Non Domestic Rates - Discretionary Relief Policy Amendments

Executive Summary

1. This report proposes amendments to the current Non Domestic Rates Discretionary Relief Policy in relation to discretionary business rates discounts outlined by government in the Spring Budget 2017.

Recommendation

2.1 Cabinet are asked to approve the policy amendments set out in this report and Appendix A in relation to:
   2.1.1 supporting small business relief.
   2.1.2 support for pubs scheme.
   2.1.3 the local discretionary support scheme for those businesses facing hardship as a result of increases in bills due to the revaluation as detailed at 4.5 of the report.
   2.1.4 the Chief Finance Officer, in consultation with the Cabinet Member for Corporate & Resources be delegated to vary the Scheme award criteria as necessary to ensure that take up is maximised.
   2.1.5 the Chief Finance Officer, in consultation with the Cabinet Member for Corporate & Resources be delegated to utilise any remaining balances set aside for these purposes to award a discretionary grant on a case by case basis where excessive increases in the business rates bill due to the revaluation 2017 has resulted in hardship for a local business.

Reason for Recommendation

3.1 The Spring Budget announced by the Chancellor on the 8th March 2017 outlined proposals to support those businesses that faced the highest increases in their business rates bills as a result of the revaluation. The Government has undertaken consultation on the proposals and has now announced guidance for local authorities to implement support through existing discretionary relief powers to reduce bills to local businesses.
4.1. From 1st April 2017 business properties have been revalued based on rental values at 1st April 2015. The change in rateable values has affected the amount of business rates that businesses have to pay. In Rochdale around half of businesses have seen either no change or a fall in the amount that they have to pay. However, some businesses have seen significant increases in their business rates bills.

4.2. To support those businesses affected with high increases the Government announced a number of different schemes in the Spring Budget 2017 which are outlined below.

4.3. **Supporting small business relief**

4.3.1 This relief will provide targeted support to those businesses who have lost their small business rate relief as a result of the revaluation changes. Those small businesses facing large increases will be supported to ensure that the increase per year in the business rates bill is limited to the greater of:

- a cash value of £50 per month – (£600 per year);
- the matching cap on increase for small properties in the transitional relief scheme.

Based on the latest information approximately 6 properties in Rochdale will benefit from this relief.

4.4 **Support for Pubs scheme**

This relief will provide £1,000 discount for properties with a rateable value under £100,000 in 2017/18. The eligibility criteria for the Pubs Scheme is detailed in the Discretionary Rate Relief Policy (Appendix 1).

4.5 **Discretionary Relief Scheme**

4.5.1 This Scheme is designed to allow local authorities to provide support to those small businesses that have faced the steepest increases in their business rates bills as a result of the 2017 revaluation of business rates. Details of the Scheme are provided in the Policy at Appendix 1. The main principles to qualify for the relief are:

- the rateable property has a 2017 rateable value less than £200,000;
- the 2017 rateable value has increased by more than 12.5%;
- the rateable property must have been on the Valuation Office Agency rating list on 1 April 2016 and 1 April 2017;
- the ratepayer must have been in continual occupation before 1 April 2017; and
- after all other reliefs have been applied, the increase in the billing amount is more than 5% of 2016/17.

4.5.2 The following are not eligible for relief under this scheme:

- businesses who will benefit from the Supporting Small Businesses relief scheme;
- businesses whose increase in the amount they are paying in 2017/18 compared to 2016/17 is less than £50 per month (£600 per annum), to mirror the maximum protection for small businesses in the Supporting Small Businesses relief scheme;
- pubs who will benefit from the Support for Pubs relief scheme;
- if the ratepayer does not have employees based in the hereditament on which relief is being sought;
- ratepayers operating an intermittent business rate mitigation/avoidance scheme;
- ratepayers with an outstanding rateable value appeal with the Valuation Office Agency (as the Council will be unable to determine the financial impact on the
business until the appeal is concluded);
• national companies, national charities and public bodies;
• property owners and/or occupiers with more than one property in the Borough will only be able get this relief on one property; and
• hereditaments wholly or mainly being used as betting shops, payday loan shops, pawnbrokers or shisha bars.

Eligible businesses will receive a fixed relief award of £1,000 in 2017/18 and £500 in 2018/19. Future year relief awards will be subject to determination.

It is estimated that the scheme will provide support to approximately 220 small/medium businesses that are facing an increase in the amount they have to pay.

4.6. **Alternatives Considered**

The changes to the Policy have been determined by Government. No alternatives have therefore been considered for the amendments in relation to small business transitional rates relief and support for local pubs. Alternatives for the operation of the local discretionary business rates relief scheme are outlined in the main report.

### Costs and Budget Summary

5.1 The costs of the discounts are to be funded by way of a section 31 grant from Central Government for the supporting small business relief and support for local pubs.

The local discretionary business rates relief scheme is a capped cash allocation of:

5.2

<table>
<thead>
<tr>
<th>Year</th>
<th>Allocation £000</th>
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<tbody>
<tr>
<td>2017/18</td>
<td>259</td>
</tr>
<tr>
<td>2018/19</td>
<td>126</td>
</tr>
<tr>
<td>2019/20</td>
<td>52</td>
</tr>
<tr>
<td>2020/21</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>444</td>
</tr>
</tbody>
</table>

5.3. The allocation is based on 100% of the award as Rochdale Council is part of the Greater Manchester Business Rates 100% retention pilot for 2017/18. The allocation therefore includes 1% which is payable to GM Fire & Rescue Authority.

5.4 Guidance is currently outstanding to determine whether the amounts can be “flexed” over more than one financial year.

### Risk and Policy Implications

6.1 Legal Implications

Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow authorities to grant a discount on local business rates to any local ratepayer within the limits of primary legislation and European rules on state aid. The Council has statutory power to award discretionary rate relief under Section 44a, Section 47 (as amended) and Section 49 of the Local Government

6.2. Equalities Impact

The equality impact assessment is provided at Appendix 2.

**Consultation**

7.1 The Government undertook consultation directly with businesses and public bodies on the amendments to the business rates reliefs set out in the Spring Budget 2017 between the 9th March 2017 and the 7th April 2017. The guidance subsequently issued reflected the feedback from this consultation.

7.2 Corporate Overview and Scrutiny Committee on 18th July 2017 will review the recommendations and revised Policy for 2017/18 and provide feedback to Cabinet on the 25th July as part of the decision making for the amendments to the Policy.

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<thead>
<tr>
<th><strong>Background Papers</strong></th>
<th><strong>Place of Inspection</strong></th>
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<tr>
<td>8. Discretionary business rate relief files</td>
<td>Revenues &amp; Benefits, N1 Riverside</td>
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