents' life chances.

10.2 Implications verified by: Michael Sloniowski Risk Manager, tel. 020 8753 2587, mobile 07768 252703.

11. IT IMPLICATIONS

11.1 IT Implications: There do not appear to be any IT implications resulting from the recommendations in this proposal.

11.2 IM Implications: As the proposal involves the collection and processing of data on behalf of H&F, a Privacy Impact Assessment will need to be completed to ensure all potential data protection risks in relation to this proposal are Properly assessed with mitigating actions agreed and implemented.

11.3 Implications verified/completed by: Karen Barry, Strategic Relationship Manager, tel. 0208 753 3481.

12. COMMERCIAL IMPLICATIONS

12.1 There are no commercial and procurement implications associated with the recommendations contained in the report.

12.2 Implications completed by Joanna Angelides, Procurement Consultant, tel. 0208 753 2586 on behalf of Simon Davis, Assistant Director Commercial Management.

13. EQUALITY IMPLICATIONS

13.1 It is not anticipated that there will be any direct negative impact on any groups with protected characteristics, under the terms of the Equality Act 2010, from the approval and implementation of this scheme.

13.2 Implications completed by: Peter Smith, Head of Policy & Strategy, tel. 020 8753 2206.

14. BACKGROUND PAPERS USED IN PREPARING THIS REPORT: None

List of Appendices: Appendix A- Discretionary Relief Qualifying Criteria