

EAST HERTS COUNCIL

EXECUTIVE – 8<sup>th</sup> OCTOBER 2019

REPORT BY PORTFOLIO HOLDER FOR PLANNING AND GROWTH

DISCRETIONARY BUSINESS RATES' GRANT SCHEME

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- To update Executive on the discretionary business rates' grant scheme that was introduced in April 2017 and recommend the scheme continues until the full funding is allocated

**RECOMMENDATION FOR EXECUTIVE TO:**

<b><u>RECOMMENDATION FOR EXECUTIVE TO:</u></b>	
<b>(A)</b>	<ul style="list-style-type: none"><li>- Approve implementing the discretionary business rates' grant scheme using the same eligibility as criteria as agreed in February 2017 but with following adjustments<ul style="list-style-type: none"><li>○ Rateable value eligibility is between 12,000 – 51,000 to match the national retail rate relief scheme</li><li>○ Up to 50% of one year's business rate liability is available <i>after</i> all other discounts and exemptions are applied</li><li>○ National chains not eligible to apply</li><li>○ Scheme in place until the national retail relief scheme expires (31 March 2021) or the balance of £65,079.07 is allocated (whichever is soonest)</li></ul></li></ul>

<b>(B)</b>	- That the balance of £65,079.07 comes from the £150,000 allocated from the New Homes Bonus Reserve by Executive in February 2017
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## **1.0 Background:**

1.1 In February 2017 Executive approved setting up a local discretionary business rates' grant scheme. The papers, background and operating procedures can be found here:

<http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=119&MId=2880&J=2>

1.2 The scheme was aimed at encouraging new businesses to set up and/ or incentivise existing businesses to expand. This was part of an overall approach to be more pro-active with business support in the district and match schemes offered by other councils to encourage growth.

1.3 The scheme provided up to 50% discount on one year's worth of business rates' liability. To be eligible a business needed a rateable value of between £12,000 - £40,000 and meet one of the following criteria:

- A business not registered in the district is planning to relocate/ open up a new property in the district
- A business is already registered in the district but looking to enlarge premises through an extension or relocation
- A business is already registered in the district but is forced to relocate as the landlord no longer wishes to use the premises for commercial use and has not renewed the lease
- A business is already registered in the district, with one or more properties and plans to open up another

1.4 The scheme was funded from the New Homes Bonus reserve and £150,000 was set aside as part of the Executive decision. Although labelled a grant scheme in practice it was an adjustment to the business rates' bill (ie. Instead of receiving a cash grant the businesses' bill would be reduced by the equivalent amount). This minimized the exposure of the council to losses should the business fold soon after being awarded the grant.

1.5 The process involved a light touch application form on the website. The Business Engagement Manager would then undertake a site visit to go through eligibility criteria and where appropriate make a recommendation on awarding. As part of the Executive decision, delegated authority was provided to the Head of Communications, Strategy and Policy to make a final decision (in consultation with representatives from Business Rates and Strategic Finance and Property).

1.6 The scheme was a 2 year pilot and expired 31 March 2019. An evaluation has since been undertaken and this is attached at **ERB B**. Key conclusions are:

- 18 businesses have benefitted over the 2 years
- A total of £84,920.93 was allocated (meaning a balance of £65,079.07 is left on the original allocation)
- Vast majority of grants were awarded to town centre retail businesses
- Purpose of the scheme largely achieved but it is hard to quantify exactly how much of a direct role the awarding of a grant has made in business decisions to invest in the district

1.7 Since the closure of the scheme the Government has introduced a new retail rate relief scheme which applies a discount of 1/3<sup>rd</sup> after all other discounts and exemptions have been applied. The Government specifies the types of business which qualify and those that are excluded, and fully fund the cost of the relief. The relief is targeted at retail businesses with a rateable value of between £12,000 - £51,000

(with some exemptions – for example betting shops). This is a national scheme, announced by the Chancellor in the 2018 Autumn Statement and will run from 1 April 2019 – 31 March 2021. This has been a welcome intervention for many small businesses in the district. Over £1.2m in retail relief has been granted this year alone.

1.8 However challenges remain with regard to economic growth with businesses (particularly in the retail sector) constantly citing rents and rates as the two biggest issues affecting profitability. The proposal is to bring the scheme back into place to further support new or expanding businesses and align with the national scheme.

1.9 Implementation would be based on the following:

- Original criteria set out in (1.3) to remain in place
- Eligibility in terms of rateable value and exemptions to align with national scheme (so threshold increases from £40,000 to £51,000)
- National chains/ brands to be ineligible
- More targeted marketing of sectors other than retail to take place
- The term 'grant' to be removed so there is no misunderstanding about a cash award being given
- Scheme to be implemented until 31 March 2021 or until the full £150,000 is allocated (whichever is soonest)

Background Papers: ERP B (evaluation of scheme)

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