

NON KEY DECISION: REPORT TO CABINET MEMBER

DECISION TO BE TAKEN BY: Councillor Nick Robins, Cabinet Member for Retail and Visitor Economy

REPORT AUTHOR: Corporate Finance Manager

REPORT NO. CFM437

DATE: 20th September 2017

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| SUBJECT OF NON KEY DECISION: | Discretionary Business Rates Relief Scheme - Proposed Changes to Eligibility Criteria |
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| CABINET MEMBER REMIT: | Business Rate Relief | |
| CRIME AND DISORDER IMPLICATIONS: | N/A | |
| FREEDOM OF INFORMATION ACT IMPLICATIONS: | This report is publically available on the Council's website www.southkesteven.gov.uk via your Council and Democracy Link | |
| INITIAL EQUALITY IMPACT ASSESSMENT | Carried out and appended to report? Not Applicable | Full impact assessment required? No |
| BACKGROUND PAPERS: | Report No: CFM428 http://moderngovsvr:8080/ieDecisionDetails.aspx?ID=874 | |

(1) PURPOSE OF REPORT

The purpose of this report is to review the eligibility criteria and request approval to extend the current scheme that supports local businesses to include high street stores and other local businesses and by doing so ensure that the grant is fully utilised.

(2) RECOMMENDATION(S)

To extend the criteria for the temporary Discretionary Rates Relief Scheme to include high street stores and other local businesses and increase the level of relief paid from 40% up to 50% of the increase in business rates payable between the two years after all eligible reliefs have been granted.

(3) REASONS FOR RECOMMENDATION(S) (including any alternative options considered and rejected)

The Government has made available £300m of extra funding over 4 years for local authorities to provide discretionary relief to predominantly small, medium and independent businesses facing the steepest increase in their bills as a result of the recent revaluation of all commercial properties. The Chancellor stated that individual authorities were in the best position to determine how these extra monies should be targeted and administered in order to support those businesses with the greatest need. South Kesteven's allocation of funding has been confirmed as £568k spread over 4 years as set out below.

| Amount of discretionary pot awarded (£000s) | | | | |
|--|----------------|----------------|----------------|--------------|
| 2017-18 | 2018-19 | 2019-20 | 2020-21 | Total |
| 332 | 161 | 66 | 9 | 568 |

The Council has been given the responsibility to design its own discretionary business rates relief scheme having regard to the Government's principles and assumptions. This was the subject of a discussion at Cabinet on 13th July 2017 where Members agreed the principles and eligibility criteria. It was explained that take up was likely to be lower than expected due to the availability of other grants for local businesses, i.e. small business rate support scheme, transitional relief and temporary relief for pubs. Also, in common with other schemes being developed by authorities, a list of exclusions was proposed and an urgent key decision was subsequently made in order that the scheme could be implemented. Following the implementation, it was identified that the eligibility criteria should be reviewed in order to ensure that the full amount of the grant is paid to local businesses and the following changes are recommended:

- The amount paid will be up to 50% (previously up to 40%) of the increase in business rates payable between the two years after all eligible reliefs have been granted;
- Eligibility will be extended to include all businesses, e.g. high street stores and franchises, financial services and professional services, etc; and
- As before the only exclusions will be NHS, local authorities and all other public bodies. Also excluded are businesses that were not located in the district prior to 31st March 2017 and premises with a rateable value in excess of £100,000 and rate rises below 3%.

Based on current modelling of the rating list, it is anticipated that up to £325,000 of the current year's award will be allocated to local businesses.

(4) COMMENTS FROM FINANCIAL SERVICES

The Government has confirmed that the Council will be fully compensated for offering this extra discretionary relief through the Section 31 Grant. The funding will be capped so should there be any discretionary relief paid in excess of Government funding then this would not attract grant and would be met from local resources.

(5) COMMENTS FROM LEGAL AND DEMOCRATIC SERVICES

Government funding will be provided by way of grant under Section 31 of the Local Government Act 2003. In order to access the Government's funding, the Council will need to use its discretionary powers under section 47 of the Local Government Act 1988.

(6) OFFICER CONTACT

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(7) DATE DECISION EFFECTIVE:

If decision taken on 28th September 2017 date effective will be 7th October 2017