

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
10 October 2017

Subject: **DISCRETIONARY NON DOMESTIC RATE RELIEF**

All Wards
Portfolio Holder for Economic Development and Finance: Councillor P Wilkinson

1.0 PURPOSE AND BACKGROUND:

1.1 The purpose of this report is to submit for members consideration:

- New scheme criteria for a new discretionary rate relief, in relation to the Government announcement in the March 2017 budget, for those businesses facing the steepest rate increases following the Valuation Office Agency's 2017 revaluation of business rate assessments attached at Annexe A
- An updated and consolidated policy for the determination of the allocation of all Discretionary Non Domestic Rate Relief to organisations in the district under Section 47 Local Government Finance Act 1988 attached at Annexe B. This also includes the other schemes that were announced in the Government March 2017 budget.

1.2 Under Section 47 of the Local Government Finance Act 1988 and subsequent legislation, Local Authorities have discretion to grant relief to certain non-domestic ratepayers for all or part of the rates payable.

1.3 In addition, the government has announced in the March 2017 budget, a discretionary fund of £300m over four years to support businesses that face the steepest increases in business rate bills as a result of the 2017 revaluation process. Funding is specifically to support net increases and is in addition to the usual transitional relief scheme used in the immediate years following a revaluation, which sets limits on increases.

1.4 Under the current transitional relief scheme, small businesses are the greatest beneficiaries whilst medium and larger businesses face more significant increases. It should also be noted that a substantial number of businesses with rateable values of less than £15,000 receive small business rate relief with those under £12,000 having no rates to pay.

1.5 This discretionary scheme announced in the March Budget of 2017 is to give additional support for four years to businesses while they adapt to changes resulting from revaluation and, as such, the grant will reduce over the four years concerned.

1.6 The main criterion for Council to be entitled to the funding of the relief it awards, is that it must be used to compensate ratepayers who have seen a rise in their rates payable due to the 2017 revaluation.

2.0 SCHEME DESIGN

2.1 It is proposed that the discretionary relief scheme in year 1 assists businesses, who, as a result of the 2017 business rates revaluation, are subject to an increase in rate liability of more than 10%.

- 2.2 As the funding decreases over the four year period, it is proposed the levels of relief phase down as follows:
- Year 2: Award = Year 1 x 50% (for clarity this will be half of the relief awarded in 2017/18)
- Year 3: Award = Year 2 x 40% (for clarity this will be 40% of the relief awarded in 2018/19)
- Year 4: Award = Year 3 x 10% (for clarity this will be 10% of the relief awarded in 2019/20)
- No award shall be given if the amount of relief calculated would be less than £5.00 in any given year above.
- 2.3 If it is found that during the financial year that it is possible to provide further increased relief then approval is given to the Director of Finance (S151 Officer) to provide this increased assistance to businesses.
- 2.4 The relief will be awarded to those ratepayers after deductions from their gross bill of any other reductions or reliefs that have been taken into account. The relief will be awarded for each specific financial year.
- 2.5 In determining the local scheme, the Council has sought to determine a scheme that is easy to administer, uncomplicated / makes it easy to apply and which ensures (as far as possible) all available funding is used to reduce rates liabilities, without overspending the allocation.
- 2.6 It is proposed that the relief is automatically applied to ratepayer accounts without the need to submit an application form.
- 2.7 It is proposed that in line with the councils existing Discretionary Rate Relief guidelines, relief will not be available for unoccupied properties or properties occupied by Local or Precepting Authorities who are precluded by legislation. In addition no relief can be awarded if it would mean an organisation exceeds the state aid de minimus level (currently 200,000 euros over 3 years).
- 2.8 The Grant Determinations published on the Governments proposals state there is only a requirement to consult with the major precepting authorities. Consultation ended on the 28th September 2017 and the scheme design was accepted.

3.0 CONSOLIDATED POLICY

- 3.1 The government has also introduced new reliefs where the Department for Communities and Local Government has issued specific guidance for their administration and therefore no Council decision is required regarding their implementation. These are:
- a) Public Houses to receive up to £1,000 where the rateable value is less than £100,000
 - b) Local Newspaper offices to receive £1,500 rate reduction for 2 years from April 2017
 - c) Small businesses facing large increase in their rate bills following the 2017 revaluation will have the increase capped at £600 per year for a period up to 5 years
 - d) Rural rate relief to be increased to 100% as a top up to the mandatory level of 50%

- 3.2 The Council has several individual discretionary rate relief policies with the last policy on Discretionary Rate Relief for Charities and non-profit making organisations approved in February 2017. Since that date the government has introduced various new reliefs as detailed in this report that fall under the same regulations to take effect from 1 April 2017. It was found prudent to formulate a consolidated policy that incorporates all non domestic rate reliefs that the Council is able to consider under its discretionary powers.
- 3.3 The consolidated policy attached at Annexe B does not propose any changes to the criteria currently being applied by officers for discretionary non domestic rate relief that has been available to ratepayers prior to April 2017 but incorporates all reliefs to improve transparency and clarity by providing information explaining how the Council will determine awards and what the requirements are to be eligible for support.
- 3.4 The new discretionary rate relief policy as described above in Scheme Design if approved at Council in December 2017 will be instigated and revised Demand Notices issued to those who qualify by 31 March 2018.
- 3.5 Any decision taken on a purely 'local' scheme could leave itself open to challenge from those who consider themselves entitled to additional support but do not meet the criterion. It is difficult to quantify what the impact could be as it is not known how businesses would react. At present there is little contact from businesses asking about this additional support. However where it is known that organisations are facing difficulties businesses are encouraged to apply for any relief that may be appropriate.
- 3.6 If the policy is approved in December 2017 by Council, the reductions will be able to be awarded to those businesses that the chancellor announced would benefit from relief in the March 2017 Budget Statement.

4.0 LINK TO COUNCIL PRIORITIES:

- 4.1 In deciding which organisations should receive Discretionary Non Domestic rate relief the Council will take several factors into account including how organisations support the key priorities as set out in the Council Plan thus taking into account the contribution made to amenities within the local area.

5.0 RISK ASSESSMENT:

- 5.1 There are no risks associated in approving the recommendation.

6.0 FINANCIAL IMPLICATIONS:

- 6.1 Hambleton's share of the governments £300m discretionary fund over the 4 year period is:
Year 2017/18 £239,000
Year 2018/19 £116,000
Year 2019/20 £48,000
Year 2020/21 £7,000
- 6.2 Total reliefs granted must be confirmed at end of year accounting and any under use of the funds may require repayment. It has been confirmed by Department of Communities and Local Government that underspends cannot be carried forward to future years.
- 6.3 All the reliefs listed in this report are fully reimbursable through Section 31 grants up to any maximum levels set by government where appropriate.

7.0 LEGAL IMPLICATIONS:

7.1 A ratepayer may appeal the decision made by the Council which ultimately could be Judicial Review, although the Council will endeavour to explain any decision fully to the ratepayer

8.0 EQUALITY/DIVERSITY ISSUES:

8.1 Equality and Diversity Issues have been considered however there are no issues associated with this report.

9.0 RECOMMENDATION(S):

9.1 That Cabinet approves and recommends to Council:

- (a) the new Discretionary Non Domestic Rate Relief Scheme at Annexe A, and outlined above to support the announcement in the March 2017 Budget, be adopted;
- (b) the other new reliefs detailed at paragraph 3.1 be noted;
- (c) the Director of Finance (S151 Officer) is given delegated authority as detailed at paragraph 2.3;
- (d) the new consolidated Discretionary Non Domestic Rates Relief policy attached at Annexe B be adopted; and
- (e) the current delegated powers to award and review Discretionary rate relief are extended to the new discretionary rate relief scheme.

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DIRECTOR OF FINANCE (S151 OFFICER)

Background papers: None

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