

 Forest of Dean <small>DISTRICT COUNCIL</small>	Cabinet 15 February 2018 F.394
Subject	DISCRETIONARY BUSINESS RATE RELIEFS
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: roger.james@fdean.gov.uk
Accountable officer	Andy Barge – Strategic Group Manager Tel: 01594 812290 email: andy.barge@fdean.gov.uk
Summary	<p>At 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 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. • 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 and 2018/19. • 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. The funding has been reduced to £82,000 in 2018/19. <p>This report asks Cabinet to approve an increase to the amount of Local Revaluation Support relief awarded in 2017/18 and approve relief schemes for 2018/19.</p>
Annexes	Annex A – Local discretionary business rate relief scheme 2017/18 and 2018/19
Recommendation	<p><i>Cabinet is asked to:</i></p> <ol style="list-style-type: none"> a) <i>approve an increase to the amount of the local discretionary revaluation support scheme for 2017/18 as set out in section 3 of this report and Annex A;</i> b) <i>approve the local discretionary revaluation support scheme for 2018/19 in accordance with Section 4 of this report and Annex A;</i> c) <i>approve the extension of the relief scheme for pubs in 2018/19 to be awarded in accordance with the <u>Government set criteria</u>;</i>

	<p>d) <i>approve the Supporting Small Businesses relief scheme in 2018/19 to be awarded in line with the detailed guidance at Annex A;</i></p> <p>e) <i>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 2018/19 as detailed in Section 4 of this report;</i></p> <p>f) <i>delegate authority to the Head of Paid Service (or his nominated representative) for awarding these reliefs and to the Section 151 Officer for reviewing any appeals raised.</i></p>				
Corporate priorities	Thriving Economy; Strong Communities				
Implications (details at end of report)	LEGAL	FINANCIAL	RISK	EQUALITIES	SUSTAINABILITY
	YES	YES	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. With regards to 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. LOCAL REVALUATION SUPPORT SCHEME 2017/18

- 3.1. The Local Revaluation Support Scheme for 2017/18 was approved by Cabinet on 14 September 2017 (see report F.378).
- 3.2. So far, relief amounting to £127,000 has been awarded to 233 businesses. During September relief was granted to businesses identified as most likely to qualify and application forms were issued to some where it was less clear that the conditions would be met.
- 3.3. The funding available for 2017/18 is £169,000. The relief level was set at 70% of the increase in rates payable in 2017/18 compared to 2016/2017. As only £127,000 has been spent it is proposed that the relief level is increased from 70% to 85% of the increase. It is estimated this will increase the total amount to just over £154,000. This will leave a small balance for any new applications.
- 3.4. All other qualifying conditions as detailed in appendix A will remain unchanged.
- 3.5. Revised bills will be issued to businesses to reflect the increased relief.
- 3.6. Due to the volume of cases delegation is being sought for the Head of Paid Service (or his 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 Civic revenues officers). Although there is no statutory right of appeal, where a decision is disputed it will be reconsidered by Section 151 Officer.

4. LOCAL REVALUATION SUPPORT SCHEME 2018/19

- 4.1. Local Revaluation Support Relief will continue to be available in 2018/19 and the funding available is £82,000.
- 4.2. As the revaluation support scheme is intended to provide relief to businesses that faced increased bills due to revaluation, relief in 2018/19 will only available to businesses that qualify in 2017/18.
- 4.3. It is proposed that relief in 2018/19 is calculated as a percentage of the net rates payable after all other reliefs have been awarded.
- 4.4. So that the total relief awarded to businesses in 2018/19 is as close as possible to the £82,000 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.
- 4.5. The determination will be made once 2018/19 rates bills have been calculated and will be prior to 31st March 2018.

5. RELIEF FOR PUBS

- 5.1. A discount of £1,000 is available for pubs with a rateable value of up to £100,000. This was originally for 2017/18 only but the Government announced this will continue for 2018/19 and will be fully funded.
- 5.2. 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.

6. SUPPORTING SMALL BUSINESSES RELIEF

- 6.1. 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.
- 6.2. The relief is to be awarded in line with the detailed guidance from DCLG and using the Council's discretionary powers.

7. CONSULTATION, MONITORING AND REVIEW

- 7.1. 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.

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</p>

approving the scheme also carries reputational risk for the Council.

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.

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.

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:

Cabinet report F.378 September 2017

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.

1
2

1
2

This page is intentionally left blank

Forest of Dean District Council

Local Discretionary Business Rates Relief Scheme 2017/2018 and 2018/19

The scheme sets out the Council's local discretionary business rate relief schemes for 2017/18 and 2018/19 under section 47 of the Local Government Finance Act 1988, as amended.

1. Local Revaluation Support 2017/18

The revaluation support scheme will apply for the period 1 April 2017 to 31 March 2021, subject to Government funding being available. 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 rates payable for a property where the following conditions are met:

- There has been an increase in the rates bill payable from 1st 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 31st March and 1st 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 31st March and 1st April 2017
- The ratepayer occupies the property on or after 1st April 2017
- The ratepayer is in receipt of mandatory, discretionary or CASC rate relief
- The rateable value is £200,000 or more, or increases to £200,000 or more
- The relevant property is new, split or merged in the rating list after 1st April 2017
- Where the rates payable increases due to the ratepayer ceasing to qualify for any other reliefs
- To business properties occupied by a national chain or organisation - any organisation which is known, or may 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 1st 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 and pub 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?

Revaluation support will be calculated on the rates payable after transitional protection and any other reliefs have been applied. The amount of relief for 2017/18 will be calculated as 85% of the increase from the 2016/17 bill.

The estimated total value of support across the four years is expected to be as set out below, subject to continued Government funding and confirmation of the ability to move resources between financial years:

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

2. Local Revaluation Support 2018/19

The scheme for 2018/19 will provide continued support for businesses with increased rate bills as a result of the 2017 revaluation.

Qualifying Conditions

To qualify for relief in 2018/19 businesses must be in receipt of relief in 2017/18 based on the conditions detailed in section 1 above

The level of relief in 2018/19 will be a % of the net rates payable after all other reliefs have been applied (This is to be determined by the Section 151 Officer, in consultation with the Cabinet member for Finance Governance, Performance and Shared Working prior to 31.03.2018)

3. Relief for Pubs

A maximum discount of £1,000 will be awarded to pubs where the rateable value is less than £100,000 in line with the detailed guidance issued by the Department of Communities and Local Government. This relief is available in 2017/18 and 2018/19 only. It will end on 31st March 2019. State aid rules will apply and the relief will be administered as detailed in section 5.

4. 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 Department of Communities and Local Government. This relief will be available for up to five years from 1st April 2017. State aid rules as detailed in section 5 and will apply and the relief will be administered as detailed in section 6.

5. State Aid

The award of Supporting Small Businesses, Pubs and Revaluation Support 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 other State Aid that exceeds in total €200,000 in a 3 year period, under the De Minimis Regulations EC 1407/2013. The total amount of State Aid received includes any other discretionary business rates reliefs being granted in respect of all properties for which the business is responsible. Further information on State Aid law can be found at <https://www.gov.uk/state-aid>.

6. 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, Supporting Small Business Relief and Relief for Pubs 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 staff within the Revenues Service
- 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 Supporting Small Businesses, Pubs or Revaluation Support Relief. However, the Council may reconsider the decision if the ratepayer is dissatisfied with the outcome and the review will be carried out by the Section 151 Officer
- If an unsuccessful applicant requests a 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.