

## **Business Rates Relief – Spring Budget 2017 Measures**

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### **Purpose of the Report**

1. To request that the District Executive approve the use of the Council's local discount powers to introduce a Supporting Small Businesses Relief Scheme and a new Business Rate Relief Scheme for pubs.

### **Forward Plan**

2. This report did not appear on the District Executive Forward Plan as it was not known in advance that the rate relief measures announced in the Budget would require the use of the Council's local discount powers.

### **Public Interest**

3. A Business Rates Revaluation normally takes place every five years resulting in a new Rating List being introduced. This was extended to seven years this time around with the new rating list coming in to effect from 1 April 2017. Rateable values are adjusted for the new rating list. A Transitional Relief Scheme introduced with the new rating list phases in the increases and decreases in rateable values. The Transitional Relief scheme does not provide support in respect of changes in Business Rate Reliefs. Therefore, those ratepayers who are losing some or all of their Small Business or Rural Rate Relief may be facing very large percentage increases in bills from 1 April 2017. A new support scheme for these ratepayers along with support for pubs and businesses facing the largest increases was announced in the Chancellor's Spring Budget.

### **Recommendations**

4. The District Executive is requested to:
  - a) approve the use of the Council's local discount powers to introduce the Supporting Small Businesses Relief Scheme from 1 April 2017;
  - b) approve the use of the Council's local discount powers to introduce the Business Rate Relief Scheme for Pubs from 1 April 2017;
  - c) Note that Government has also announced a Discretionary Relief Scheme and package of funding which it is currently consulting on the design of. Introduction of the scheme will require member approval and a further report will follow in due course.

### **Background**

5. A Business Rates Revaluation normally takes place every five years. A revaluation was originally due to take effect from 1 April 2015 but Government delayed it by two years. Therefore the new rating List comes in to effect on 1 April 2017.

6. Each rating list has a Transitional Relief Scheme which is designed to phase in both the increases and decreases in the amount of business rates payable following revaluation. This phasing can last for between one and five years depending on the level of increase or decrease in rateable values.
7. However, Transitional Relief does not provide support in respect of changes in Business rate Reliefs. Despite the increase in the threshold for eligibility to Small Business Rate Relief some ratepayers will no longer be eligible to receive it due to an increase in their rateable value. This situation may also apply to current recipients of Rural Rate Relief.
8. The Chancellor announced in the Spring Budget a number of measures to provide support to these ratepayers, along with support for pubs and businesses facing the largest increases.

## **The new measures**

### Supporting Small Businesses Relief

9. The Supporting Small Businesses Relief is designed to help ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business or Rural Rate Relief and, as a result, are facing large increases in their bills.
10. The Supporting Small Businesses Relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:
  - a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers currently paying nothing or very small amounts are brought into paying something, or
  - the matching cap on increases for small properties in the transitional relief scheme [The cap being 5% for 2017/18, 7.5% for 2018/19, 10% for 2019/20, 15% for 2020/21 and 15% for 2021/22]
11. The Department for Communities and Local Government (DCLG) has provided initial guidance about the operation and delivery of this measure. However it deals with simple cases in 2017/18 only but DCLG says this approach will enable local authorities to start the process of identifying ratepayers who will benefit from the measure.
12. Further formal guidance on the operation of the scheme including more complex cases and future financial years will follow. DCLG has not indicated a timeframe for this.
13. Our initial estimate is that 59 businesses will benefit from this measure.

### Business Rate Relief Scheme for Pubs

14. The Government is introducing a new relief scheme for pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1000 discount on their 2017/18 bill. This is a one year relief scheme. DCLG plans to publish a consultation on the operation of the relief scheme for pubs shortly.
15. We do not yet know what the eligibility rules will be beyond the rateable value limit of £100,000. Our initial estimate is that approximately 100 pubs will benefit from this measure.

## Discretionary Relief Scheme

17. Government has announced the establishment of a £300m discretionary fund 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 2017 revaluation.
18. The intention is that every billing authority in England will be provided with a share of the £300m to support their local businesses. Billing authorities will be expected to use their share of the funding to develop their own discretionary relief schemes to deliver targeted support to the most hard-pressed ratepayers. The £300m will cover the four years from 2017/18:
  - £175m in 2017/18
  - £85m in 2018/19
  - £35m in 2019/20
  - £5m in 2020/21
19. DCLG published a consultation on the design of the discretionary relief on 9 March, seeking views on the allocation of the fund, arrangements for compensation for local authorities, and the operation of local schemes.
20. This can be accessed at [www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme](http://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme)
21. SSDC's proposed share of the £300m is as follows:
  - 2017/18 - £526k
  - 2018/19 - £255k
  - 2019/20 - £105k
  - 2020/21 - £15k
22. A further report will be brought before members on this measure once the outcome of the consultation is published.

## Cost of new reliefs

23. As local authorities will be fully compensated for the granting of these reliefs Government expects them to use their local discount powers to introduce the package of measures.

## Steps already being taken

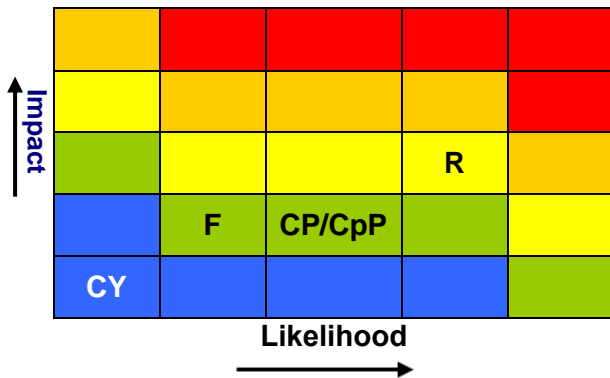
24. Government expects billing authorities to have in place clear and swift arrangements for communicating with ratepayers both on the confirmed and likely terms of the proposed new schemes for relief, as well as on the anticipated timescale for billing or re-billing, where applicable.
25. The 2017/18 bills have already been sent to ratepayers which sets out the charge for the year and instalments they should pay. In view of the Government expectation to act quickly we are contacting ratepayers we believe will be eligible for the Supporting Small Businesses Relief to advise them:
  - That the reliefs have been announced and that they may be eligible to receive one
  - That elected members have to approve the introduction of the reliefs before any awards could be made (and the date when the report is going before members)
  - What they should pay in the meantime
26. We will keep these ratepayers informed of developments.

## Financial Implications

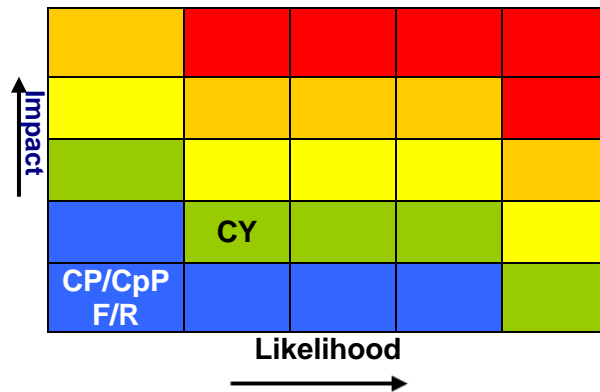
27. Where the Council uses its local discount powers to introduce the Supporting Small Businesses Relief and Business Rate Relief Scheme for Pubs Scheme the cost will be reimbursed in full by Government.

## Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



## Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

## Council Plan Implications

28. Supports the “Economy” Priority - To promote a strong economy with thriving urban and rural businesses.

## Carbon Emissions and Climate Change Implications

29. None associated with this report

**Equality and Diversity Implications** - None associated with this report

**Privacy Impact Assessment** - None associated with this report

## Background Papers

30. Business Rates Information Letter (BRIL) 2/2017 which can be accessed at [www.gov.uk/government/collections/business-rates-information-letters](http://www.gov.uk/government/collections/business-rates-information-letters)

31. Consultation on the new Discretionary Relief Scheme [www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme](http://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme)