

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	THE EXECUTIVE
DATE:	1 DECEMBER 2014
SUBJECT:	WALES – ENHANCED LOCAL NEED SCHEME (ELNS) – BUSINESS RATES RELIEF
PORTFOLIO HOLDER(S):	COUNCILLOR HYWEL EIFION JONES (PORTFOLIO HOLDER – RESOURCES)
HEAD OF SERVICE:	RICHARD MICKLEWRIGHT – HEAD OF FUNCTION (RESOURCES) & SECTION 151 OFFICER
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LOCAL MEMBERS:	NOT APPLICABLE

A - Recommendation/s and reason/s

Recommendations

1. Executive to note the report and impacts.
2. To decide on the criteria for the granting of relief in relation to the ELNS funding (Options 1- 4) under Section 47 of the Local Government Finance Act 1988. Officers have considered the merits of the four options recommended to the Executive and propose that Option 1 is accepted, on the basis that more businesses would benefit. Officers also advise that Option 4 should be discounted.
3. That delegated authority is given to the Head of Function (Resources) to make administrative arrangements to approve the granting of the relief to those businesses that meet the Executive's approved qualifying criteria for ELNS.
4. The Revenues and Benefits Service works with the Economic Development Service to promote the ELNS adopted by the Executive and the "Open for Business", "New Business Relief" and "Wales Retail Relief".

Background and Reasons

Currently there are 2,802 business properties on the Isle of Anglesey Rating List. Of these, 1,883 receive full or partial Small Business Rates Relief, amounting to £2,553,214. A further 167 organisations or bodies receive £675,402 relief from payment of the business rates as they are charitable or non-profit making.

During the current financial year the Portfolio Holder (Resources), under delegated powers, introduced three further Welsh Government funded business rate reliefs from payment of the business rates – "Open for Business" (to date no relief has been awarded), "New Business Relief" (to date 1 business has received £3,571 in relief with a further 4 properties waiting a rateable value from the Valuation Officer before relief can be granted) and the "Wales Retail Relief". To date, in respect of the "Wales Retail Relief", 169 businesses have received relief, amounting to £140,627 (there is a Welsh Government grant of £191,536 to meet the cost of this scheme).

Some of these reliefs can be granted in addition to the Small Business Rates relief. For example, the Wales Retail Relief can be awarded to businesses who qualify and have a rateable value of £6,000 or more. Such businesses do not get 100% relief under the Small Business Rates Relief.

However, empty properties do not get the Wales Retail Relief, with 229 on the Island and a further 383 who do not qualify for the Wales Retail Relief as they are not retail, for example hotels, offices etc.

As regard the ELNS, the Welsh Government has awarded to the Authority £130,035 in grant to award this relief for 2014/15 only. The Welsh Government's original intention was to direct this funding to those businesses adversely affected by the decision to delay the revaluation from 2015 to 2017 but, unfortunately, there is no data available from the Valuation Office Agency which identifies these businesses. Therefore, it is the responsibility of each authority to determine criteria that should apply in order for those businesses to qualify for the ELNS and a scheme which contributes to the local and regional economic development aims.

The 4 alternative options below were considered by officers. Option 1 and 2 includes **all** types of businesses, including hotels and guest houses (apart from those retail businesses which receive the Wales Retail Relief Scheme), and Option 3 **specifically** targets hotels, guest houses, holiday chalets etc., excluding some types of businesses such as accountants, solicitors etc. Option 4 would be available to all types of businesses.

B - What other options did you consider and why did you reject them and/or opt for this option?

OPTION 1 (ELNS)

To grant additional relief to those businesses who currently receive part Small Business Rate Relief, i.e. with a Rateable Value between £6,000 and £12,000. (Retail properties in this category will qualify for Wales Retail Relief Scheme and, therefore, will not receive relief under ELNS.)

Grant a maximum of £500 to each business.

This option will require a maximum Rateable Value (RV) at £8,800 to be set in order not to exceed the £130,035 grant allocation.

There are 105 businesses that pay less than £500 during 2014/15, so will receive reduced relief. The total relief for those cases will be £24,261. The lowest relief will be £48.09.

211 businesses will each receive the maximum of £500 – total relief £105,500.

Total relief granted - £129,761

OPTION 2 (ELNS)

As Option 1, but with an increased maximum of £1,000 per business rate payer.

Grant a maximum of £1,000 to each business.

This option will have to set the maximum RV at £7,700 in order not to exceed the £130,035 grant allocation.

There are 174 businesses that pay less than £1,000 during 2014/15 so will receive reduced relief. The total relief for those cases will be £73,990. The lowest relief will be £48.09.

42 businesses will each receive the maximum of £1,000 – total relief £42,000.

Total relief granted- £115,990

OPTION 3 (ELNS)

To target a specific sector and grant relief, for example to hotels, guest houses, camping sites, caravan sites and chalet parks, which do not qualify for relief under Wales Retail Relief Scheme, up to a specific rateable value which ensures that the scheme grants a maximum of £1,500 to each of them individually. To grant relief to the same types of businesses with a maximum RV of £50,000 and with a maximum grant of £1,500.

22 businesses would each receive less than £1,500. Total relief granted will be £12,740.

60 businesses would each receive the maximum of £1,500 – total relief £84,000.

Total relief granted would be £96,740.

OPTION 4

To set up a hardship fund in order to support those businesses most in need, or to assist new businesses start up.

Delivery of Option 4 may result in the risk of inconsistent application; in addition it must be remembered that only a certain percentage of start ups would actually immediately take on premises, and that they may be eligible under the other schemes/options.

C - Why is this a decision for the Executive?

Under the scheme of delegation to officers, the Head of Function (Resources) can determine applications for business rates relief under Section 47 of the Local Government Finance Act 1988, taking account of any policy guidelines adopted by the National Assembly, the Council or the Executive (3.5.3.5.20 of the Constitution). This is a grant funded relief with four options being presented by officers for consideration. As it is not proposed to spend above the grant allocated, therefore, having no budgetary implications, it is appropriate for the Executive to consider and decide on the options presented.

CH - Is this decision consistent with policy approved by the full Council?

The granting of this relief for 2014/15 will provide further assistance to many businesses during this current economic situation. It has links to the Corporate Plan's aim of regenerating communities and developing the economy.

D - Is this decision within the budget approved by the Council?

The full costs of granting this business rate relief will be met by the Welsh Government but the cost of administration will be met by the local authority.

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	Author of report
3	Legal / Monitoring Officer (mandatory)	
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	Head of Economic and Community Regeneration – Agree and support the report/recommendations in full. Eager to see an early implementation, with as simple administration as possible. What is being proposed is likely to ensure that the Island and small businesses can take full advantage.
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	There is the risk that, if the Authority does not fully advertise the scheme, it will not meet its objectives. Like the Wales Retail Relief, applications will be invited from businesses which fit the qualifying criteria. If Option 4 were applied it would create further additional administrative burden and it might not be possible to develop the appropriate consistency in granting the relief.
F - Appendices:		
FF - Background papers (please contact the author of the Report for any further information):		
Welsh Government Guidance Notes and letter dated 2 April 2014		