

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 which 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 policy was amended on 24 July 2018 to award 17% relief from the increase in rates payable for the financial year 2018-19.

This amendment to the policy seeks to increase the percentage of relief to be awarded for the year 2018-19 and to approve the percentage of relief to be awarded to qualifying businesses for the financial year 2019-20.

RECOMMENDATIONS

Cabinet are recommended to approve the following changes to the existing policy:

- a) Increase the percentage of relief awarded to qualifying ratepayers from 17% to 18.5%, of the increase in rates payable for the financial year 2018-19; and
- b) To approve the percentage of relief to be awarded for 2019-20 at 7% of the increase in rates payable.

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 increase the value of relief to be awarded for the year 2018-19 and to allow the relief to be awarded for the financial year 2019-20.
- 1.3 When Cabinet originally approved the policy, the rates payable for the financial year 2018-19 and 2019-20 were unknown and it was 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 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 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 drugs paraphernalia
 - Private Members' Clubs

3.4 The amount of relief to be awarded for the year 2017-18 and 2018-19 was determined to be 57% and 17% respectively, of the increase in rates payable.

3.5 However, due to adjustments in Rateable Values, businesses moving out of their premises and issues around state aid law, several businesses have informed us that they are not entitled to this relief, leaving a net spend of £138,000 out of our £151,000 budget for the year 2018-19.

4 DETAILS OF THE PROPOSAL - 2018-19

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 to increase the percentage of relief awarded to ratepayers to 18.5%, which was previously 17%.

4.3 This would see an increase in the total award of £12,000 meaning a total award of £151,000.

5 DETAILS OF THE PROPOSAL - 2019-20

5.1 The proposal is for those ratepayers that were receiving relief in 2017-18 and 2018-19 will continue to receive this relief for 2019-20 albeit at a reduced amount.

5.2 Due to the fact that the allocation from the fund reduces year on year and is now £62,000 for the year 2019-20, the amount of relief to be awarded for the year 2019-20 has been calculated at 7%.

- 5.3 This will see 126 businesses receive this relief with a total award of £61,900.

6 IMPLEMENTATION

- 6.1 Once the scheme for 2018-19 has been amended and the scheme for 2019-20 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 to advise the council if the award of this relief breaches state aid regulations.

7. LEGAL IMPLICATIONS

- 7.1 Local Authorities are expected to deliver the scheme using their discretionary relief powers under Section 47 of the Local Government Finance Act 1988.

8 FINANCIAL AND RESOURCE IMPLICATIONS

- 8.1 Rushmoor has been allocated £151,000 for the year 2018-19 and £62K for the year 2019-20 to award this discretionary relief.

- 8.2 Any amount not awarded will be returned to central government.

- 8.3 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).

- 8.4 Therefore, there will be no financial impact on the Council but will have a direct benefit to certain businesses within the Borough.

9 CONCLUSIONS

- 9.1 In conclusion, Cabinet are asked to approve the amendment to the existing discretionary rate relief policy that will enable qualifying businesses to receive 18.5% relief from their business rates bill for the year 2018-19 and 7% relief from their business rates bill for the year 2019-20.

- 9.2 Amending our current scheme will help small and medium businesses in the Borough by limiting increases in rates payable following the revaluation on 1 April 2017.

- 9.3 The relief is delivered using our existing Discretionary Relief powers under Section 47 Local Government Finance Act 1988 and the Council is reimbursed for all the relief awarded under this scheme.

- 9.4 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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