



Forest of Dean
— DISTRICT COUNCIL —

CABINET

17 January 2019

REPORT NUMBERS WILL BE ADDED BY DEMOCRATIC SERVICES

| | |
|---------------------|---|
| Subject | DISCRETIONARY BUSINESS RATE RELIEFS |
| Wards | All |
| Key Decision | This is not a key decision |
| Accountable member | Roger James, Deputy Leader and Cabinet member for Finance, Governance, Performance and Shared Working Tel: 01594 812623 email: roger.james@fdean.gov.uk |
| Accountable officer | Jon Dearing – Group Manager Customer Services Tel: 01993 861221 Email: jon.dearing@publicagroup.uk |
| Summary | <p>Within the 2017 Spring Budget, the Government announced three separate relief schemes to help business ratepayers facing large increases in bills as a result of the 2017 revaluation of business premises:</p> <ul style="list-style-type: none">• Supporting Small Businesses – a cap was introduced to those businesses coming out of small business rate relief and rural rate relief to limit the increase in rates payable to no more than £600, or £50 per month. This relief will continue in 2019/20 and for the life of the current List (2020/21)• Relief for Pubs – a discount of £1,000 was available to pubs with a rateable value of less than £100,000 in 2017/18 and 2018/19. This will now cease and will not be available for 2019 onwards. However, Public Houses will benefit from the new retail rate relief being introduced in 2019.• Local Revaluation Support Scheme – a fund of £169,000 was made available to the Council for 2017/18 to design its own local relief scheme for businesses most affected by increased rates bills. This funding was reduced to £82,000 in 2018/19 and will be further reduced to £34,000 for 2019/20 |
| Annexes | Appendix A – Local discretionary business rate relief scheme 2019/20 |
| Recommendation | <p>It is recommended that members:</p> <ul style="list-style-type: none">a) Approve the Supporting Small Business Relief scheme in 2019/20 and 2020/21, to be awarded in line with the detailed guidance at Appendix A.b) Approve the Local Revaluation Support Scheme for 2019/20 as detailed within Appendix A |

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| | <p>c) Authorise the Section 151 Officer, in consultation with the Cabinet Member for Finance, Governance, Performance and Shared Working, to set the percentage relief level for local revaluation support in 2019/20</p> <p>d) Delegate authority to the Group Manager for Customer Services for awarding these reliefs and to the Section 151 Officer for reviewing any appeals raised.</p> <p>e) Note that relief scheme for Public Houses is ending on 31 March 2019</p> | | | | | | | | | | |
| Corporate priorities | Strong Communities. Thriving Economy | | | | | | | | | | |
| Implications (details at end of report) | <table border="1"> <tr> <td>LEGAL</td> <td>FINANCIAL</td> <td>RISK</td> <td>EQUALITIES</td> <td>SUSTAINABILITY</td> </tr> <tr> <td>YES</td> <td>YES</td> <td>YES</td> <td>NO</td> <td>NO</td> </tr> </table> | LEGAL | FINANCIAL | RISK | EQUALITIES | SUSTAINABILITY | YES | YES | YES | NO | NO |
| LEGAL | FINANCIAL | RISK | EQUALITIES | SUSTAINABILITY | | | | | | | |
| YES | YES | YES | NO | NO | | | | | | | |

2. REASONS FOR RECOMMENDATIONS

- 2.1. To support local businesses facing increases in bills as a result of the 2017 revaluation of business premises.

3. BACKGROUND

In April 2017, the government announced support for businesses whose non-domestic rates had increased as a result of the business rates revaluation.

The Forest of Dean has been allocated £290,000 over 4 years towards a local Discretionary Relief Scheme, as set out in the table below.

| Year | Amount allocated for discretionary relief |
|---------|---|
| 2017/18 | £169,000 |
| 2018/19 | £82,000 |
| 2019/20 | £34,000 |
| 2020/21 | £5,000 |

- 3.1. Local Revaluation Support Relief will continue to be available for 2019/20 and the funding available is £34,000.

- 3.2. As the support scheme is intended to provide relief to businesses that faced increased bills due to revaluation, relief in 2019/20 will only be available to businesses that qualified in 2017/18.
- 3.3. It is proposed that relief in 2019/20 is calculated as a percentage of the net rates payable after all other reliefs have been awarded.
- 3.4. It is also proposed that due to the reduced level of relief available that the relief is concentrated to those businesses that do not benefit from the new retail rate relief, as businesses that qualify for the retail rate relief will generally be better off.
- 3.5. So that the total relief awarded to businesses in 2019/20 is as close as possible to the £34,000 funding available, authority is being sought for the Section 151 Officer in consultation with the Cabinet Member for Finance, governance, Performance and Shared Working, to determine the actual percentage to be applied.
- 3.6. The determination will be made once 2019/20 rate bills have been calculated and will be prior to 31st March 2019.

| | |
|-----------------|---|
| Legal | Due to the temporary nature of the proposed scheme the Council is permitted to use its powers under Section 47 of the Local Government Finance Act 1988 to award the relief. |
| Financial | This scheme is fully funded by Government. As the relief is a temporary measure, the government is not changing business rates legislation; instead it expects billing authorities to use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief. |
| Risk assessment | Funding is available for designing and implementing a local business rate relief scheme to businesses hardest hit by the impact of revaluation. If the scheme is not approved and implemented the funding must be returned to the Government. Not approving the scheme will also carry reputational risk for the Council. |

Appendix A

Local Discretionary Business Rates Relief Scheme 2019/20

The scheme sets out the Council's local discretionary business rate relief scheme for 2019/20 under Section 47 of the Local Government Finance Act 1988, as amended.

1. Local Revaluation Support 2019/20

This revaluation support scheme will apply for the period 1 April 2019 to 31 March 2020. The support scheme will deliver business rate relief to qualifying ratepayers whose bills have increased due to the 2017 revaluation. The scheme will be reviewed each year and may be varied or cancelled due to changes in funding arrangements, the way business rates are calculated and levied or any other reason deemed appropriate.

The Council's scheme is designed to:

- provide support to businesses that contribute to the local economy and are facing the largest impact as a result of revaluation
- minimise bureaucracy for businesses and for the Council
- take account of the Council's allocation of funding from the Government for this scheme
- take account of other existing reliefs that are already available
- minimise the potential for breaching State Aid limits
- take account of businesses likely ability to pay

Qualifying Conditions

Revaluation Support will only be awarded in respect of the rate payable for a property where the following conditions are met:

- There has been an increase in the rates bill payable from 1 April 2017 compared to the 2016/2017 bill as a result of the 2017 revaluation
- The annual increase in rates bill for 2017/18 is more than £50.00 or 3% more, whichever is greater, when compared to the annual bill for 2016/17
- The ratepayer must be in occupation and liable for business rates for the relevant property on 31 March and 1 April 2017
- The rateable value is less than £200,000
- The property must be occupied, relief will not apply if the property is empty or becomes empty

Relief will not be awarded in the following circumstances:

- The relevant property is not in the rating list on 31 March and 1 April 2017.
- The ratepayer occupies the property on or after 1 April 2017
- The ratepayer is in receipt of mandatory, discretionary, Community Amateur Sports Club relief or Retail Rate relief
- The rateable value is £200,00 or more, or increases to £200,000 or more
- The relevant property is new, split or merged in the rating list after 1 April 2017
- Where the rates payable increases due to the ratepayer ceasing to qualify for any other reliefs

- Business properties occupied by a national chain or organisation – any organisation which is known, or reasonably be assumed by the Council to occupy business properties in billing authorities outside of Gloucestershire
- Doctors surgeries, health centres and any publicly funded organisation will not be eligible

Relief will be recalculated in the following circumstances:

- A change in rateable value in either the 2010 or 2017 rating lists
- The provision of a certificated value for the 2010 or 2017 rating list
- Any other reduction in the rates payable before revaluation support relief is applied
- Where there is an increase in rateable value after 1 April 2017 relief will not be awarded in respect of the rates payable attributable to the increase
- Any of the above conditions cease to be met

Revaluation support relief will apply to ratepayers receiving the supporting small businesses relief provided all the above conditions are met. Revaluation support will be calculated after the national reliefs have been applied.

How will Relief be calculated?

The level of relief in 2019/20 will be 1.7% of the net rates payable after all other reliefs have been applied.

2. Supporting Small Businesses Relief

Relief will be awarded to ratepayers losing some or all of their small business rate relief in line with the detailed guidance issued by the Ministry of Housing, Communities and Local Government. This relief will be available for up to five years from 1 April 2017. State Aid rules as detailed in section 3 will apply and the relief will be administered as detailed in section 4.

3. State Aid

The award of supporting the Local Revaluation Support Relief and Supporting Small Business Relief must comply with EU law on State Aid. Businesses applying for, or in receipt of relief must advise the council if they have received any State Aid that exceeds in total €200,000 in a three year period, under the De Minimis Regulations EC 1407/2013. The total amount of State Aid received includes any other discretionary business rate reliefs being granted in respect of all properties for which the business is responsible for. Further information on State Aid law can be found at: <https://www.gov.uk/guidance/state-aid>.

4. Administration

- Forest of Dean District Council will administer the schemes under the Local Government Finance Act 1988 as amended by The Localism Act 2011 and The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)
- Entitlement to Revaluation Support or Supporting Small Business Relief will be dependent on the qualifying conditions being met. Relief may be

recalculated or cancelled to reflect a change in circumstances or if any of the conditions cease to be met.

- Relief will be recalculated as a result of a change to the rating list for the relevant property.
- Decisions relating to the granting of reliefs will be delegated to the Group Manager for Customer Services.
- Reliefs will be granted automatically where information held on the business rate account confirms eligibility in line with qualifying criteria. In these cases businesses will be asked to notify the Council if they are in receipt of other State Aid.
- Where sufficient information is not held businesses will be required to complete and submit an application form, including a declaration in respect of State Aid.
- There is no statutory right of appeal against a decision made by the Council in respect of Support Small Businesses or Revaluation Support Relief. However, the Council may reconsider the decision if the ratepayer is dissatisfied with the outcome. The review will be carried out by the Section 151 Officer.
- If an unsuccessful applicant requests reconsideration they will still need to continue to pay their rates bill. Once the reconsideration has been carried out, the ratepayer will be informed in writing of the decision.