



Non Domestic Rate (Business Rates) Revaluation Support Relief Policy

Report and Findings of the Overview and Scrutiny Task and Finish Group

August 2017

Chair's Foreword

The Chancellor announced as part of the budget on 8th March that the Government would provide a £300 million discretionary fund for four years from 2017-18 to support those businesses and organisations most adversely affected by the revaluation of business rates.

The government has assumed that authorities will provide support only to those ratepayers who are facing a significant increase in their bills as a result of revaluation; South Somerset District Council has been allocated £901,000 for the four years.

The Overview and Scrutiny Committee agreed to conduct a Task and Finish review to help inform the Revaluation Support Relief Policy looking to provide a scheme that will aid those business and organisations across South Somerset who have suffered the greatest increases and to make the most of the funding available.

I would like to take this opportunity to thank the officers who supported us on this review. Thanks to their efforts providing timely information and evidence the Task and Finish group have been able to make informed decisions and produce this report in a very short period of time.

Sue Steele

Scrutiny Committee Chair

Task and Finish Group Membership

Councillor Sue Steele - Chair of Task and Finish Group
Councillor Gerard Tucker
Councillor Carol Goodall

All members worked collectively with the support of Jo Gale – Overview and Scrutiny Manager and the Project Officer Group:

James Gilgrist – Economic Development Officer
Sharon Jones – Revenues Team Leader
Ashley Smalley – Business Rates Officer

The Work of the Task and Finish Group

The Task and Finish Group commenced work in June to consider how best to allocate funding from Central Government to help businesses and organisations who as a result of the Business Rate Revaluation 2017 have been adversely affected. The group had the following ambitions:

- To achieve the criteria as prescribed by Government whilst ensuring the scheme is not administratively burdensome. (Staff will have to manually calculate the awards as the charges to have the system altered are disproportional).
- To ensure the application process is easy and accessible to ensure no one is deterred from applying.
- To maximise the use of the grant.
- To work in a timely manner to inform the policy quickly to ensure businesses and organisations receive the support in a timely manner.
- The policy is informed by evidence and therefore reflects local need.
- Equalities are considered throughout the policy creation process.

At the initial Task and Finish meeting the group were presented with the background information of the revaluation relief grant, the rationale and the calculation for the sum of the grant and the conditions surrounding the grant:

- The Council is not allowed to put additional conditions or criteria around the provision of the grant, for example you cannot request a business or organisation undertakes a specific activity or spends the grant on specific activities or items.
- The award of the revaluation support complies with European Union state aid limits.

The group reviewed how the revaluation had affected businesses and organisations across South Somerset to understand the specific impact on individuals and the impact across different sectors (this identified warehouses and factories as the most adversely affected). The group then proceeded to discuss potential different options and approaches, including:

- Using the government's rationale and calculation of the grant as the basis of the policy.
- Providing funding to those of the retail industry in an ambition to support retail centres.

- Awarding a fixed amount across all those affected.
- Using a hardship based criteria, providing the grant to help those that truly need it.
- Excluding national and multi-national businesses and companies.

After much discussion of the differing options members concluded:

- The fairest approach was to provide support that was proportional to the increase that had been incurred.
- It was not appropriate to single out any particular sector as all sectors had been adversely affected and without being able to apply any conditions to the support it is impossible to ensure the support is used to maintain a specific sector or service in a given area.
- It was not appropriate to cut off the support for properties with a Rateable Value of up to £200,000, many of the businesses and organisations across South Somerset that have been adversely affected are larger premises but this does not mean they have a greater ability to afford the substantial increase.
- To only provide revaluation support where significant hardship could be proven as a result of revaluation would be complex and incredibly time consuming in terms of staff resource. It may not maximise the grant. The businesses and organisations that are in greatest need could be deterred from applying particularly if substantial evidence needs to be provided.
- National and multi-national companies should be eligible to apply as these provide employment and contribute to the economy; we do not want to put our relationship with these companies at risk.

The group agreed based on the evidence of impact on cases across South Somerset, the preferred approach is to apply a percentage based grant award to those who are most adversely affected.

Members explored applying numerous different value caps (how much of an increase the business or organisation has incurred) with different combinations, Rateable Values (RV) and percentages of support given. The group agreed no matter where the support were to start from there would always be some business and organisations that would fall outside of the policy that would still be adversely affected by revaluation and could struggle to manage; it was agreed that monies should be allocated to a special hardship fund for those business and organisations to apply for, and that awards from this should be on case by case basis.

The group resolved the best balance of award was to provide the following percentages of support:

Financial year	Percentage relief for those with RV under 200,000 where they have suffered a net increase of more than 12.5%	Percentage relief for those with RV over 200,000 where they have suffered a net increase of more than 12.5%
2017/18	43%	15%
2018/19	21%	7%
2019/20	8.5%	3%
2020/21	0%	0%

Members agreed that the award for those with properties with a rateable value over £200,000 should be less as the sums of money to individual businesses or organisations would be so large and could be considered a disproportional share of the funding.

To illustrate this I have provided the range of relief for 2017/18:

For premises with a Rateable Value under £200,000 the relief provided will be £90 up to £10,770 – total 230 cases

For premises with a Rateable Value over £200,000 the relief provided will be £2,442 up to £20,859 – total 22 cases

The net 12.5 percent Increase was agreed by members as the appropriate starting point as this is a proportional substantial increase. Anything less than this would result in hundreds of extra cases and the smallest amounts awarded would be in the tens of pounds and this would be disproportionate administration to beneficial impact.

This method of award provides a special hardship fund of:

Financial year	Total reserve fund
2017/18	£44,000
2018/19	£22,000
2019/20	£10,000
2020/21	£15,000

This funding would only be available to those who are not receiving revaluation support; the fund will be awarded on a first come first served basis.

The group requested that the take up of the Revaluation Support is monitored and the revenues team look for any patterns of businesses or organisations falling into arrears to ensure we are maximising the funding and utilising it in the best possible way.

Members agreed where Transitional, Charity, Small Business Rate and Rural Rate Relief is awarded, revaluation support relief will be given on the net amount payable. Where a pub has been awarded the £1000 one year discount the revaluation relief is given in addition to the Revaluation Support Relief as this is a once off award and was intended to specifically aid pubs (there are 17 across South Somerset).

Equalities and proportionality

The group considered equalities and proportionality throughout the review. It was not possible to gauge the impact of the Revaluation Support Relief on those with protected characteristics as we only hold the ratepayers name and no further information.

Risks

Other Authorities exclude national and multi-national ratepayers from applying for revaluation support. Therefore SSDC receives applications from all national and multi-national business and organisations occupying properties in South Somerset consequently reducing the amount of support that could be given to local businesses and organisations only. The figures provided in the proposed scheme have costed for this.

Large numbers of ratepayers who have had a net increase of less than 12.5 percent apply to the hardship relief scheme and the fund runs out. Each ratepayer applying to the scheme has to demonstrate that the increase in rates payable as a consequence of revaluation is causing hardship and that with assistance from the hardship fund they will be able to introduce changes that will ensure they will be able to manage longer term. The hardship fund is to assist short term only not to help a struggling business or organisation to survive a

few extra months. The sums in the hardship fund could increase should government agree to roll monies forward to future years (as at the time of writing this report we have not had any information to suggest if this is being considered) and not everyone who has incurred a 12.5 percent increase or greater apply to the revaluation support relief fund. (This will be widely promoted and everyone will be contacted directly so it will only be those ratepayers who cannot qualify for an award due to State Aid funding limits or who just don't want or need to).

Summary of Task and Finish Group's Recommendations for the Scheme

1. The revaluation support relief provides relief based on the following percentage calculations:

Financial year	Percentage relief for those with RV under 200,000 where they have suffered a net increase of more than 12.5%	Percentage relief for those with RV over 200,000 where they have suffered a net increase of more than 12.5%
2017/18	43%	15%
2018/19	21%	7%
2019/20	8.5%	3%
2020/21	0%	0%

2. A special hardship fund as detailed below is provided to help those who do not qualify for the above and is awarded on a case by case basis:

Financial year	Total reserve fund
2017/18	£44,000
2018/19	£22,000
2019/20	£10,000
2020/21	£15,000

3. Where Transitional, Charity, Small Business Rate and Rural Rate Relief is awarded, revaluation support relief will be given on the net amount payable.
4. Where a pub has been awarded the £1000 one year discount the revaluation relief is given in additional to the Revaluation Support Relief as this is a once off award and was intended to specifically aid pubs.

Summary of Task and Finish Group's Recommendations relating to working practices

1. The new revaluation support relief is directly promoted to every ratepayer and can be applied for via telephone, online or in writing or a simple application form to ensure the award is accessible as possible and no-one is deterred from applying.
2. The award take up is monitored and the policy is reviewed in year to ensure the policy is effective and maximising the use of the grant.