

Report To:	CABINET	Date:	21/09/2017
Heading:	BUSINESS RATES – LOCAL DISCRETIONARY RELIEF SCHEME		
Portfolio Holder:	CLLR JACKIE JAMES – CORPORATE RESOURCES AND FINANCE		
Ward/s:	N/A		
Key Decision:	YES		
Subject To Call-In:	Yes		

Purpose of Report

In the Government's Budget on the 8th March 2017, the Chancellor announced £300m of extra funding for local authorities to provide discretionary relief (discount) to those businesses facing increases in their business rate bills following the revaluation. The Government have described this initiative as "revaluation support".

Local Authorities are required to design and implement a Local Discretionary Relief Scheme. The objective being to help support businesses who have suffered a significant increase in their 2017-18 Business Rates bill as a result of the Governments revaluation of Businesses nationally.

Recommendation(s)

To agree to adopt the Discretionary Relief Scheme as set out in the report.

Reasons For Recommendation(s)

Government requirement to design and implement a Local Discretionary Business Rates scheme.

Alternative Options Considered (With Reasons Why Not Adopted)

None considered

Detailed Information

The proposed scheme for Year 1 - 2017-18

Ashfield's allocation of the Government's funding for discretionary relief is £332,000 spread over 4 years as shown in the table below.

Year	£ 000's
Year 1	193
Year 2	94
Year 3	39
Year 4	6

- Businesses who have had an increase in their Business Rates bill (as a result of the revaluation) in 2017/18 compared to 2016/17 may be eligible for a reduction.
- The Scheme is targeted at Local Small and Medium sized Businesses with a maximum rateable Value of £100,000
- Rules regarding State Aid will apply to all Businesses who receive funding under this scheme.
- The discount will only be paid to businesses who have received an increase of 2% or more.
- The % increase will be measured after adjustments for all other relief schemes and discounts have been applied. This includes small business rates relief, transitional relief, charitable relief and other discretionary relief schemes.
- Once all qualifying Businesses have been identified the discount will automatically be applied to each account and then a new Business Rates bill for 2017-18 will be issued which will show the balance to be paid. A covering letter will be included with the new bill to explain the discount. (automated process now available following software upgrade which was released on 21st August 2017)

% Increase in Business Rates Bill for 2017-18	% Discount to be applied (% of the increase in rates payable)	<u>Estimated</u> number of eligible businesses
Over 2% Increase	75% discount	560

- A "Cap" will be operate to limit the maximum amount of Discretionary Discount that is awarded to a single business. This will help to ensure a wider distribution of the funds available.

The level of cap to be applied for 2017/18 has been identified:-

Level of Cap to be applied	Estimated level of Expenditure
£1,000	£180,000 to £192,000
£1,500	£196,000 to £212,000
£2,000	£205,000 to £225,000
£2,500	£212,000 to £235,000

The actual expenditure could be above or below these figures depending on other factors during the year. The capping level marked above has been chosen to ensure that we allocate all of the available funds for Year 1.

- The scheme allows for in year adjustments as a result of any change of circumstances. Therefore the discount can be adjusted.
- Relief will be withdrawn (full or part) from any businesses who are successful in achieving an RV reduction by way of a formal appeal.
- The Relief will not apply where the RV of a Business has increased due to a reassessment of the hereditament because of an increase in property size (expansion).
- The following categories will be excluded from the scheme:-
 - Colleges / schools
 - Health centres / hospitals / surgeries
 - Local Authorities
 - National companies

Based upon the parameters set out above the estimated cost of the scheme in Year 1 is likely to be:-

Estimated cost of scheme = £196,000 to £212,000

(Total Government Allocation for Year 1 = £193,000)

This is based on current analysis of the Business Rates System, however it is anticipated that some of the Businesses identified as likely to be eligible may not actually be eligible once a detailed assessment of each case has been made. Along with in-year adjustments, it is likely that the total expenditure could be lower than the figures shown above.

In cases where the Business Rates account goes into credit as a result of the discount being applied (due to payments already received) then a refund will be made to the Business, following normal procedures.

Any non-payment of Business Rates will be subject to the normal recovery Processes.

Appeals

In the interests of good practice it is proposed that where a Business Rates payer is unhappy with the decision by the Business Rates office, then the following procedure will apply:-

1. Initial appeal to be addressed to the Corporate Manager, Revenues and Customer Services who will consider the matter and provide a written response either upholding or refusing the appeal.

2. If Business Rates payer remains unhappy with the outcome of the Appeal then this will be referred to the Director for Resources & Transformation for final adjudication. This decision is final.

Implications

Corporate Plan: N/A

Legal:

Adoption of a policy ensures that the Scheme is implemented in an open and transparent manner, which also provides an appeal mechanism for those unhappy with the decision.

Finance:

This report is effective from 01/04/2017 and has the following financial implications:

Budget Area	Implication
General Fund – Revenue Budget	Scheme expenditure is to to be met by s31 Government funding. If the total amount claimed exceeds the s31 Grant, this will be required to be met by the Council.
General Fund – Capital Programme	N/A
Housing Revenue Account – Revenue Budget	N/A
Housing Revenue Account – Capital Programme	N/A

Human Resources / Equality and Diversity: No impact

Other Implications: None

Reason(s) for Urgency (if applicable):

Exempt Report:

N/A

Background Papers

None

Report Author and Contact Officer

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