

Business Rates Relief – Local Discretionary Relief, Year 2

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Purpose of the Report

1. To request that the District Executive approve an increase in the level of awards to businesses of “Revaluation Support Relief” for 2017/18.
2. To request that the District Executive approve the use of the Council’s local discount powers to review and continue for the second year the “Revaluation Support Relief” Scheme to support businesses that have been adversely affected by Business Rates Revaluation on 1 April 2017.
3. To request that the District Executive approve the extension of “Pub Relief” given to public houses, initially for one year and now is available for public houses for 2018/2019.
4. To request that the District Executive approve the extension of the doubling of Rural Rate relief for 2018/2019.

Forward Plan

5. This report appeared on the District Executive Forward Plan with an anticipated Committee date of 1 March 2018.

Public Interest

6. 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 of 2017, 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. A four year scheme was approved in September 2017. It was agreed that this would be reviewed before the start of year two (2018/2019).

In the Autumn Budget of 2017, it was announced that the Pub Relief of £1000.00 available to all public houses, would be extended for a second year. Pubs would benefit from a further £1000.00 relief reducing their Business Rate bill for 2018/19.

In October 2017 it was announced that following the decision not to reintroduce the Local Government Finance Bill, for 2018/2019 it would be expected that local authorities continue to use their local discount powers to grant 100% Rural Rate relief to eligible ratepayers as we have done in 2017/2018.

Recommendations

7. That the District Executive:
 - a. Approve an increase in the percentage of relief awarded for 2017/18 under the “Non Domestic Rates Revaluation Support Relief” Scheme from 43% to 55%;
 - b. Approve the continuation of the “Non Domestic Rates Revaluation Support Relief” Scheme for 2018/19 (Year 2) with revised award levels shown in para 16;
 - c. Approve the use of the Councils local discretionary powers to extend the Business Rate Relief Scheme for Pubs for the 2018/19 financial year;
 - d. Approve the use of the Councils local discretionary powers to extend the doubling of the Rural Rate Relief for the 2018/19 financial year;
 - e. Note that where the Council uses its local discount powers to award the Revaluation Support Scheme, up to the maximum funding amounts given above, and to extend the Pub Relief for 2018/19 and the doubling of Rural Rate relief, the cost will be reimbursed in full by Government.

Background

8. In the Chancellors Spring Budget 2017, the Government announced a number of measures to help support business rate payers following the Revaluation. These measures were:
9. Supporting Small Businesses Relief and Business Rate Relief Scheme for Pubs. These measures have already been approved at District Executive 6 April 2017 for the 2017/18 financial year.
10. New Discretionary Rate Relief to support those businesses that faced the steepest increases in their business rate bill as a result of the 2017 revaluation. Our own scheme was developed and approved by Full Council in September 2017.
11. In the Autumn statement of 2016, the Chancellor confirmed that the government will double Mandatory Rural Rate Relief to 100% from 1 April 2017. However this needed a change to primary legislation. Local Authorities used their discretionary powers to grant 100% for 2017/18, this was approved by District Executive in March 2017.

Discretionary Rate Relief Review

12. South Somerset District Council had been allocated the following funding to be used for a Non Domestic Rates Revaluation Support Scheme, to support those businesses which faced the steepest increases as a result of revaluation.

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

13. To date we have awarded £302,323.43 to businesses under the scheme. We have taken steps to follow up outstanding applications, to ensure each business entitled to the relief has made an

application. In the original modelling for the relief, every type of business was included, including national companies. However relief from taxes including non-domestic rates can constitute state aid. Therefore some companies have confirmed that they will not be making an application as they are subject to their business having received less than €200,000 state aid in the previous 2 years.

14. Based on the original funding, the discretionary relief has been awarded at the following percentages of the net increase in their bill for 2017/18.

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%

15. Applicants have until the 30 September 2018 to make a claim for relief in the 2017/18 financial year. However it is expected by Government that we make the award within the financial year and that the money allocated to South Somerset District Council for each financial year is all spent in full. We are unable to carry forward to the next financial year any outstanding monies that have not been spent in year.
16. Since we have so far only allocated £302k of the £526k government funding available we propose that we make a further award of relief to those ratepayers that have already submitted an application for 2017/18 and increase the award for 2018/19 and 2019/20 for these applicants. Only those applicants that made an application in 2017/18 will be entitled to relief in 2018/19 & 2019/20. Only applicants with a Rateable Value of below £200,000 will benefit from an increase. Based on the following revised percentages we will award a total of £519,064.00 for 2017/18 financial year.

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	55%	15%
2018/19	25%	7%
2019/20	10%	3%
2020/19	0%	0%

17. We have assumed that all ratepayers identified have made or will make an application and therefore have reduced the reserve fund to £6,900 for year 1, however to date we have not received any applications from rate payers to be considered for the relief, which would have come from the reserve. £19,500 will be kept for year 2 and £9,500 for year 3.
18. A further report will be presented in May 2018 to confirm the amount we have awarded to businesses for 2017/18.
19. The Government has extended the relief scheme for pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1,000 discount on their 2018/19 bill. The existing guidance and terms for the current scheme will continue to apply in the same way as they did in the first year.

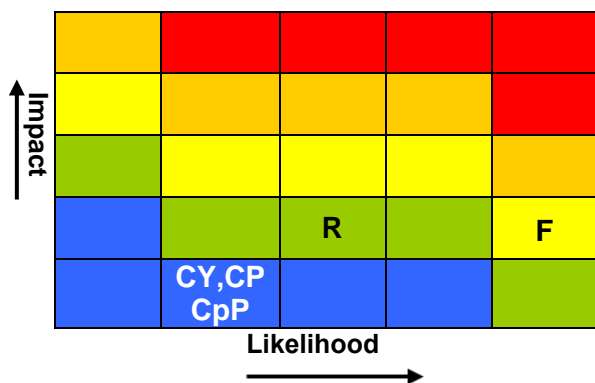
20. We have identified 107 eligible pubs within our area. We have received applications from 101 of these. We are taking steps to encourage applications from the remaining 6 pubs, including trying to contact them by telephone and carrying out visits in person, to ensure that they receive the support they are entitled to.
21. Following the decision not to reintroduce the Local Government Finance Bill, for 2018/19 the Government expects local authorities to continue to use their local discount powers to grant 100% rural rate relief to eligible ratepayers, as they have done so for 2017/18. Local authorities will be compensated in full for their loss of income as a result of this change. This compensation will be paid by section 31 grant and calculated on the basis of the returns that councils make under the rates retention scheme.

Financial Implications

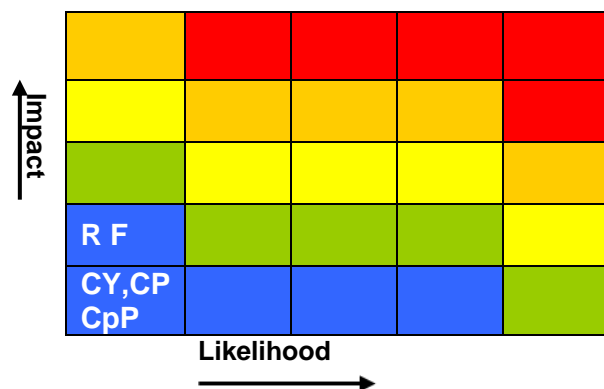
22. Where the Council uses its local discount powers to award the Revaluation Support Scheme, up to the maximum funding amounts given above, and to extend the Pub Relief for 2018/19 and the doubling of Rural Rate relief, the cost will be reimbursed in full by Government.

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

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

Carbon Emissions and Climate Change Implications

24. None associated with this report

Equality and Diversity Implications

25. None associated with this report

Privacy Impact Assessment

26. 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

27. The following background papers can be viewed on the council website:
<http://modgov.southsomerset.gov.uk/ieDocHome.aspx?bcr=1>

- Report to District Executive – March 2017 – item 8
 - Report to District Executive – April 2017 – item 8
 - Report to District Executive – September 2017 – item 8
 - Report to Full Council – September 2017 – item 7
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