

REPORT TO THE EXECUTIVE MEETING OF 6<sup>th</sup> NOVEMBER 2017

---

**Meeting:** Executive  
**Date:** 6<sup>th</sup> November 2017  
**Subject:** Business Rates – Discretionary Rate Relief Schemes  
**Report of:** Head of Finance and Corporate Services (s151 Officer)  
**Portfolio Holder:** Cllr Hallam, Finance and Assets  
**Status:** For Decision and Information  
**Relevant Ward(s):** All

---

1 Purpose of the Report

- 1.1 To advise the Executive of the proposed scheme for Discretionary Rate Relief arising from the Government's Spring Budgets and to agree for its implementation for the period 2017/18 to 2019/20.
- 1.2 To provide details of two other schemes introduced the Spring Budget offering support to small businesses.

2 Recommendations:

- 2.1 That Executive approves the Revaluation Discretionary Rate Relief Scheme for 2017/18 detailed in paragraphs 4.6 to 4.9.
- 2.2 That Executive delegates the design and application of the scheme for 2018/19 to 2020/21 to the S151 Officer in consultation with the Portfolio Holder for Finance.
- 2.3 That Executive delegate the application of any hardship awards linked to this relief scheme to the Section 151 Officer.

3 Summary of Reasons for the Recommendations

- 3.1 The Council as the billing authority is responsible for granting business rate reliefs. In respect of the Revaluation Discretionary Rate Relief the Council is responsible for the design and implementation of the scheme.

#### 4 Key Facts

- 4.1 The Government periodically through the Valuation Office Agency resets the rateable values of all non domestic properties. The last revaluation came into force on the 1st April 2017. As a result, many businesses saw significant variances in what they have to pay.
- 4.2 When a revaluation takes place the government implements a national transitional relief scheme to mitigate against large increases and decreases in rateable values over several years. In addition, the Government introduced a series of specific relief schemes to support certain businesses as part of the 2017 revaluation. The reliefs are:
- (a) Discretionary Revaluation Rate Relief – The Government announced a £300 million pot to be distributed to Councils over the next four years to support businesses facing large increases as a result of the 2017 revaluation (**Appendix A**). This scheme is designed and implemented by each local authority. Government has announced grant support for this until 2020/21.
  - (b) Supporting Small Businesses – From the 1<sup>st</sup> April 2017 the thresholds for Small Business Rate Relief (SBRR) have been changed which combined with the revaluation resulted in some businesses facing large increases in the amount payable. This scheme operates for the period 2017/18 to 2021/22.
  - (c) Public Houses Relief Scheme – Eligible public house with a rateable value of less than £100K will receive up to £1,000 discount on their bill in 2017/18. This is a one year scheme only.
- 4.3 The above schemes are eligible from the 1<sup>st</sup> April 2017 for the period detailed in paragraph 4.2.
- 4.4 The Government will refund the cost of these to Councils through Section 31 grants up to the limits set in the determination. In regard to the Discretionary Revaluation Relief scheme the grant payment reflects the portion of overall income that would be retained under the 50% business rate retention scheme. The Government has also stipulated that the grant has to be spent in the year that it is awarded, i.e. no carry-forward between financial years. DCLG have announced the available amount for 2017/18

<b>Total Fund announced by Government</b>	<b>Amount of Income to be reimbursed under the rates retention scheme, i.e. 50% retained growth- to be funded through S31 Grant</b>
370,000	185,155

4.5 Indicative allocations for future years are detailed in the table below

<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
£000s	£000s	£000s
180	74	11

4.6 Proposals for the Revaluation Discretionary Rate Relief Scheme

4.7 The proposed scheme for Harborough is based on the following key principles

- ✓ Include only the properties with rateable values less than £51,000 (focusing on Small Businesses) where there has been an increase in RV over 12.5% and their account is in receipt of Transitional Relief (TR). The new TR scheme reduces down the rates payable by phasing in rateable value increases over the life of the 5 year rating list. If there is still a large amount to pay after the TR scheme is applied then they should be included in the list of potentially eligible ratepayers under the new DR scheme;
- ✓ Only apply to occupied properties;
- ✓ District , County Council and Parish/Town council accounts excluded;
- ✓ Ratepayers in receipt of mandatory and/or discretionary relief excluded;
- ✓ Ratepayers in receipt of Small Business Rate Relief excluded;
- ✓ Excluding those accounts that will benefit from the budget change which supports those ratepayers that have lost or have reduced small business rate relief or rural rate relief because of the revaluation i.e. increase no more than £600 in year;
- ✓ Exclude those with less than £600 extra to pay in 2017/18;
- ✓ Exclude certain Valuation Office property codes/descriptions (**Appendix B**)

4.8 This has resulted in 261 properties being identified as being eligible under this grant. The Total Rates for the 261 properties is £1,460,566. It is proposed to grant these businesses the option for 25% relief. If all eligible businesses were to be in receipt this would allocate £365,141. (this is within the £370K allocation). In order for a business to be awarded the relief they need to confirm in a state aid declaration that they are not 'caught' by state aid rules under the de-minimus rule which enables government bodies (including Councils) to provide support that does not exceed 200,000 euros over a three year period. It is anticipated that the size of businesses identified for this relief will not be caught by state aid rules.

4.9 The residual amount of £4,858 and any unclaimed amounts from identified businesses will be retained in case of any changes in rateable value and any backdating by the valuation office. There would also be the possibility that additional amounts over 25% relief could be granted in hardship cases. Under this scheme these would be delegated to the S151 Officer to approve after receiving advice from the Revenues Operational Manager.

## 5 Legal Issues

5.1 The Council has the statutory power to offer business rate reliefs under section 47 of the Local Government Finance Act, 1988 as amended by the Localism Act, 2011.

## 6 Resource Issues

6.1 The Resource issues are highlighted in the main report. The scheme has been designed to be contained within the Government funding approval of £370,000.

6.2 Any spend above £370,000 would fall on the billing authority (HDC) and the preceptors. Any underspend would be result in reduced section 31 grant from Central Government.

## 7 Equality Impact Assessment Implications/Outcomes

7.1 The eligible properties and exclusions are detailed in the report. For eligible properties the same relief is being applied

## 8. Risk Management Implications

8.1 The scheme has been designed within the funding announcement by DCLG.

8.2 If businesses do not return their state aid forms there is a risk that not all the funding is accessed leading to an underspend that would be returned to the DCLG

## 9 Consultation

9.1 The Council was required to consult with the preceptors, the County Council and the Fire Authority over the design of the scheme. The s151 officer has consulted and the preceptors have confirmed their consent.

## 10. Options

10.1 The Government has prescribed the level of funding to support ratepayers most affected by revaluation. As such any payments over £370,000 would need to be fully funded by the Council and its preceptors.

10.2 The design of the Revaluation Discretionary Rate Relief is up to individual authorities. As such a series of scenarios were modelled and discussed with

the portfolio holder before the scheme proposals detailed in 4.6 to 4.9. Executive could request the implementation of a different scenario as an alternative.

11 Background Papers

11.1 Extract from the Revenues and Benefits System

11.2 Filtered Eligibility Spreadsheet

---

**Information Issued Under Sensitive Issue Procedure: N**

**Ward Members Notified: N**

**Appendices:**

**A: DCLG Consultation Paper**

**B: List of Excluded Valuation Office Categories**