

## Policy & Resources Committee

<b>Report to:</b>	Policy & Resources Committee
<b>Date of meeting:</b>	5 October 2017
<b>Report author:</b>	Jude Green – Head of Revenues & Benefits
<b>Report title:</b>	Discretionary Business Rate Relief (Revaluation 2017)
<b>Nature of Report</b>	Agreement

### 1.0 SUMMARY

- 1.1** The 2017 revaluation of all non-domestic rate properties came into force on 1 April 2017. The rateable values of the properties in the rating list are based on rental levels from 1 April 2015. The previous revaluation which came into force on 1 April 2010 was based on rental levels from 1 April 2008.
- 1.2** In the Spring Budget the Chancellor announced three measures to help reduce the impact of business rate increases from April 2017:
- Supporting Small Businesses
  - New Business Rate Relief Scheme for Pubs
  - New Discretionary Relief Scheme
- 1.3** Supporting small business rate relief was introduced for businesses facing very large percentage increases in their rate bills due to the loss of small business rates relief. This relief has been awarded to the 12 organisations that meet the criteria and new demands issued.
- 1.4** The new relief scheme for pubs provides a discount of £1,000 for pubs with a rateable value of less than £100,000. This measure is for the 2017/18 year only. This relief has been granted to the 34 pubs that were identified as meeting the criteria
- 1.5** The Chancellor announced that the Government would make available a discretionary fund of £300 million, over four years from 2017/18, to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation.
- 1.6** Each billing authority will need to set up its own Local Discretionary Business Rate Relief Scheme for the financial year 2017/18, the purpose of which is to provide support to some ratepayers facing increases in their bills because of the revaluation.
- 1.7** The Government considers that Councils are best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- 1.8** The intent is that every billing authority in England will be provided with a share of

the £300 million to support their local businesses. This will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.

**1.9** The Government believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies.

**1.10** The funding allocation for Three Rivers District Council is set out in the table below and is the total amount of relief to be provided to ratepayers. This funding cannot be rolled over into subsequent years

	2017/18	2018/19	2019/20	2020/21
Three Rivers District Council	£143,000	£69,000	£29,000	£4,000

**1.11** Modelling has been carried out identifying the organisations in different brackets of RV to enable funding to be used to support those impacted the most.

## **2.0 DECISION REQUIRED**

**2.1** Policy & resources Committee are requested to discuss the proposed policy document and agree the following

- a) to have a simple award scheme based on the government's funding methodology**
- b) to have a 1 year scheme**
- c) the qualifying criteria levels of RV and % increase in charge**
- d) to exclude**
  - a. multinational/international organisations**
  - b. solicitors/lawyers**
  - c. estate agents**
  - d. public houses/nightclubs**
  - e. public sector owned buildings**
  - f. NHS owned buildings/Drs Surgeries**
  - g. Petrol/filling stations**
  - h. Banks/financial institutions**
  - i. Organisations with multiple assessments**

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**4.0 DETAILED PROPOSAL**

**4.1** The Government’s expectations regarding local discretionary business rates relief schemes is set out at point 4.6 of The Department for Communities and Local Government consultation paper ‘Business Rates - Consultation on proposals on the design and implementation of locally administered Business Rates Relief Scheme’:

*‘To allocate the resource between authorities the Government has assumed that authorities will provide support only to those ratepayers who are facing an increase in their bills following revaluation – and will make this a condition of the grant.’*

**4.2** It further assumes that, by and large, more support will be provided to; ratepayers or localities that face the most significant increases in bills; and ratepayers occupying lower value properties.’

**4.3** In line with the broad assumptions above about how the Government assume authorities will design their relief schemes the Government have allocated the available resource to each billing authority by working out the total increase in bills (excluding the impact of transitional relief and other reliefs), for every rateable property in a billing authority’s area that satisfies both the following conditions:

- A - the rateable property has a rateable value for 2017-18 that is less than £200,000;
- B - the increase in the rateable property’s 2017-18 bill is more than 12.5% compared to its 2016-17 bill (before reliefs);

**4.4** DCLG have clarified that the grant does not have to be spent in accordance with the distribution methodology detailed in para 4.3 above.

**4.5** Billing authorities will be responsible for designing the discretionary relief schemes that are to operate in their areas. However, the Government expects billing authorities to discuss options with their major precepting authorities at an early stage and to consult them before adopting any scheme.

**4.6** The most recent VOA schedule identifies 2011 rated business properties in Three Rivers. The table below illustrates the number of businesses that would fall into the additional bands based on the criteria indicated.

**4.7**

	Number of organisations	Total increase in charges
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RV less than 200,000 & Increase in charge >12.5% after reliefs	42	£117,624.83
RV less than 175,000 & Increase in charge >12.5% after reliefs	41	£90,889.83

**4.8** Given that the purpose of the four-year Government Scheme is to provide relief to ratepayers who face an increase in their bill due to the revaluation, that the increases in those bills are being phased in at different rates each year and that many ratepayers bills will cease to be in transition each year as they reach their full bill, it will be necessary to design a new local discretionary business rate relief scheme each year so that the relief can be targeted at those ratepayers still facing increases in their bills.

**4.9** The Three Rivers District Council scheme could offer relief for revaluation support to those businesses and organisations that are facing a sizeable increase in their business rate bills following the April 2017 revaluation. Businesses whose bills have decreased or remain the same following the revaluation or after applying eligibility for other relief schemes would not be eligible for the extra relief for revaluation support.

**4.10** In its consultation paper 'Business Rates Consultation on proposals on the design and implementation of locally administered Business Rates Relief Scheme' issued on 8 March 2017 the Department for Communities and Local Government noted that:

*The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I.1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.*

**4.11** It is proposed that Three Rivers District Council's scheme could comply with this requirement in two ways. First its local discretionary business rates relief scheme could apply for the financial year 2017/18 only and second, where a ratepayer's account is adjusted at any time following the award of relief, e.g. to reflect a reduction in the rateable value of their property or the vacation of it, the amount of relief could be adjusted accordingly. Should such an adjustment lead to an increase in relief, the amount of relief could be capped at a prescribed level.

It is recommended that ratepayers are not given a right of appeal against the determination of their application. Reliefs currently administered under Section 47 of the LGFA 1988 do not include such a right. However a review process undertaken by the head of service would be included in the policy

## **5.0 EQUALITIES IMPLICATIONS**

**5.1** There are no equalities implications.

**6.0 LEGAL IMPLICATIONS**

**6.1** The Council's power to award the proposed relief is contained within Section 47 of the Local Government Finance Act 1988 as amended.

**7.0 FINANCIAL AND RESOURCES IMPLICATIONS**

**7.1** The local scheme aims to distribute no more than the government grant provided for this purpose in the March 2017 budget, namely £143,000.

**7.2** It is intended to restrict the maximum total level of payments through judicious scheme design which takes into account robust data on the Council's business rates tax base.