

South Northamptonshire Council

Council

27 February 2019

Local Discretionary Business Rate Relief Scheme 2019-20

Report of Assistant Director: Finance, Procurement and Property (Section 151 Officer)

This report is public

Purpose of report

For members to consider the proposed Local Discretionary Relief Policy and to seek approval of the Discretionary Business Rate Relief Scheme for 2019-2020.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To approve the adoption of the Local Discretionary Business Rate Relief Scheme for 2019-20 (Appendix A).

2.0 Introduction

- 2.1 In the Spring Budget 2017 the Chancellor announced £300m funding for local councils to help businesses facing an increase in their business rates following the 2017 Revaluation. Any unspent funding will be returned to central government. The total funding for South Northamptonshire for the financial year 2019-2020 is £24,000 a reduction from £57,000 in 2018-19 and £118,000 in 2017-2018,
- 2.2 The Government expects billing authorities to use their discretionary powers under section 47 of the Local Government Finance Act to deliver the scheme. Billing authorities will be compensated through a Section 31 grant for the cost to the authority of granting the relief, up to a maximum amount based on the authority's allocation of the £300m fund.
- 2.3 Each authority is required to devise its own Discretionary Relief Scheme.

3.0 Report Details

3.1 The assistance South Northamptonshire Council is able to offer under the scheme is limited by the funding provided. The funding allocation for South Northamptonshire Council for the next two years is as follows:

2019-20	2020-21
£24,000	£3,000

3.2 A copy of the proposed Local Discretionary Business Rate Relief Policy for 2019-2020 is shown at Appendix A of this report. The draft policy for 2019-20 remains unchanged to again maximise the use of funding and support to local businesses.

3.3 The attached policy outlines the proposed qualifying criteria and exclusions.

3.4 European “State Aid” rules apply to any business rates relief granted.

4.0 Conclusion and Reasons for Recommendations

4.1 Members of Budget and Financial Strategy Committee and Cabinet have considered this report and have recommended to Council to approve the adoption of the Local Discretionary Business Rates Relief Scheme 2019-2020 in the attached policy.

5.0 Consultation

5.1 It is a requirement of the Local Discretionary Relief Scheme that we consult with major preceptors on the proposed scheme. This consultation has now taken place..

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Members could choose not to approve the proposed scheme, but in view of the fact that expenditure will be reimbursed the Government expects billing authorities to grant relief to all qualifying ratepayers

7.0 Implications

Financial and Resource Implications

7.1 The report sets out the proposed Local Discretionary Relief scheme to provide relief to business ratepayers in properties facing business rates rises as a result of the Revaluation. The local scheme aims to distribute no more than Government funding allocation provided. The Government has announced that it will reimburse councils for the actual cost of relief granted, in accordance with its guidance, through Section 31 grant.

Comments checked by: Kelly Watson Assistant Director Finance and Procurement (Section 151 Officer), Kelly.watson@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the criteria for awarding discretionary rate relief to certain categories of non-domestic ratepayer.
- 7.3 Section 69 of the Localism Act 2011 provides a new discretionary power to reduce business rates for any local ratepayer. It is this new power that the Government is directing billing authorities to use to award the new categories of relief.
- 7.4 Relief from taxes, including non-domestic rates, can constitute state aid under European Union legislation. There are block exemptions from the state aid rules where the aid is below a de minimis level. The de minimis level applies to all de minimis aid received, including other Government subsidies or grants, in addition to any rate relief given as a de minimis aid. It will be for the Council to ensure that any relief granted does not transgress state aid rules. The de minimis threshold is €200,000 from all sources to the recipient as a whole over a rolling period of three years.

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Corporate Priorities: Serve the residents and business
Grow the district

Lead Councillor

Councillor Peter Rawlinson, Portfolio Holder for Finance and Procurement

Document Information

Appendix No	Title
A	Local Discretionary Business Rate Relief Scheme for 2019-20
Background Papers	
None	
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