

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET	
Report of:	Chief Operating Officer	
Date of Decision:	13th September 2017	
SUBJECT:	NON DOMESTIC RATES RELIEF – SUPPORT FOR BUSINESSES	
Key Decision: Yes	Relevant Forward Plan Ref: 004016/2017	
If not in the Forward Plan: (please "X" box)	Chief Executive approved	
	O&S Chairman approved	
Relevant Cabinet Member(s)	Cllr Ian Ward - Deputy Leader	
Relevant O&S Chairman:	Cllr Mohammed Aiklaq	
Wards affected:	All	

1. Purpose of report:
<p>1.1 At the Budget on 8 March 2017, the Chancellor announced that the Government would make available a discretionary fund of £300 million nationally over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation.</p> <p>Birmingham's share of this is £4.5 million over the four year period.</p> <p>1.2 To consider the draft policy for Non Domestic Rates Relief.</p> <p>1.3 To seek approval for determination of the Local Discount Policy to be delegated to the Director of Customer Services in 2018/19, 2019/20 and 2020/21.</p>

2. Decision(s) recommended:	
That Cabinet:	
2.1	Approve the draft policy as shown at Appendix 1.
2.2	To authorise the Director of Customer Services to approve the Local Discount Policy for 2018/19, 2019/20 and 2020/21.
Lead Contact Officer(s):	Chris Gibbs
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E-mail address:	Chris.gibbs@birmingham.gov.uk

3. Consultation

Consultation should include those that have an interest in the decisions recommended

3.1 Internal

The Leader of the Council, the Cabinet Member for Transparency, Openness and Equality, the Chief Executive and the Corporate Directors for Strategic Services and Finance and Governance are supportive of the recommendations.

3.2 External

The Revenues services at West Midlands Combined Authority, West Midlands Fire Service (as the major preceptor for Non Domestic Rates) and The Greater Birmingham Chamber of Commerce (to seek the views of the wider business community).

The consultation was mandatory for the precepting authorities. There were no significant issues raised in the consultation, the outcome of which was supportive of the recommended policy. It also reflects a similar approach taken by other councils in the West Midlands.

4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The Council's key priorities of Jobs and Skills are linked to this policy and this will help to provide a strong, growing economy that creates and keeps jobs in the city. In the region of £450m of Business Rates per annum is collected. In addition to this, how the Council applies its policies in relation to the collection of business rates has a direct impact upon of the livelihood of businesses within Birmingham.

4.2 Financial Implications

Central government will fully compensate the Council for the amount of relief awarded under this scheme up to the values shown 5.4. There will be no impact on the revenue budget.

Any relief awarded will be paid by crediting the Business Rate account to which it applies.

4.3 Legal Implications

The relief will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.

Any awards need to comply with State Aid Limitations.

4.4 Public Sector Equality Duty (see separate guidance note)

An initial screening has indicated that there are no contra indicators in relation to the Council's public sector reporting duty in relation to this decision.

5. Relevant background/chronology of key events:

- 5.1 At the Budget on 8 March 2017, the Chancellor announced that the Government would make available a discretionary fund of £300 million over four years from 2017-18. The support would be provided to businesses facing the steepest increases in their business rates bills as a result of the 2017 revaluation. The Government recognised that local authorities are best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- 5.2 Every billing authority in England is to be provided with a share of the £300 million to support their local businesses. This will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.
- 5.3 The funding arrangements in place ensure that local authorities are compensated for the loss of income they incur by means of grant payments under section 31 of the Local Government Act 2003.
- 5.4 The scheme is applicable for 4 years and Birmingham will receive the following amounts on an annual basis (stipulated by Government) from the £300 million fund:
- 2017/18 - £2,626,977;
 - 2018/19 - £1,275,960;
 - 2019/20 - £525,395;
 - 2020/21 - £75,056.
- 5.5 The Government issued some initial guidance in respect of this relief. The guidance stated that support would be given to businesses with rateable values of under £200,000 that have seen an increase of greater than 12.5% in their gross business rates liabilities from 2016/17 to 2017/18. However, further communications received from DCLG confirmed that the above criteria are for guidance only and local authorities are able to make awards in accordance with their own policies. Councils were expecting further announcements from the Government prior to the General Election. This was provided in June and our consultation process therefore commenced at that time.
- 5.6 In order to provide support to a greater number of businesses it is proposed that our policy is extended to provide relief to the total amount of the liability which exceeds a 10% increase compared to that 2016/17. Depending on the actual number of businesses which qualify for support, the percentage could be lowered to bring more support for businesses providing the overall financial envelope allowed this.
- 5.7 An amount equal to approximately 6.5% of the fund available will be held back as a contingency to manage the risk of any challenges or changes in circumstances (e.g. a backdated change to a rateable value). Any balance remaining from the contingency fund will be redistributed, on a pro rata basis, amongst the successful applicants.
- 5.8 From the list of businesses identified by the Revenues Service (as potentially qualifying for the reduction), the award will be made automatically to ensure the support is provided as quickly as possible. The Revenues Service will write and advise businesses to notify the Council if they exceed State Aid Limitations.
- 5.9 Entitlement to the relief will be granted for one financial year at a time. Awards for subsequent years will be reviewed annually as necessary.

5.10 The following conditions are to be used to assess entitlement:

- Relief is to be awarded to ratepayers who have seen a rise in their 2017/18 rates liabilities of greater than 10% when compared to the charge for the previous financial year.
- Up to 100% of any increase above 10% is to be awarded as relief – subject to paragraph 5.6.
- The property must be occupied with occupation being for greater than an 8 week period (this should address rate avoidance tactics).
- Properties eligible for charitable relief will not be entitled.
- No relief will be awarded where the ratepayer is Birmingham City Council, one of the precepting bodies or is a public body (e.g. government departments, hospitals etc).
- No relief will be awarded where the ratepayer is a large or multinational organisation i.e. banks and building societies.
- The rateable value is equal to or greater than £15,000 and less than £200,000.
- Any award will be subject to State Aid Limitations.

5.11 Awards will be made in accordance with the approved policy as soon as practicable once Cabinet have made a decision. As there is no flexibility to move funds between financial years, the recommendation is to delegate approval of the policy after 2017/18 to the Director of Customer Services.

6. Evaluation of alternative option(s):

6.1 The Government is to provide Birmingham City Council with £2.62m, in four equal quarterly payments, during the 2017/18 financial year. Any of this funding which isn't used will need to be returned to central government at the end of the year and it will not be possible to carry forward any balance to be used in subsequent years.

6.2 The estimated amount of relief to be awarded on the basis of those facing a 10% rise in liabilities is shown below:

- Number qualifying ratepayers – approximately 1700
- Total value of award at 100% - £2.45m
- Total annual funding for 2017/18 - £2.62m
- Balance remaining as a contingency - £170k

If the percentage of the increase was changed to 12.5% as stated in the initial guidance the estimated values would be:

- Number of qualifying ratepayers – approximately 1150
- Total value of award at 100% - £1.85m
- Total annual funding for 2017/18 - £2.62m
- Balance remaining as a contingency - £770k

By reducing the level of the increase to 10% it is possible to provide relief to a further 550 ratepayers and remain within budget. This also allows for £170k to be set aside as a contingency for any changes in circumstances that may apply.

7. Reasons for Decision(s):

- 7.1 To apply the decisions relating to the award of the relief in line with the policy consulted outlined in Appendix 1 to alleviate any impact to those businesses affected.

Signatures**Date**

Deputy Leader
Cllr Ian Ward

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Chief Operating Officer
Angela Probert

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List of Background Documents used to compile this Report:

Relevant Officer's file(s) on the matter, save for confidential documents

List of Appendices accompanying this Report (if any):

1. Discretionary Relief Policy document
2. Equality Analysis
- 3.
- 4.
- 5.

PROTOCOL PUBLIC SECTOR EQUALITY DUTY

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
 - (a) whether there is adverse impact upon persons within the protected categories
 - (b) what is the nature of this adverse impact
 - (c) whether the adverse impact can be avoided and at what cost – and if not –
 - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
 - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
 - the full equality impact assessment (as an appendix)
 - the equality duty – see page 9 (as an appendix).

Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none">(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none">(a) tackle prejudice, and(b) promote understanding.
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none">(a) age(b) disability(c) gender reassignment(d) pregnancy and maternity(e) race(f) religion or belief(g) sex(h) sexual orientation