

OVERVIEW & SCRUTINY BOARD 2nd September 2019

Business Rates Relief Short Sharp Review

Relevant Portfolio Holder	Councillor G Denaro – Finance and Enabling
Portfolio Holder Consulted	Yes
Relevant Head of Service	Jayne Pickering, Executive Director Finance & Resources
Wards Affected	All

1. SUMMARY OF PROPOSALS

- 1.1 A Short Sharp Review into the Business Rates Relief fund was set up by the Overview and Scrutiny Board following a referral made by Council on 21st November 2018, when a Notice of Motion was put forward by Councillor M. Thompson. Following debate at Council the Motion was amended and approved as detailed below:

“In 2017 the Chancellor committed a £435m business rate relief package intended on helping high street businesses. The Communities Secretary at the time, Sajid Javid, promised ‘absolutely no delay’ in allocating and using the money. However, a table of ‘worst offending councils’ shows that Bromsgrove District Council failed to spend almost 70% of their grant.

Council notes this waste of central government funding and will refer this matter to the Overview and Scrutiny Board to investigate how this was allowed to happen.”

2. RECOMMENDATIONS

- 2.1 The Overview and Scrutiny Board recommend to Cabinet that:

The Section 151 Officer uses her delegated powers to use the 2018/19 balance for business scheme and reflects this in the allocation for subsequent years.

3. KEY ISSUES

Background Information

- 3.1 At its meeting held on 3rd December 2018 the Overview and Scrutiny Board agreed to set up a short sharp review, made up of Members of the Board, to investigate this matter further. It was agreed that as

OVERVIEW & SCRUTINY BOARD 2nd September 2019

Councillor Thompson had put forward Notice of Motion he would chair the review.

- 3.2 The full membership of the review was; Councillors S. Colella, M. Glass, R. Laight, P. McDonald, P. Thomas and S. Webb. However, following the Elections in May 2019 and changes to the membership of the Board, Councillors Laight, Thomas and Webb were no long eligible to be part of it.
- 3.3 The review met on three occasions and interviewed the then Portfolio Holder (former Councillor B. Cooper), The Executive Director for Finance and Resources and the Revenue Services Manager. The meetings were held on 14th December 2018, 9th January and 27th June 2019.
- 3.4 The review Members discussed a number of areas in detail and considered relevant documentation. Those discussions included:
- The Cabinet report dated 4th October 2017 and the subsequent urgent decision notice which was reported to Council on 22nd November 2017.
 - A detailed presentation in respect of the methodology in calculating the allocation of the funds and alternative models.
 - Comparative data in respect of other local authorities' schemes and distribution of the funds.
- 3.5 At its final meeting the review Members received an update in respect of the current position, where it was confirmed that the funds did not need to be allocated until the end of September 2019, which provided the Council with more time to amend the scheme in order to take advantage of the funds available. Initial modelling work had been carried out which allowed for the funds to be maximised and the Scheme amended appropriately. It was further confirmed that the Executive Director, Finance and Resources had delegated power to amend the scheme. The Short Sharp Review therefore make the recommendation as detailed in 2.1 of this report.

Financial Implications

- 3.6 The Government has provided funding for the award of Discretionary Revaluation Support. The amount of funding available to Bromsgrove District Council for the award of the scheme will be:

Amount of Discretionary Funding awarded (£000s)			
2017/18	2018/19	2019/20	2020/21
135	65	27	4

OVERVIEW & SCRUTINY BOARD 2nd September 2019

- 3.7 The level of funding available to the authority for award of the relief has been fixed and will not be adjusted should the costs of the scheme exceed Government funding. Therefore if the overall cost of Revaluation Support exceeds funding the authority would be required to meet a proportion of the costs.

Legal Implications

- 3.8 Billing authorities have the power to award discretionary relief under Section 47 of the Local Government Finance Act 1988. Section 47 prevents the award of relief to any billing authority or precepting authority.
- 3.9 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (The Regulations) provide the requirements for notifying ratepayers of their entitlement to relief, and limiting the authorities powers to vary or alter the decision.
- 3.10 The criteria for the award of relief have been designed to account for the legal requirements of the act and regulations. All relief will be conditional upon eligibility criteria and rules for calculating relief.

Service / Operational Implications

- 3.11 The operation of the Revaluation Support Scheme will provide the Customer Access and Financial Support Service with an additional administrative and operational requirement. To minimise the impact on the service the Revaluation Support Scheme is designed to ensure that relief is calculated automatically and will not require a manual recalculation on changes in circumstances.

Customer / Equalities and Diversity Implications

- 3.12 None

4. RISK MANAGEMENT

- 4.1 The criteria for the award of the relief have been designed to limit the financial risks to the authority and to ensure that the overall cost of the relief remains within the level of Government Funding
- 4.2 Reporting on the costs of Non-Domestic Rates relief are produced on a monthly basis and these reports will be used to highlight any financial risks associated with the costs of the relief.

OVERVIEW & SCRUTINY BOARD 2nd September 2019

5. APPENDICES

None

6. BACKGROUND PAPERS

- Report and minutes of the Cabinet meeting held on 4th October 2017.
- Council Minutes 22nd November 2017 – Report of Urgent Decision
- Department of Communities and Local Government – Business Rates Consultation on proposals on the design and implementation of the locally administered Business Rates Relief Scheme.
- Discretionary Rate Relief and High Streets – A guide for local authorities

7. KEY

None

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