

**6 MARCH 2018**

**REPORT NO. FIN1812**

**KEY DECISION? YES/NO**

**BUSINESS RATES – DISCRETIONARY RATE RELIEF  
POLICY FOR DISCRETIONARY REVALUATION RELIEF**

**SUMMARY AND RECOMMENDATIONS:**

**SUMMARY**

This report seeks approval to amend the Council's existing Discretionary Rate Relief Policy to reduce business rates liabilities to those Ratepayers most affected by the 2017 national revaluation. The Cabinet approved the original policy on 19 September 2017.

**RECOMMENDATIONS**

The Cabinet is recommended to approve the following changes to the existing policy:

- a) To increase the percentage relief awarded to qualifying ratepayers from 42% to 57%; and
- b) To reduce the restriction that relief will only be granted where the increase in rates payable between 2016-17 and 2017-18 is greater than 12.5%, to greater than 10%.

**1. INTRODUCTION**

- 1.1 This report seeks to amend the existing local policy which enables the Council to award Discretionary Rate 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 8<sup>th</sup> March 2017, the Chancellor announced three new schemes of Discretionary Rate Relief to support those business ratepayers who experienced large increases to their bills following the 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 policies for awarding Supporting Small Businesses Relief and Pub Relief were approved by Cabinet on 25 July 2017. Cabinet approved the policy for Discretionary Rate Relief (Revaluation) on 9 September 2017.

2.4 The policies for awarding Supporting Small Business Relief and Pub Relief have been successfully implemented and are working well. However, our policy for awarding Discretionary Rate Relief (Revaluation) requires modification.

### **3 DISCRETIONARY RATE RELIEF (REVALUATION)**

3.1 The Chancellor announced that a discretionary fund of £300m would be made available nationally over four years from 2017/18 to support those businesses facing the steepest increases in their business rates bills due to the 2017 National Revaluation.

3.2 Rushmoor Borough Council's allocation from the fund is £533k, spread over four years as follows:

- Year 1 (2017/18) = £311k
- Year 2 (2018/19) = £151k
- Year 3 (2019/20) = £62k
- Year 4 (2020/21) = £9k

3.3 The qualifying criteria for the Council's current policy are:-

- Relief will only be granted to those premises with a Rateable Value at 1<sup>st</sup> April 2017 of less than £200,000
- Relief will only be granted where the increase in rates payable between 2016-17 and 2017-18 is greater than 12.5%
- Ratepayers will be required to pay the first £600.00 of any increase before any relief is awarded
- Relief will only be awarded to premises that are occupied
- Relief will only be granted to Ratepayers who were in occupation at 31 March 2017 and in occupation on 1 April 2017
- Relief may be awarded to ratepayers who occupy more than one property as long as all criteria are met
- 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

- 3.4 The amount of relief to be awarded for the year 2017/18 will be 42% of the increase in rates payable.
- 3.5 It was originally determined that the businesses meeting the above criteria would enable us to award a total of £294k benefiting 122 businesses in Rushmoor.
- 3.6 This left £17k to be used for exceptional cases where applications will be considered on a case by case basis where the Ratepayer falls outside of the criteria detailed in paragraph 3.3 above.
- 3.6 However, due to adjustments in Rateable Values, businesses moving out of their premises and issues around state aid law, a number of businesses have informed us they are not entitled to this relief leaving only 114 businesses benefiting from the relief and a total of £203k awarded.
- 3.7 This has left £108k of our allocation unspent.

#### **4. DETAILS OF THE PROPOSAL**

- 4.1 The Government has consistently encouraged Councils to spend the maximum amount of funding available, ensuring maximum available support goes to those affected by the Revaluation. The policy has therefore been reviewed and two amendments are proposed.
- 4.2 The proposal is to reduce the restriction that relief will only be granted where the increase in rates payable between 2016-17 and 2017-18 is greater than 12.5% to greater than 10% and to award a total of 57% relief, previously 42%.
- 4.3 This would then see an increase in the award of £97k meaning a total award of £300k.
- 4.3 This will see the 114 businesses currently benefiting from relief receive an additional amount of relief.
- 4.4 A further 41 businesses in Rushmoor will now benefit from the relief.

#### **5 IMPLEMENTATION**

- 5.1 If the additional amount to be awarded is approved, all businesses that are eligible for the scheme will have the relief applied to their account and a revised bill will be issued. A letter will also be issued requesting the ratepayer advise us if the award of this relief breaches State Aid regulations.

## **6 LEGAL IMPLICATIONS**

- 6.1 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.

## **7 FINANCIAL AND RESOURCE IMPLICATIONS**

- 7.1 Rushmoor have been allocated £311k in the year 2017/18 to award this discretionary relief.
- 7.2 Any amount not awarded will be returned to central government.
- 7.3 The Ministry for Housing, Communities and Local Government (MHCLG) recognises that implementing new schemes places additional burdens on billing authorities. MHCLG have provided Rushmoor Borough Council £12,000 (under the New Burdens regime) towards the cost of awarding this relief (and Supporting Small Businesses Relief and Pub Relief).
- 7.4 Therefore, there will be no financial impact on the Council but will have a direct benefit to certain ratepayers within the Borough.

## **8 CONCLUSIONS**

- 8.1 In conclusion, Cabinet is asked to approve the amendment to the existing discretionary rate relief policy. This will enable more businesses in Rushmoor to benefit from this relief and the businesses already in receipt of this relief, to receive extra relief.
- 8.2 The relief is delivered using our existing Discretionary Relief Powers under Section 47 Local Government Finance Act 1988 and the Council is reimbursed for the relief awarded under this scheme.
- 8.3 The Council has received a grant towards the cost of implementing this relief.
- 8.4 Amending our current scheme will benefit more small and medium businesses in the Borough by limiting increases 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)

## **CONTACT DETAILS:**

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