

19 SEPTEMBER 2017

KEY DECISION? ~~YES~~/NO

**NEW BUSINESS RATES DISCRETIONARY RATE
RELIEF (REVALUATION) POLICY**

SUMMARY AND RECOMMENDATIONS:

Cabinet are recommended to:

- 1) Establish a local Discretionary Rate Relief Policy for reducing business rates liabilities to those Ratepayers who have been worse affected by the 2017 revaluation, and;
- 2) Delegate responsibility for applying the reliefs to the Head of Financial Services.

1. INTRODUCTION

1.1 This report seeks to adopt a local policy to enable the Council to award Discretionary Relief with effect from 1 April 2017 to small and medium businesses that have been most affected by the 2017 National Business Rates Revaluation.

2. BACKGROUND

2.1 In the Spring Budget 2017, on 8th March 2017, the Chancellor announced three new schemes of Discretionary Rate Relief to support those Business Ratepayers who are having large increases to their bills following the national 2017 revaluation.

2.2 These new reliefs are known as Supporting Small Businesses Relief, Pub Relief and Business Rates Discretionary Rate Relief (Revaluation).

2.3 The Government provided guidance, which sets out the criteria for awarding Supporting Small Businesses Relief and Pub Relief. These policies were approved by Cabinet on 25 July 2017.

2.4 The government has also provided guidance for Business Rates Discretionary Rate Relief (Revaluation). However, this relief is more complex and required consultation with other precepting authorities.

2.5 The scheme has now been finalised following consultation with other precept authorities and set out in this report accordingly.

3. DETAILS OF THE PROPOSAL

General

- 3.1 Full details of Discretionary Revaluation Relief are included in Appendix 1 of this report. A summary of this relief is outlined in paragraphs 3.2 to 5.3 below.
- 3.2 The Chancellor announced that a discretionary fund of £300 million would be made available over four years from 2017/18 to support those businesses that face the steepest increases in their business rates bills because of the 2017 National Revaluation.
- 3.3 Government determined that councils would be best placed to determine how this fund should be targeted and administered to support the businesses within their area that are in the greatest need.
- 3.4 Every authority in England is to be provided with a share of the £300 million fund to support their local businesses. This is to be administered through billing authorities' discretionary relief powers.
- 3.5 The £300 million fund is not provided equally over the four year period but in the following proportions:
- Year 1 (2017/18) = £175 Million
 - Year 2 (2018/19) = £85 Million
 - Year 3 (2019/20) = £35 Million
 - Year 4 (2020/21) = £5 Million
- 3.6 Rushmoor Borough Councils allocation of the fund is:-
- Year 1 (2017/18) = £311k
 - Year 2 (2018/19) = £151k
 - Year 3 (2019/20) = £62k
 - Year 4 (2020/21) = £9k
- 4. Qualifying criteria for Discretionary Relief (Rushmoor Borough Council Scheme)**
- 4.1 The scheme is designed solely to assist ratepayers who have suffered significant increases in business rate liability due to revaluation and the subsequent increase to their rateable value
- 4.2 Relief will not be awarded where mandatory relief is granted, discretionary relief for non-profit organisations and, in line with legislative requirements, no relief to any precepting authority.
- 4.3 Relief will only be granted to those premises whose Rateable Value at 1st April 2017 is less than £200,000.

- 4.4 Relief will only be granted where the increase in rates payable between 2016-17 and 2017-18 is greater than 12.5%
- 4.5 The ratepayer will be required to pay the first £600.00 of any increase before any relief is awarded.
- 4.6 Relief will only be awarded to premises that are occupied.
- 4.7 Relief will only be granted to ratepayers who were in occupation at 31 March 2017 and in occupation on 1 April 2017.
- 4.8 Ratepayers taking up occupation after 1 April 2017 will not be entitled to relief.
- 4.9 Relief may be awarded to ratepayers who occupy more than one property as long as all criteria are met.
- 4.10 Relief will not be granted in respect of the following
- Betting and gambling premises including Casinos, Bingo Halls and Amusement Arcades;
 - Pawnbrokers and payday lenders;
 - Headshops, or those selling legal highs and similar paraphernalia;
 - Private Members Clubs

5 Amount of Relief

- 5.1 The amount of relief to be awarded for the year 2017/18 will be 42%
- 5.2 The relief to be awarded in the year 2018-19 onwards will be reviewed when we have more understanding of the level of business rates payable in those years.
- 5.3 In exceptional cases, we will consider applications on a case-by-case basis where the Ratepayer falls outside of the criteria detailed in paragraphs 3.1 to 4.10 but where the ratepayer can demonstrate that they are experiencing severe financial difficulties due to the revaluation on 1 April 2017.

6 Consultation

- 6.1 An essential part of the Discretionary Business Rates Relief Scheme is that Billing Authorities must consult with the major preceptors before finalising their individual schemes.
- 6.2 Rushmoor has consulted with our major preceptors in relation to this scheme and has taken their comments into account (Appendix 2).
- 6.3 The major precepting authorities consulted in this scheme are:-
- Hampshire County Council;

- The Police and Crime Commissioner for Hampshire; and
- The Hampshire Fire and Rescue Service.

7. Implementation

7.1 Once the scheme has been approved, all businesses that are potentially eligible for either scheme, will be written to, enclosing a simple application form, which will need to be signed and returned to the Council. Under the requested delegation set out in the recommendations, the Head of Financial Services will then make the necessary award and amended bills will be issued (subject to State Aid regulations).

7.2 The scheme will also be available on the Council's website.

8. Legal Implications

8.1 Local Authorities are expected to deliver the scheme through the use of their discretionary relief powers under Section 47 of the Local Government Act 1988.

9. Financial and Resource Implications

9.1 Central Government have made available a discretionary fund over four years to reimburse billing authorities awarding discretionary rate relief.

9.2 Rushmoor Borough Councils allocation is £311,000 in the year 2017/18.

9.3 If the Council were to exceed the budget of £311,000, the additional expenditure will not be reimbursed by central government and the Council would have to cover the overspend within the rates retention scheme.

9.3 The Revenues and Benefits team carried out extensive work to assess which ratepayers will qualify for this relief and have estimated the total expenditure for 2017/18 to be approximately £295,000.

9.4 This leaves £16,000 available to be awarded to ratepayers in exceptional cases who fall outside the criteria but can demonstrate financial hardship due to the revaluation on 1 April 2017.

9.5 The Department for Communities and Local Government (DCLG) recognises that implementing new schemes places additional burdens on billing authorities. DCLG have advised that Rushmoor Borough Council will receive £12,000 in 2017/18 (under the New Burdens regime) towards the cost of implementing the three schemes announced in the budget.

9.6 Therefore there will be no financial impact on the Council (subject to paragraph 9.3) but will have a direct benefit to certain ratepayers within the Borough.

10. CONCLUSIONS

- 10.1 In conclusion, Cabinet are asked to approve the new discretionary rate relief policy as attached in Appendix 1 of this report.
- 10.2 The relief will be delivered using existing Discretionary Relief Powers under Section 47 Local Government Finance Act 1988 and the Council will be reimbursed for the relief awarded under this scheme.
- 10.3 The Council will receive a grant towards the cost of implementation.
- 10.4 The scheme will benefit small and medium ratepayers in the Borough by limiting any increase in rates payable following the revaluation on 1 April 2017.

BACKGROUND DOCUMENTS:

Business Rates Information Letter (4/2017): Spring Update
Discretionary Funding for BRR Relief Grant Determination Letter 28 April 2017
DCLG – Business Rates Discretionary Rate Relief Consultation – March 2017
Local Government Finance Act 1988, Section 47
Non-Domestic Rating (Discretionary Relief) Regulations 1989 (SI 1989 1059)

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