

NON-DOMESTIC RATES – DISCRETIONARY RATE RELIEF

Committee: Resources and Finance Committee

Date: 20th July 2017

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[S60]

1. ISSUE

1.1 To approve guidelines for granting discretionary rate relief for local businesses with large increases in their rates bills as a result of the revaluation on the 1st April 2017.

2. RECOMMENDATION(S)

2.1 That members approve guidelines to award relief to local businesses with a rateable value under £200,000 and an increase resulting from the 2017 revaluation of above 10%.

2.2 That the Section 151 Officer in conjunction with the Chairman of Committee is given delegated power to determine the percentage increase cap for future years while the scheme is in operation.

3. BACKGROUND/OPTIONS

3.1 At the Budget on 8 March, the Chancellor announced that the Government would make available a discretionary fund of £300 million 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 revaluation. The Government believes that local government is best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.

3.2 Every billing authority in England has been provided with a share of the £300 million to support their local businesses. This will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.

3.3 The Government has allocated the £300m of available funding to each billing authority, based on certain assumptions. The Government stated that local authorities may wish to apply the same rules in our allocations. Funding was allocated on the basis of how many properties in the Local Authority area with a rateable value under £200,000 were subject to increases of more than 12.5% before other reliefs

- 3.4 The appendix to the Government consultation document shows our allocations of the discretionary pot for the MTFs period as follows:

	2017/18	2018/19	2019/20	2020/21
East Cambridgeshire District Council	£208,000	£101,000	£42,000	£6,000

This is the maximum amount of discretionary relief that billing authorities can award for which they and major precepting authorities will be compensated through section 31 (of the Local Government Act 2003) Grant. (So, for example, if East Cambs awards £100k in total to its ratepayers, it will get £40k back in section 31 grant, Cambridgeshire County Council and the Fire Authority will get £10k between them and the Government will bear the other £50k)

- 3.5 The Government have not yet made it clear whether authorities will have the power to carry forward unused funds into the next financial year.
- 3.6 East Cambridgeshire District Council has consulted with Cambridgeshire County Council and local businesses on the design of their scheme as this was a requirement of the Government's consultation paper.
- 3.7 Those business that have been identified as potential recipients of this relief will be contacted directly and invited to complete a state aid declaration and confirm any other appropriate details. The scheme will also be published on-line to ensure that the business community is aware of the relief available.

4. ARGUMENTS

- 4.1 The Government have made it clear that funding for this discretionary relief is to be used to help those facing the steepest increases as a result of the revaluation.
- 4.2 In accordance with legislation relief cannot be granted to precepting authorities.
- 4.3 The suggested discretionary relief guidelines from 1 April 2017, detailed in Appendix 1 set out the criteria to be taken into consideration in deciding whether relief should be given, the procedure for applications and an appeals process where there has been a refusal to grant relief.
- 4.4 As limited funding is available the Council has modelled a number of options around the cost of allowing relief broadly in line with the Governments approach.

4.5 The recipients of this discretionary award will be businesses facing the steepest increases in their business rates bills as a result of the 2017 Business Rates revaluation.

4.6 The cost of allowing relief can only be modelled on a yearly basis and therefore Committee is also requested to delegate the power to set the percentage increase and therefore the rateable value cap each year to the Section 151 Officer in conjunction with the Chairman of Committee.

5. CONCLUSIONS

5.1 The introduction of these guidelines has sought to provide more information and clarity concerning the organisations that will benefit and the criteria used to determine relief. They also ensure that only those businesses with a rateable value under £200,000 impacted by the revaluation, receive relief.

5.2 Restricting relief to local businesses the Council can provide relief to those who have had increases of more than 10%. Our calculations suggest that around 160 local businesses will benefit from this relief.

5.3 As the amount of Government funding reduces each year the percentage increase at which the cap comes into play, will need to be adjusted to ensure the amount of relief provided remains in line with the funding available.

5.4 This funding allows East Cambs to provide support to local businesses that are facing large increases in their rate bills because of the revaluation. This relief will help support the business community and local economy.

6. FINANCIAL IMPLICATIONS/EQUALITY IMPACT ASSESSMENT

6.1 Funding is available from Central Government. These guidelines will ensure that spending is within the funding limit.

6.2 Equality Impact Assessment (INRA) not required.

7. APPENDICES

7.1 East Cambs Discretionary Relief Guidelines

Background Documents

Location

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