

Business Rates Relief – New Local Discretionary Relief

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Purpose of the Report

1. 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. This report is to update on the reliefs available as a result of these measures.

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. These 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. The District Executive and Full Council have already approved these measures, therefore Area East Committee are requested to note and comment on the report.

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 detailed in the report.

Report Detail

5. Supporting Small Businesses relief
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.
6. The Supporting Small Businesses Relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater 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.

7. We have 56 ratepayers entitled to this relief and they been informed and their instalments reduced. We are now testing the software to give us the ability to award the relief on our system and hope to send bills out showing this new relief by the end of September.
8. Of the 56 ratepayers, 13 are in Area East.
9. Business Rate Relief Scheme for Pubs
The Government introduced 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 have now published guidance as shown below:
10. The Government's policy intention is that eligible pubs should:
 - be open to the general public
 - allow free entry other than when occasional entertainment is provided
 - allow drinking without requiring food to be consumed
 - permit drinks to be purchased at a bar.

For these purposes, it should exclude:

- restaurants
 - cafes
 - nightclubs
 - hotels
 - snack bars
 - guesthouses
 - boarding houses
 - sporting venues
 - music venues
 - festival sites
 - theatres
 - museums
 - exhibition halls
 - cinemas
11. There are 115 pubs in our area that would be eligible for this relief and applications have been sent to all ratepayers. We have had around 70% applications back. We will be sending following up applications to everyone except the national companies due to state aid limits.
 12. Of the 115 pubs, 21 are in Area East. We are still waiting for 10 forms (3 are national companies) to be returned and will be asking area team to helps us engage with customer to ensure they get this relief.
 13. Revaluation Support Relief

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:

14. 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).

15. Where a qualifying ratepayer's 2017/18 and, or 2016/17 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

- A change in rateable value in the 2010 and, or 2017 rating lists will reduce the relief received. Relief will only be reduced and not increased from any changes in rateable value
- The application of any additional rate relief or exemption
- Vacation of the property
- Where a change in rateable value results in a higher percentage increase in rates bill no more relief will be applied however if they have suffered hardship as a result they may make an application for relief from the reserve fund (see below).

16. 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% |

17. 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.

18. 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.

19. Reserve fund

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

20. 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.
21. We have identified 252 cases will qualify for this relief and applications have been sent to each of them. A follow up applications will be sent to everyone except nationals companies due to state aid limits.
22. Of the 252 cases, 68 of these cases are located in Area East and around 50% of these are factories, warehouses and workshops. There are 6 pubs in Area East also entitled to this relief, of which 4 are also entitled to the pub relief.

23. Future Changes

A new measure for a relief for Public Toilets is due to be introduced from April 2018.

This measure would allow local authorities to grant discretionary business rate relief on public toilets that they own and maintain.

Legislation states that a local authorities cannot award discretionary relief to a hereditament (business premises) occupied by either a Billing or Precepting Authority which includes parish and town councils. Therefore none to the relief talked about above (with the exception of the new public toilet relief from April 2018) can be awarded on council occupied business premise such as cemeteries, libraries or car parks.

Financial Implications

24. Where the Council uses its local discount powers to introduce the Supporting Small Business, Pub relief and New Local Discretionary relief to be known as "Revaluation Support Relief" as described above the cost will be reimbursed in full by Government.
25. 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

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

Carbon Emissions and Climate Change Implications

27. None

Equality and Diversity Implications

28. Equality Analysis completed and there is no impact on this report.

Background Papers

29. Business Information letter confirming Sprint Budget measures
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598272/BRI_L_2-2017_Budget_Measures.pdf
 30. Business Information letter confirming guidance for spring budget measures
<https://www.gov.uk/government/publications/42017-spring-budget-update>
 31. Confirmation of the fund to be allocated to Authorities
<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>
 32. District Executive 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>
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