



Forest of Dean  
— DISTRICT COUNCIL —

Cabinet

14 September 2017

F.378

Subject	<b>DISCRETIONARY BUSINESS RATE RELIEFS</b>
Key Decision	This is not a key decision
Accountable member	Councillor Roger James Cabinet Member for Finance, Governance, Performance and Shared Working Tel: 01594 812623 email: <a href="mailto:roger.james@fdean.gov.uk">roger.james@fdean.gov.uk</a>
Accountable officer	Andy Barge – Strategic Group Manager Tel: 01594 812290 email: <a href="mailto:andy.barge@fdean.gov.uk">andy.barge@fdean.gov.uk</a>
Summary	<p>At the 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"><li>• Supporting Small Businesses - a cap will be applied to 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 in 2017/18.</li><li>• Relief for Pubs - a discount of £1,000 will be available to pubs with a rateable value of less than £100,000 in 2017/18.</li><li>• Local Revaluation Support Scheme - a fund of £169,000 has been made available to the Council in 2017/18 to design its own local relief scheme for businesses most affected by increased rates bills.</li></ul> <p>This report asks Cabinet to approve the criteria for awarding relief under the local schemes as set out in Annex A; and to approve awarding the first two reliefs in accordance with the <a href="#">Government set criteria</a>.</p>
Annexes	Annex A – Local discretionary business rate relief scheme 2017/18
Recommendation	<p><i>Cabinet is asked to:</i></p> <ol style="list-style-type: none"><li><i>approve the local discretionary business rate relief scheme 2017/18 as set out in Annex A;</i></li><li><i>approve awarding Supporting Small Business Relief and relief for pubs in accordance with the <a href="#">Government set criteria</a>;</i></li><li><i>delegate authority to the Head of Paid Service (or his/her nominated representative) for awarding these reliefs and to the Section 151 Officer for reviewing any appeals raised.</i></li><li><i>Approve that such schemes remain in place only whilst 100% reimbursement is available from the Government</i></li></ol>

Corporate priorities	Thriving Economy; Strong Communities				
Implications (details at end of report)	LEGAL	FINANCIAL	RISK	EQUALITIES	SUSTAINABILITY
	NO	NO	YES	NO	NO

## 1. REASONS FOR RECOMMENDATIONS

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

## 2. BACKGROUND

- 2.1. In the spring budget the Government announced three new relief schemes to support businesses facing the greatest increases in their business rates bills as a result of the revaluation of business premises from April 2017.
- 2.2. As these reliefs are 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.
- 2.3. The Government has set the conditions which must be met for the discount for pubs and relief for businesses losing small business rate relief or rural rate relief. It will fully fund the revenue lost due to these reliefs, provided the Council uses its powers to grant relief in accordance with the guidance. Funding towards the administrative costs associated with the introduction of these relief schemes will also be received.
- 2.4. For local revaluation support, the Government has allocated a specific sum of money to billing authorities for each of the four years 2017/18 to 2020/21 to fund a locally designed relief scheme. This Council has been allocated the following amounts:

2017-18	2018-19	2019-20	2020-21
£169,000	£82,000	£34,000	£5,000

- 2.5. The Council can set its own qualifying conditions and the amount of relief to be awarded to local businesses, provided there has been an increase in the amount of business rates payable due to the revaluation.

## 3. PROPOSED LOCAL REVALUATION SUPPORT SCHEME

- 3.1. Extensive modelling has been undertaken to identify business rates payers who have faced increases in bills and to establish how the funding should be distributed.
- 3.2. The Council's scheme has been 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

**3.3.** The proposed principles for the scheme for 2017/18 are as follows:

- Relief will be available to businesses with rateable values of less than £200,000 and whose business rates bills (net of any reliefs) in 2017/18 have increased compared to 2016/17 by more than 3% or £50.00, whichever is the greater
- Empty properties will not be eligible for this relief.
- Properties in respect of which charitable, discretionary and community amateur sports club (CASC) will not be eligible for this relief unless it places them at a disadvantage i.e. to support local businesses the maximum relief possible will be awarded.
- Larger national and multi-national businesses will not be eligible
- EU State Aid Regulations will apply

**3.4.** These core principles will ensure that the funding available is targeted to support as many local businesses as possible. About 1,770 ratepayers already get small business rate relief totalling about £3.1m and will not need help from this scheme.

**3.5.** Ratepayers qualifying for the separate reliefs available for pubs and those losing small business rate relief or rural rate relief will also be included in this scheme, provided that, after those reliefs have been applied the conditions for this scheme are met.

**3.6.** The scheme will distribute the funding to eligible businesses in proportion to the amount that their rates bill has increased. The proposed level of relief to be awarded in 2017/18 is 70% of the increased charge.

**3.7.** Based on the modelling undertaken it is estimated that approximately £131,000 will be distributed to about 300 businesses. The scheme has been designed not to allocate all of the funding due to it being capped. This will leave some funding available to allocate to any appeals, to any qualifying businesses not identified in the modelling or where circumstances may have changed since the modelling, or where properties have since been entered on the rating list.

**3.8.** Many businesses that are likely to qualify have already been identified. In most cases revised bills will be issued to qualifying businesses without the need for application. Details of the scheme will be included and businesses will be asked to

notify the business rate team if they are in breach of any of the conditions. Where it is not possible to clearly determine whether a business will qualify application forms will be issued.

- 3.9. Bills will also make it clear that the relief can be recalculated or cancelled in the event of the conditions no longer being met, a change in circumstances or change in rateable value.
- 3.10. Due to the volume of cases delegation is being sought for the Head of Paid Service (or his/her nominated representative) to make decisions on the award of reliefs based on the detailed criteria in Annex A (with operational implementation being delegated to the Civica revenues officers). Although there is no statutory right of appeal, where a decision is disputed it will be reconsidered by Section 151 Officer.
- 3.11. This scheme will apply to 2017/18 business rate bills. A review will be undertaken and a revised scheme will be formulated based on the funding for future years in time for 2018/19 bills being issued.

#### **4. RELIEF FOR PUBS**

- 4.1. A maximum discount of £1,000 is available for pubs with a rateable value of up to £100,000 for 2017/18 only.
- 4.2. The discount is to be awarded in line with the [detailed guidance](#) produced by the Department for Communities and Local Government (DCLG) and using the Council's discretionary powers.
- 4.3. Forty pubs have already been identified as likely to qualify for this discount and revised bills with the discount are ready to be issued.

#### **5. SUPPORTING SMALL BUSINESSES RELIEF**

- 5.1. The supporting small businesses relief is available to help those ratepayers who, as a result of the revaluation, have lost all or some of their small business rate relief or rural rate relief and as a result face large increases in bills. The relief will ensure an increase limited to the greater of 5% or £600. The relief will be available for up to five years, reducing each year until the full rate bill is met.
- 5.2. The relief is to be awarded in line with the [detailed guidance](#) from DCLG and using the Council's discretionary powers.

#### **6. CONSULTATION, MONITORING AND REVIEW**

- 6.1. Gloucestershire County Council as a precepting authority receiving funding via the business rates retention system have been consulted through the countywide Chief Finance Officer group. The six billing authorities have worked collaboratively on designing the core principles for relief schemes which have been modified to take account of the size and type of properties and business rate payers in the Forest of Dean. The County Council are being kept informed of the final scheme.

A review will be undertaken later this year with further modelling to design a revised local revaluation support scheme for future years based on the Government funding available. This will be reported back to Cabinet for approval.

Legal implications	<p>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 rate relief.</p> <p>Any replacement scheme will be reported back to Cabinet for approval.</p>
Financial implications	<p>These schemes are fully funded by Government. As these reliefs are 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.</p> <p>The Council could not afford to grant this benefit from its own resources so it is recommended that such schemes remain in place only whilst government funding at 100% is being made available.</p>
Risk implications	<p>Funding is available for designing and implementing a local business rate relief scheme to businesses hardest hit by the impact of revaluation described in this report. If the scheme is not approved and implemented the funding must be returned to the Government. Not approving the scheme also carries reputational risk for the Council.</p> <p>If more local revaluation support is awarded than the funding received from Government the Council will be required to cover the cost. The scheme has been designed to mitigate this risk.</p> <p>With regards to the pubs and supporting small businesses relief the Government expects billing authorities to grant these reliefs to qualifying ratepayers and will fully reimburse the Council for its share of the cost.</p>

### **BACKGROUND PAPERS**

The following documents have been identified by the author of the report in accordance with section 100D.5(a) of the Local Government Act 1972 and are listed in accordance with section 100 D.1(a) for inspection by members of the public:

#### **None identified**

These documents will be available for inspection at the Council Offices, Coleford during normal office hours for a period of up to four years from the date of the meeting. Please contact the author of the report.