

## **BROMSGROVE DISTRICT COUNCIL**

### **RECORD OF DECISION TAKEN UNDER URGENCY PROCEDURES**

**Subject:** Discretionary Rate Relief - Revaluation Support Bromsgrove

**Brief Statement of Subject Matter:**

Non-Domestic Rating law provides for periodic revaluations of the Rateable Values from which a ratepayer's liability for rates are calculated. Revaluations can lead to significant increases in the rates payable by some ratepayers. Relief from the effects of revaluation are provided for through transitional relief under which large increases in rates are phased in over a number of years.

The last revaluation took place in April 2010 and therefore the 2017 revaluation resulted in a number of businesses at a national level facing large increase in their rates liability.

The Government has provided local authorities with funding so that they may design their own local schemes to support ratepayers facing significant increases in their bills.

The reasons behind the report being presented to Cabinet in October are:

1. Clarity from Central Government as to finance to support the award of relief.

The announcement of the discretionary fund to finance the rate relief was silent on the issue of New Burdens funding – which is of particular importance in relation to this discretionary scheme as it requires the authority to invest in chargeable software modules to allow;

- i) the award of local discretionary reliefs (as permitted by the Localism Act 2011) and to account for the reliefs correctly in the completion of government returns; and
- ii) The profiling, and identification of qualifying businesses, and the determination of the costs of the local scheme.

The costs of the chargeable modules would be a minor figure in the totality of council spending, but a significant extra commitment which would not be there without the Government's announcement and therefore appropriate for government to fund the costs. The costs of software enhancements were raised in the council's response to the Consultation, but were not answered either directly or indirectly until the DCLG's information letter of 20<sup>th</sup> June 2017 – which confirmed new burdens funding. On receipt of this information we were able to procure the required software and begin modelling the local scheme. This lack of clarity resulted in an initial 3 month delay to any work on the scheme.

2. The functionality of the IT system.

The scheme for award of local revaluation relief required some amendments to the Council's software – we required these software enhancements to be made before we could complete the modelling of the scheme, in part because of the financial risk to the authority should the costs exceed the government funding. The relevant system releases were not available until 17<sup>th</sup> August 2017. The earliest date at which modelling could be completed and the scheme moved for member approval was therefore late August 2017.

3. The project to consolidate software between the 2 Councils to reduce cost.

The council was unable to install the software for award of the relief, as this was made available during a period in which the authority was completing a merger of systems between the two Councils (the project saves over £100k per annum in software costs) this project required the databases to be frozen at a release level until completion of merger and testing of systems post-merger. The project had already been subject to one delay, due to the June General Election, a further delay may have resulted in penalties being payable by the council to the software supplier. Therefore we had to continue this work before we could complete modelling and development of local discretionary relief schemes.

4. The requirement for the scheme to be approved through the Council's decision making process.

Existing delegations for awards of discretionary relief only allow officers to award relief where it falls within existing guidelines, or government guidelines for award of relief. For example Pub Relief and Supporting Small Business Relief have prescriptive guidelines for the award of the relief, so the existing delegations allow officers to determine awards. Likewise the council's discretionary relief schemes provide guidelines for traditional discretionary charitable relief, non-profit making organisations relief, and hardship relief, but would not cover this new scheme of relief.

**Decision:**

**RESOLVED:**

- a) The criteria for allocation of Discretionary Revaluation Support are adopted; and
- b) The Executive Director of Finance is provided with delegated authority to adjust the percentage relief awarded in years 2018/19 and onwards in order to ensure that the maximum level of support is provided to businesses and that the Government funding meets the overall costs of the relief.

**Grounds for Urgency:**

There is a financial benefit to the businesses who will be provided with the relief and it is felt that it is important to reduce the business rate liability as soon as possible to ensure businesses only have to fund the reduced cost of business rates.

**DECISION APPROVED BY:**

.....Signed.....  
Chief Executive

.....17/10/17.....  
Dated

.....Signed.....  
Section 151 Officer

.....17/10/17.....  
Dated

.....Signed.....  
Monitoring Officer

.....18/10/17.....  
Dated

.....Signed.....  
Leader

Dated 18/10/17.....

.....Signed.....  
Chairman

Dated .....13/11/17.....

.....Signed.....  
Chairman, Overview & Scrutiny Board

Dated .....18/10/17.....

17<sup>th</sup> October 2017