

Business Rates Relief – New Local Discretionary Relief

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Purpose of the Report

1. To request that Full Council approve the use of the Council's local discount powers to introduce the proposed "Revaluation Support Relief" Scheme to support businesses that have been adversely affected by Business Rates Revaluation on 1 April 2017.

Public Interest

2. The Rating List contains details of the rateable value assigned to all types of premises subject to Business Rates. The rateable value is used to calculate the Business Rates charge for each entry in the list. A Business Rates Revaluation normally takes place every five years resulting in a new Rating List being introduced. The latest revaluation was due to take effect from 01 April 2015 but was delayed by two years. This means the new rating list came in to effect from 1 April 2017. A Transitional Relief Scheme is introduced with each new rating list. This phases in the changes to rateable values. In the Spring Budget the Government announced a Discretionary Relief Scheme and package of funding to support those businesses most adversely affected by the revaluation. The design and administration of these schemes is for authorities to decide.

Recommendation

3. That Full Council approve a new local discretionary rate relief, The "Non Domestic Rates Revaluation Support Relief" Scheme, effective from 1 April 2017 as detailed below.

Background

4. In the Chancellor's Spring Budget, the Government announced a package of measures to support business rate payers following the introduction of the new rating list. The measures are:
5. Supporting Small Businesses relief and Business Rate Relief Scheme for Pubs
These measures have already been approved at District Executive 6 April 2017. For reference more details on these schemes can be found in Annex A.
6. New Discretionary Rate Relief
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. Billing authorities were expected to develop their own discretionary relief schemes to deliver targeted support to those who are facing an increase in their bills following revaluation.
7. In working out the grant to be paid to each billing authority out of the discretionary fund referred to in paragraph 7 the following methodology has been used by Government:
 - a) the rateable property has a rateable value for 2017-18 that is less than £200,000;
 - b) the increase in the rateable property's 2017-18 bill is more than 12.5% compared to its 2016-17 bill (before reliefs)

8. South Somerset District Council has been allocated the following funding and intends to use it discretionary powers to introduce a new local discretionary rate relief:

Year	Amount of funding
2017/18	£526k
2018/19	£255k
2019/20	£105k
2020/21	£15k

Proposed Non Domestic Rates Revaluation Support Relief Scheme

9. South Somerset's scheme has been designed to primarily follow the criteria used by the government when allocating the funding to local authorities. The proposed scheme for SSDC to adopt is as follows:

10. Conditions of the relief:

- There has been an increase in liability of more than 12.5% after transitional relief, small business rate relief, mandatory rural rate relief and mandatory charity relief have been applied.
- The ratepayer must have been registered on our IT System and in continuous occupation since 31 March 2017 (Relief will not be applied where a ratepayer claims occupation retrospectively)
- Those properties entitled to Supporting Small Business Rate relief or Small Business extension relief will not be entitled to this relief
- Properties must be on the rating list as at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively).

11. Where a qualifying ratepayer's 2017/18 and, or 2016/17 rates bill is reduced for any of the reasons listed below their Revaluation Support Rate relief will be reduced or removed accordingly.

- A relevant change in the rateable value of an entry in the 2010 and, or 2017 rating lists.
- A successful application of any other type of rate relief or exemption.
- Where the rate payer vacates the property.

There will be no increases in Revaluation Support Relief awards as a result of a rateable value entry change. However if they have suffered hardship as a result they may make an application for relief from the reserve fund (see below).

12. Based on the available funding, it is proposed that discretionary relief at the following percentages of the net increase in the bill for 2017/18 would be granted:

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

13. If we are permitted to transfer funds between years, or if the take up of the relief is low or if the policy is not meeting the objectives, then a review of the policy and the level of assistance that can be provided will be undertaken.

14. A reserve fund will be retained for those businesses: (i) that do not qualify for Revaluation Support Relief and (ii) who have experienced an increase in business rates due to the revaluation, and (iii) who have suffered hardship as a result and (iv) whose circumstances are such that the authority wishes to provide them with assistance. This is a limited fund which is retained from the government allocation each year and once the fund has been spent no further applications will be considered. Hardship applications will be managed in the same manner as other reliefs.

Reserve fund

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

15. Relief from taxes, including non-domestic rates, can constitute state aid. Therefore the granting of this relief will be subject to the business having received less than €200,000 state aid in the current and previous 2 years. In all cases ratepayers will be required to provide the Council with sufficient information to determine whether these provisions are applicable in their case.
16. Several options for the scheme were discussed and rejected at Scrutiny Task and Finish. Consideration was given to a relief for everyone where they had an increase and also an increase cap of 12.5% was considered. Full details of the considerations can be found in the scrutiny report which is attached as Annex B
17. Major preceptors have been consulted on the scheme. The Devon & Somerset Fire and Rescue Service have raised no objections to the proposal. We have not yet had a response from Avon and Somerset Police Authority or Somerset County Council.

Financial Implications

18. Where the Council uses its local discount powers to introduce the New Local Discretionary relief to be known as “Revaluation Support Relief” as described above the cost will be reimbursed in full by Government.
19. Any amendments to the proposed scheme which would increase the cost of it above the government allocation will result in a direct cost to SSDC.

Council Plan Implications

20. The proposed policy supports the “Economy” Priority - To promote a strong economy with thriving urban and rural businesses.

Carbon Emissions and Climate Change Implications

21. None associated with this report

Equality and Diversity Implications

22. EQA completed and there is no impact on this report.

Privacy Impact Assessment

23. Consideration has been given to the Privacy impact assessment and as there is not direct marketing implications there is no impact. A privacy statement will be included with the application forms.

Background Papers

Business Information letter confirming Sprint Budget measures

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598272/BRIL_2-2017_Budget_Measures.pdf

Business Information letter confirming guidance for spring budget measures

<https://www.gov.uk/government/publications/42017-spring-budget-update>

Confirmation of the fund to be allocated to Authorities

<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>

DX report where approval was given for Supporting Small Business Relief and Pub Relief

<http://modgov.southsomerset.gov.uk/documents/s15395/8%20Business%20Rates%20Relief%20-%20Spring%20Budget%20Measures%202017.pdf>