
Subject:	BUSINESS RATES DISCRETIONARY POLICY 2017
Meeting and Date:	CABINET – 11 SEPTEMBER 2017
Report of::	Dominic Whelan, Director of East Kent Services
Portfolio Holder:	Councillor Mike Conolly, Portfolio Holder for Corporate Resources and Performance
Decision Type:	Executive Key Decision
Classification:	Unrestricted

Purpose of the report: To Introduce and seek approval of the New Business Rate Discretionary Policy as required by Central Government to support businesses affected by the Revaluation in 2017.

Recommendation: To seek approval for the attached Policy and agreement on the criteria for allocating the additional Revaluation relief, and administer the other reliefs under section 47 of the Local Government Finance Act 1988. This will ensure support is provided to local businesses that have had an increase in their rates payable.

1. Summary

1.1 In the Government's Budget on the 8th 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 bill following the revaluation. The Government has described this initiative as "revaluation support" Funding has been allocated to the local Authorities to assist the business that have suffered an increase in their bills. In that announcement further reliefs were announced as set out in Annexe A of the Business Rates Information Letter (4/2017). These reliefs are known as; Pub Relief, Supporting Small Business Relief, Pub relief and Relief for Newspapers. It is therefore necessary to adopt a new policy to outline the administration and awarding of the funding to the local businesses and set out the criteria for the qualification of the relief.

2. Introduction and Background

2.1 Dover's allocation of the Government's funding for Discretionary relief is £398K spread over the next 4 years. This equates to £232k in 2017-18, £113k in 2018-19, 46k in 2019-20 and reduces to 7k in 2020-21. These amounts are to be awarded up to the maximum level, which had been set by Central Government. It is possible for the Council to grant more relief than that allocated by grant. However, once the maximum grant level has been reached, any additional amount granted is borne: 40% by the Council, 10% by Kent County Council and 50% by Central Government. This relief is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988. Councils will be compensated for any relief granted under section 31 of the Local Government Act 2003.

- 2.2 It has been identified that 777 of Dover's business rates accounts have had an increase in their 2017 rateable value. 1642 accounts remained the same and 1379 accounts decreased in rateable value, of the 777 we will look to support 374, as 403 of the 777 do not meet the criteria for support, for example they are a precepting authority and or receive state aid funding.

Pub Relief

- 2.3 This scheme provides rate relief of £1,000 to pubs with a rateable value of up to £100,000. The detailed eligibility criteria are set out in Annex B of the Business Rates Information Letter (4/2017) which is attached at Appendix 1.
- 2.4 This relief is for the 2017-2018 financial year only. If the ratepayer changes part-way through the year, the relief will be apportioned. If the rateable value increases above the threshold, relief will be removed from the date of the increase.

Supporting Small Businesses Relief

- 2.5 This scheme is aimed at those businesses facing increases in their rates bill due to losing some or all of their Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR). This scheme limits the increase for this group to the greater of:
- A percentage increase per annum of 5%, 7.5%, 10% 15% and 15% (all plus inflation) from 2017-2018 to 2021-2022. The increase is calculated on the net rates bill for the previous year, rather than the gross charge used to calculate the mandatory transitional protection; or
 - A cash value of £600 per annum.
- 2.6 The detailed guidance for the scheme is set out in Annex A of the Business Rates Information Letter (4/2017) which is attached at Appendix 1. This relief applies to occupied properties. If a property becomes ineligible for relief for a day, it cannot return to eligibility if the circumstances change at a later date. The relief will be recalculated if the rateable value of the property changes, including retrospective changes to rateable values.

Relief for Local Newspapers

- 2.7 Properties occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters will be eligible for up to £1,500 relief in the financial years commencing 1 April 2017 and 1 April 2018. This is limited to one award of relief per local newspaper. Full details are provided in Annex A of the Government response in 'The case for a Business Rates Relief for Local newspapers' which is attached at Appendix 1.

Increased Rural Rate Relief

- 2.8 Rural Rate Relief was first introduced in 1998 and provides 50% mandatory relief for village shops, post offices, public houses and petrol stations which are the sole business of this type in a rural settlement, provided the rateable value is within the limits prescribed in the legislation. The Government announced that relief would be increased to 100% from 1 April 2017, but there was insufficient time to change the legislation, meaning that for 2017-2018 the additional 50% will be a discretionary scheme. These businesses have always been awarded 50% discretionary relief on top of the mandatory relief under the existing guidelines and, therefore, the only

change will be that the relief for 2017-2018 will be fully reimbursed. It is expected that the change to mandatory relief will be in place from 1 April 2018.

2.9 Local Authorities have the power to design their own discretionary business rates relief scheme to determine how the funding is distributed across businesses locally. The Government placed a condition on the allocated funding, that this must be used to assist those businesses that had an increase in their bills from April 2017 as a result of the revaluation.

- (a) A policy has been designed to detail the granting of the awards under the Discretionary Business Rates Relief Scheme 2017 which contains the administration and payment of relief to local businesses.
- (b) The Policy details the criteria for receiving an award under the Discretionary Business Rates Relief Scheme
- (c) The Policy details guidance on granting and administering the reliefs.
- (d) The Policy details councils Scheme of Delegation

2.10 The Council need to provide details of their scheme to the major preceptors. This is an essential part of the Discretionary Business Rates Relief Scheme and is in line with the grant determination issued by the Department of Communities and Local Government (DCLG) No.31/3071.

2.11 The grant determination states that a condition of the fund is that consultation is undertaken with 'relevant authorities'. Relevant authorities for the purposes of this scheme means:

- (a) Any major precepting authority; and
- (b) Any combined authority.

In the case of Dover District Council only the major precepting authorities have been consulted namely:

- (a) Kent County Council;
- (b) The Police and Crime Commissioner for Kent; and
- (c) The Kent Fire and Rescue Service.

2.12 Consultation is currently underway and any feedback from preceptors will be reported to the meeting. KCC has circulated some general comments on proposed schemes. It is looking to support schemes that would make speedy and efficient payments to local businesses that have received large increases in this year. It also expects schemes costs to be within the government funding provided.

3. Identification of Options

3.1 The policy has been written to take into account the councils wider economic growth priorities and supporting small businesses. The policy best supports the small and medium sized, local businesses, over the multinational and national chain businesses. It is believed that Multinational and national chains are more prepared to cope with increases, and many have actually had reductions in this revaluation. By recognising local traders, it is hoped that it will assist growth and support local jobs. A

number of hereditaments are already excluded in accordance with s47 Local Government Finance Act 1988. Dover will use the discretionary business rates relief to ease the increase of the qualifying accounts.

3.2 It is proposed that the Council award local businesses 70% of the increase added to their bill in 2017 as per the revaluation. This % has been modelled taking into account the funding made available and the numbers of hereditaments that qualify under the below criteria. In the following years the % will decrease in line with the funding made available to the councils.

- (a) Target all businesses that are local;
- (b) Apply the discretionary business rate relief after all other reliefs have been awarded which they are entitled too.
- (c) Exclude premises that are occupied by multinational and nation chains.
- (d) Exclude Public Sector premises and hereditaments that fall within the exception of s47 Local Government Finance Act 1988 and exclude from scheme all precepting authority, KCC, KPA, KFR,DDC
- (e) Exclude businesses not allocated in the district for the duration of 2016/17 and or properties which were not occupied on 1st April 2017 by the current rate payer.
- (f) The hereditament has a Rateable Value of greater than £275,000

3.3 The principle behind this way of modelling, means that every local qualifying account will receive an award towards their increased charge and that,

- (a) It has been distributed in a fair an equal way in proportion to the increase faced.
- (b) Can be applied quickly and within the parameters of the Open Revenues systems used
- (c) Is a straightforward method of administration for the council which will not increase the administration costs of the Council.

3.4 There are other reliefs available in addition to the discretionary business rate relief which support other areas of the district which include:

- (a) Relief for voluntary and community sector organisations
- (b) Relief for occupants of new office and workspace
- (c) Relief for business temporarily occupying and using space whilst new development is completed
- (d) Empty property
- (e) Exempted buildings
- (f) Relief for small business
- (g) Pub relief

3.5 Other options would be to:-

- (a) Award less than the funding allocated
- (b) Award more than the actual funding.

4. **Evaluation of Options:**

- 4.1 There are no options not to award the relief. This was introduced as part of the Autumn Statement and recognised under the Local Government Finance Act 1988. The proposed policy will award the funding in a fair and robust manner and takes into consideration the amount of funding made available to the Council which will maximise the funding provided to the businesses. This is the recommended option
- 4.2 In relation to the other options, if we award less than the funding allocated the unspent amount would have to be returned to the government. Failure to award the full relief puts the business rate collection at risk, and local business may suffer hardship when help is available to them. This option is not recommended.
- 4.3 If we were to award more than the actual funding allocated the added cost would need to be met by the Council and the preceptors which will reduce other service funding. Consultation feedback from KCC requested that it must be an affordable scheme with no added costs. This option is not recommended.

5. **Resource Implications**

- 5.1 There are no direct cost implications for DDC as the scheme will receive grant funding, calculated to the amount awarded to each council, which it is estimated will be sufficient to meet the scheme costs.
- 5.2 As set out above, the funding will be:
 - 2017/18 £232k
 - 2018/19 £113k
 - 2019/20 £46k
 - 2020/21 £7k

6. **Corporate Implications**

- 6.1 Comment from the Section 151 Officer: The Director of Finance Housing and Community has been consulted in the preparation of this report and has no additional comments to make (MD).
- 6.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 6.3 Comment from the Equalities Officer: This report does not specifically highlight any equalities implications however, in discharging their responsibilities members are required to comply with the public sector equality duty as set out in section 149 of the [Equality Act 2010](http://www.legislation.gov.uk/ukpga/2010/15) <http://www.legislation.gov.uk/ukpga/2010/15> ‘

7 **Appendices**

Appendix 1 –Business Rate Information Letter 4/2017

Background Papers

Discretionary Policy document and Application template

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