

TITLE	Local Discretionary Rate Relief Scheme
FOR CONSIDERATION BY	The Executive on 25 January 2018
WARD	None Specific
DIRECTOR	Graham Ebers, Director of Corporate Services
LEAD MEMBER	Oliver Whittle, Executive Member for Finance

OUTCOME / BENEFITS TO THE COMMUNITY

To approve a Localised National Non Domestic Rates Discretionary Rate Relief Scheme as announced in the Chancellor's Spring 2017 Budget that is designed to spend the money allocated to Wokingham Borough by DCLG. This relief will support businesses within the Borough who have been affected by the impact of the 2017 revaluation and have faced large increases in their rate bills.

RECOMMENDATION

The Executive is asked to:

- 1) agree the proposed Localised Discretionary Relief Scheme set out below for 2017/2018;
- 2) to delegate authority for approval for allocation of grant for subsequent years to Director of Corporate Services and Executive Member for Finance on the same equal pro-rata basis as 2017/2018.

SUMMARY OF REPORT

Local authorities are required to design a Localised National Non Domestic Rates Discretionary Relief Scheme for those businesses facing a large a large increase in their business rates bill following the 2017 Revaluation.

The Government has confirmed the allocations of funds to Wokingham Borough Council as follows:

2017/2018 - £399,000
2018/2019 - £194,000
2019/2020 - £80,000
2020/2021 - £11,000

The Government's principles were that relief should be awarded where properties have a rateable value below £200,000 and the ratepayer is facing an increase in their rates bill of more than 12.5%. There was also a requirement to consult with relevant major precepting authorities, the Fire Authority, which has been undertaken. The distribution of the allocated funds is at the discretion of the Council.

Properties that would not be eligible, for varying reasons, would include those affected by State Aid, Wokingham Borough Council properties and those of precepting authorities.

Background

The Chancellor in his Spring Budget 2017 made funds available to local authorities to help those affected by the 2017 revaluation by designing a discretionary rate relief scheme. The amount awarded to Wokingham Borough Council must be spent in the current year. There is no end of year flexibility for any underspent funds to be carried forward to the following year.

Analysis of Issues

We analysed the data of those organisations where the rateable value for the property was below £200,000 and their increase in rates payable between 31 March 2017 and 1 April 2017 is more than 12.5%.

The awarding of the relief is State Aid compliant and therefore will not be awarded to:

- a) large multi-national businesses or large chains
- b) banks, building societies or other major financial institutions
- c) NHS.

Relief will not be awarded to precepting bodies, ie Parish Councils

Relief will not be awarded to those receiving mandatory charity relief (as they will be receiving 80% relief)

We have identified 540 properties that meet the criteria. In order that the relief can be awarded as soon as possible, we will make awards to all those identified, and write to them with the bill, explaining that the relief has been awarded and that they should contact us if they have received any state aid over the current or two previous financial years.

The grant of £399,000 is to be allocated equally between those eligible (540 properties) and we will be initially allocating £700 to each eligible property. Any residual money will be allocated to all those eligible before the end of the financial year on an equal basis. We have undertaken some benchmarking with other local authorities, and there are variations on how the money is to be allocated, some on a lump sum basis, and some on a percentage based on the increase. This lump sum allocation is in line with the Pub Relief Scheme announced in the Spring Budget where £1,000 relief was granted to each eligible property. The method based on a lump sum basis will be administratively easier to manage and will allow for the money to be allocated to the ratepayers promptly. We have consulted with our major preceptor, Royal Berkshire Fire and Rescue, and they appreciate the administrative burden and the delays in the scheme becoming operational if a percentage based on the increase was used and they understand the logic for using the lump sum allocation.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£200,000		Revenue
Next Financial Year (Year 2)	£97,000		Revenue
Following Financial Year (Year 3)	£40,000		Revenue

Other financial information relevant to the Recommendation/Decision
There is no financial impact to the Council as the relief is fully funded by DCLG through S31 grants

Cross-Council Implications
There will be no impact on other Council services by approving this proposal.

List of Background Papers
None

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