

Meeting: EXECUTIVE

Agenda Item:

4

Portfolio Area: RESOURCES

Date: 19 SEPTEMBER 2017

BUSINESS RATES REVALUATION SUPPORT SCHEME 2017/18-2020/21

KEY DECISION

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Lead /Contact Officers – as above

1. PURPOSE

- 1.1 To update members on the Government's scheme.
- 1.2 To propose a local scheme for distributing the funds.
- 1.3 Notification of that this Key Decision was to be taken was not included in the Forward Plan and therefore 28 days' notice of the decision being taken has not been given. The Chair of the Overview & Scrutiny Committee has therefore been consulted and as the Scheme needs to be advertised for a month to allow businesses time to apply and to ensure that monies were distributed in a timely manner she was content that the matter be considered on this occasion.

2. RECOMMENDATIONS

- 2.1 That the proposed scheme for distribution of the Business Rates revaluation support funding be approved.

3. BACKGROUND

- 3.1 The Government have undertaken a national revaluation on all commercial premises in England and Wales. From 1 April 2017, all premises in the district were assigned a new 'rateable value' by the Valuation office agency. This is used to calculate the level of business rates charged to their occupier. The last revaluation was in 2010.
- 3.2 In the Government's budget on 8 March 2017, the chancellor announced £300m of extra funding for local authorities to provide discretionary relief to those businesses facing increases in their business rate bills following the revaluation. This is described as revaluation support.
- 3.3 There is already a scheme of support for businesses affected by revaluations, called *transitional relief*. This limits the increases and reductions that

businesses experience following a revaluation over a 5 year period. The Government's announcement of revaluation support is in addition to the transitional relief scheme.

- 3.4 The Government expects that billing authorities will deliver the scheme through the use of their discretionary relief powers under section 47 of the local Government Finance Act 1988, as amended.
- 3.5 The Council refreshed its existing Discretionary Rate Relief policy in 2016, and the proposed scheme for Revaluation Support will sit within this wider policy.
- 3.6 The final details of the scheme were not made available to Councils until July 2017. The Government has contacted Councils to determine whether they have implemented the scheme and rebilling for those businesses concerned. Based on the timeframe to enable rebilling this financial year and to alleviate the financial pressure on these businesses this report has been brought forward as an urgent item to the September Executive. This follows policy consultation with Overview and Scrutiny Committee Members on 5 September.

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The scheme

4.1.1 Local authorities have the power to design their own schemes to determine how the 'revaluation support' is allocated across businesses in their area. The only requirements are that;

- The Business has suffered an increase in 2017/18 as a result of revaluation
- That Hertfordshire County Council are consulted on the scheme
- State aid rules apply.

4.1.2 The funding for each local authority was determined by the DCLG by reference to –

i) Working out the total increase in bills (excluding the impact of translational relief and other reliefs), for every rateable property in the billing authority's area that satisfies both the following conditions:

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);

ii) summing the total increase in bills in all billing authority areas and distributing the available funding in each year in accordance with the formula; $A \times B/C$

Where ;

A is the total funding available for the year

B is the total increase in bills in an individual authority's area; and

C is the sum of the total increase in bills in all local authority areas.

4.1.3 The DCLG have confirmed that the Council is not required to use the funding formula to determine the allocation of funds in its scheme.

4.1.4 The grant allocation under the new scheme is detailed below. This represents the maximum that can be awarded in each year. We will receive compensation in accordance with our current share of Business rates income.

Financial year	Funding SBC
2017/18	£100k
2018/19	£36k
2019/20	£15k
2020/21	£2k

4.1.5 The DCLG advised in July that Local authorities cannot flex funds between years. The reducing value of the funding allocation is seen to support the transition to the new level of rates payable in 2021.

4.1.6 The proposed scheme for Stevenage is detailed below.

Qualifying criteria:	Detail
RV(Rateable value) less than £200k at 1.4.2017	Aggregate of RV for all business owned – locally/nationally/internationally must be less than £200,000.
There must be an increase greater than 12.5% as a result of revaluation and nothing else.	The increase will be calculated after all other reliefs have been awarded.
Awards will only be made to occupied property.	For those applicants who occupied during 2016/17, their part year liability will be annualised before comparing with the 2017/18 liability to ensure they comply with the 12.5% increase requirement.
Type of Business	All business that meets core criteria are eligible for relief. All small business rates relief cases (SBRR) which fall under the 'supporting small business' scheme are excluded from this

	scheme.
Awards	<p>Funds will be allocated in proportion to the total increase in £, of all the qualifying applicants.</p> <p>The % to be granted will be determined once all qualifying applicants have been approved.</p> <p>Total assistance is limited to the funding allocated for 2017/18 etc,</p> <p>There are no caps or de minimis award levels.</p> <p>Up to 10% of the total allocation each year may be withheld from the initial allocation to address any appeals.</p>
Application Process	<p>All applicants will be required to complete an application form including a state aid declaration, by the closing date advertised each year.</p> <p>A new application will be required each year.</p> <p><i>Applicants are advised that relief is only awarded up to the end of the financial year in question and they will need to reapply for relief for future years. This will meet the requirements of Regulation 2 to SI 1989/1059 as there will be no revocation and 12 months' notice to end the relief awarded is not required</i></p>
Changes in circumstances (A) What happens when the RV goes down or other reliefs are subsequently granted?	<ol style="list-style-type: none"> 1. If RV reduces or other reliefs are granted, leading to a less than 12.5% increase on 2016/17 then all revaluation support removed. 2. If RV reduces or other reliefs are granted, but retains an increase in excess of 12.5%, - entitlement will be recalculated on initial allocation %.
Changes in circumstances (B) What happens if RV goes up	Nothing – there are no spare funds to award after the initial allocation.
Changes in circumstances (C) New occupier	Revaluation support ends, as this occupier has not experienced the increase – pro rata award to original applicants occupation
Changes in circumstances (D) Property becomes empty	Revaluation support ends– pro rata award to original applicants occupation
How long to award for	<p>Award for a full year only – until there is;</p> <ul style="list-style-type: none"> • a change of occupier • the property becomes empty or change in RV or state aid excludes from entitlement

State Aid rules	Applicants must make a declaration to confirm compliance with state aid de minimis requirements. Applicants must provide details of all awards of state aid at time of application to us, and must notify us if they later exceed state aid levels.
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4.1.7 The appeals process is detailed in the existing DRR policy, which provides for a review by the section 151 officer.

4.1.8 Hertfordshire County Council will be consulted on the scheme.

4.2 Consultation

4.2.1 Officers met with Members of Overview and Scrutiny on the 5 September and Members asked whether the later years' allocations can be rolled into earlier years due to the relatively small size of the grant and the associated costs of administration. Officers advised that the government had been clear that the monies applied to the individual years.

4.2.2 The Scrutiny Members and the portfolio holder recommended the scheme for approval.

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 The relief is funded from Section 31 grants, paid by the government quarterly in arrears and the sum paid to Stevenage for 2017/18 is £40,000, which represents the SBC share of lost business rates.

5.2 Legal Implications

5.2.1 As detailed in the report

5.3 Equalities and Diversity Implications

5.3.1 There will be no financial detriment to existing discretionary relief holders who may represent organisations with protected characteristics.

5.4 Risk Implications

5.4.1 As detailed in the report

5.5 Policy Implications

5.5.1 As detailed in the report

BACKGROUND PAPERS

BD1 - Discretionary Rates Relief policy

APPENDICES

None