

CABINET

**COUNCILLOR GARETH LYON
CORPORATE AND DEMOCRATIC SERVICES
PORTFOLIO HOLDER
REPORT NO. FIN1821**

24 JULY 2018

KEY DECISION? ~~YES~~/NO

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

SUMMARY AND RECOMMENDATIONS:

SUMMARY

This report seeks approval to amend our existing Discretionary Relief Policy to reduce business rates liabilities to those businesses most affected by the 2017 national revaluation.

Cabinet approved the original policy on 19 September 2017 and amended the policy on 6 March 2018, which ultimately was to award qualifying businesses a 57% reduction where the increase in rates payable between 2016-17 and 2017-18 was greater than 10%.

The amendment to the policy seeks approval for the percentage reduction to be awarded to qualifying businesses for the financial year 2018-19.

RECOMMENDATIONS

Cabinet are recommended to approve the percentage relief to be awarded for 2018-19 at 17% where the increase in rates payable between 2016-17 and 2017-18 is greater than 10%.

1. INTRODUCTION

- 1.1 This report seeks to amend our existing local policy which enabled 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.
- 1.2 The amendment for the policy is to allow the relief to be awarded for the financial year 2018/19. When Cabinet originally approved the policy, the rates payable for the financial year 2018-19 were unknown and therefore not possible to calculate the percentage reduction that we can award.

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 businesses that 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 and amended this policy on 6 March 2018.
- 2.4 The policy for Discretionary Rate Relief (Revaluation) requires further amendment to allow for the percentage reduction for the financial year 2018-19 now we know the rates payable for that relevant year.

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 1st 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 10%
 - Businesses 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 businesses who were in occupation at 31 March 2017 and in occupation on 1 April 2017

- Relief may be awarded to businesses 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 was determined to be 57% of the increase in rates payable.

3.5 Due to the fact that the allocation from the fund reduces for the year 2018-19 and that the business rates payable increases for the year 2018-19 the amount of relief awarded for the year 2018-19 will be 17%.

4 DETAILS OF THE PROPOSAL

4.1 The Government has consistently encouraged local Councils to spend the maximum amount of funding available; ensuring maximum available support goes to those affected by the Revaluation.

4.2 The proposal is for those ratepayers that were receiving relief in 2017-18 will continue to receive this relief for 2018-19 albeit at a reduced amount.

4.3 This will see 151 businesses receive this relief with a total award of £145,000.

4.4 This will leave £6,000 available to be awarded to businesses in exceptional cases, who fall outside the criteria but can demonstrate financial hardship due to the revaluation on 1 April 2017.

5 IMPLEMENTATION

5.1 Once the scheme for 2018-19 has been approved, all businesses that are eligible for relief 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 Finance Act 1988

7 FINANCIAL AND RESOURCE IMPLICATIONS

- 7.1 Rushmoor has been allocated £151K in the year 2018/19 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 businesses within the Borough.

8 CONCLUSIONS

- 8.1 In conclusion, Cabinet are asked to approve the amendment to the existing discretionary rate relief policy that will enable qualifying businesses to receive 17% relief of their business rates for the year 2018/19.
- 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.

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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