

Chichester District Council

THE CABINET

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New Non-Domestic Rates Discretionary Scheme 2017- 2021

1. Contacts

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2. Recommendation

That the Council be recommended to approve that the Non-Domestic Rate Discretionary Scheme for 2017 – 2021 as set out in the appendix to this report.

3. Background

- 3.1 In March 2017, the government announced that it would make available a discretionary fund of £300 million over four years from 2017/18 to support those businesses that faced increases in their business rates bill as a result of the 2017 revaluation of business rates. The government determined that councils would be best placed to decide how this fund should be targeted and administered to support businesses.
- 3.2 Each authority within England has been provided with a share of the £300 million fund to support local businesses.
- 3.3 The funding is not provided equally over the four year-period. Chichester District Council's allocation of the government funding is set out below:

2017-18	2018-19	2019-20	2020-21	Total
£458,000 (58%)	£223,000 (28%)	£92,000 (12%)	£13,000 (2%)	£786,000

- 3.4 The funding from Government is front loaded to 2017/18 and will be reconciled as part of the closedown for the financial year in order to determine whether any unallocated grant should be returned. Government have advised that there are no plans to allow end of year flexibility with regard to this year's (2017/18) allocation.
- 3.5 The scheme has been designed to limit the increase in business rates with effect from 1 April 2017 for eligible business that have rateable value of less or equal to £100,000.

- 3.6 The proposal is that business with a rateable value of less or equal to £20,000 will have their increase in rates limited to 4% for the financial year 2017/2018. Businesses with a rateable value of less or equal to £100,000 will have their bill increase limited to 5%.
- 3.7 The proposed scheme will complement the Government's transitional relief scheme. This Government reduction scheme for 2017/18 automatically limits increases for businesses with a rateable value under £20,000 to 7.5% and businesses with a rateable value under £100,00 to 14.5%. This local scheme will further reduce these national limits down to 4% and 5% respectively.
- 3.8 Eligible businesses in the following three years of the scheme will receive a fixed percentage of the previous year's award as long as they remain in occupation of the property. Properties that become unoccupied or change ownership will not be eligible for the reduction. A worked example is shown below and is based on a customer being awarded £500 discretionary reduction for the financial year 2017-18;

Award due in 2018-19	Award due 2019-20	Award due 2020-21
£250 (50% of 2017-18)	£100 (40% of 2018-19)	£10 (10% of 2019-20)

4. Outcomes to be Achieved

- 4.1 Distribution of Chichester District Council's allocation of the national £300m discretionary fund created by Government.
- 4.2 Ensure that the relief is distributed to local businesses smoothly, cost effectively and quickly as possible.
- 4.3 Eligible businesses see a reduction in their business rate bills.

5. Proposal

- 5.1 That the proposed discretionary scheme as set out in Appendix 1 is recommended for approval.

6. Alternatives Considered

- 6.1 Target all relief on a case by case basis. This option would be expensive to administer and may not target all local businesses affected by an increase in their rates. Businesses would also have to prove how the increase in rates has affected their business and that this was a direct result of the revaluation rather than an underlying financial problem with the business.
- 6.2 A set discount across all business within the district. This option would be easy to administer. However with over 2,000 businesses within the district seeing an increase in their rates, the limited allocated funding would result in the fund being spread very thinly across the district. This would be less effective in assisting small and medium businesses with their rate increases.

7. Resource and Legal Implications

- 7.1 The Council will be compensated for any relief awarded, within allocation limits, under Section 31 of the Local Government Act 2003.
- 7.2 Cost of administering the scheme has been met by Central Government through a New Burdens Funding's payment of £12,000.
- 7.3 Administration of the scheme will be resourced within the existing Revenues team.
- 7.4 This scheme is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Finance Act 1998.

8. Consultation

- 8.1 As a requirement of the funding from Central Government, consultation with major precepting authorities must be undertaken.
- 8.2 Consultation with West Sussex County Council and Sussex Police and Crime Commissioner was undertaken between the 3 August 2017 and the 10 October 2017.
- 8.3 West Sussex County Council agreed with the principles of the scheme and that it was simple to understand and administer. They also welcomed that the relief was targeted at small and medium businesses. Sussex Police and Crime Commissioner advised that as there were no financial implications to their authority they had no comments to make.

9. Community Impact and Corporate Risks

- 9.1 The scheme will help reduce the increase in the business rates bill of qualifying small and medium sized companies within the district. However larger properties with a rateable value of over £100,000 will not be assisted. The majority of national companies situated in the City centre have rateable values above this £100,000 ceiling for assistance. Those businesses facing financial hardship that are not eligible for assistance under the proposed scheme can alternatively apply for assistance under existing powers provided to the Council under Section 69 of Localism Act 2011 and will be considered on a case by case basis.

10. Other Implications

	Yes	No
Crime and Disorder		x
Climate Change		x
Human Rights and Equality Impact	x	
Safeguarding and Early Help		x

11. Appendices

- 11.1 Non-Domestic Rate Discretionary Rate Scheme 2017- 2021