

CABINET

DATE OF MEETING: 7 MARCH 2019

TITLE OF REPORT: LOCAL DISCRETIONARY BUSINESS RATE RELIEF SCHEME 2018/19

Report of: Head of Corporate Services

Cabinet Member: Councillor David Neighbour, Leader and Finance

I PURPOSE OF REPORT

1.1 To determine the Local Discretionary Relief Scheme for 2018/19. This report has been considered at the Overview and Scrutiny Committee on 19 February 2019.

2 OFFICER RECOMMENDATION

2.1 That the Local Discretionary Relief Scheme for 2018/19 as set out in Appendix 2 be approved.

3 BACKGROUND

3.1 In the Spring Budget on 8 March 2017 the Chancellor announced that the Government would establish three schemes to assist businesses following the 2017 business rates revaluation: the £1000 pubs discount; the Supporting Small Businesses Scheme; and the £300m discretionary relief scheme.

4 SUPPORT FOR PUBS

- 4.1 Under the scheme pubs that had a rateable value of below £100,000 received a mandatory discount of £1000 on the rates for 2017/18 only.
- 4.2 A total of 49 application forms were issued w/c 14 August 2017 and discounts were awarded in September 2017 to the qualifying pubs and revised bills issued at this time.
- 4.3 Payments were funded by Section 31 Grant and claimed via the NNDR3 form.

5 SUPPORTING SMALL BUSINESSES SCHEME

- 5.1 This scheme helps those ratepayers who as a result in the change of their rateable value at the 2017 revaluation lost some or all of their small business or rural rate relief and as a result faced large increases in their bills. For 2017/18 this scheme ensured that all ratepayers losing some or all of their small business rate relief or rural rate relief saw the increase in their bill capped at £600.00 (£50.00 per month).
- 5.2 In Hart the number of affected businesses was 19 and these cases have had their monthly instalments reduced by £50.00.
- 5.3 This scheme will last for up to 5 years.

5.4 Payments are funded by Section 31 Grant and claimed via the NNDR3 form.

6 LOCAL DISCRETIONARY RELIEF SCHEME

6.1 The government announced the establishment of a £300m discretionary fund over four years from 2017/18 to support businesses facing the steepest increases in their business rates bills following revaluation.

6.2 Section 31 of the Local Government Act 2003 allows the Government to pay Local Authorities a grant for all sorts of purposes. In this case it is being used to allow extra funding to meet the costs of effectively new burdens - extra mandatory rate reliefs granted by the government months after the Local Government Finance settlement. So the two mandatory reliefs are fully reimbursed by the Government. The discretionary relief element however, will only be funded for a limited transitional period reducing significantly each year. The allocation to Hart from this £300m pot over the four years to enable relief is:

- £202,000 in 2017/18
- £98,000 in 2018/19
- £40,000 in 2019/20
- £6,000 in 2020/21

7 LOCAL DISCRETIONARY RELIEF SCHEME 2017/18

7.1 Cabinet agreed the local discretionary relief scheme for 2017/18 in September 2017. This is attached as **Appendix 1**.

7.2 Eligibility criteria are set out in the appendix and were drawn up in line with government guidance.

7.3 Relief was initially granted on a first come, first served basis to eligible businesses whose applications met the required criteria, up to the maximum funding provided by the government.

7.4 Relief was banded as follows:

- 15% for RVs below £20k
- 10% for RVs from £20k to £50k
- 5% for RVs from £50k to £100k

7.5 However, in order to distribute as much of the relief as possible, in line with Government expectations, it has proved possible to automatically award the relief to all qualifying businesses. To date, over £192k of the maximum £202k available for 2017/18 has been awarded.

8 PROPOSED LOCAL DISCRETIONARY RELIEF SCHEME 2018/19

8.1 The Capita Business Rates team have now been able to calculate the most effective distribution of relief for 2018/19 based on experience from the previous year and current occupancy and RV statistics. The proposed local discretionary relief scheme for 2018/19 is attached as **Appendix 2**.

- 8.2 Eligibility criteria are set out in the appendix and have been drawn up in line with government guidance. They are similar to 2017/18 but include:
- Property must have been continuously occupied by the same ratepayer since 1st April 2017
 - Property is in receipt of transitional relief for 2018/19 (i.e. is subject to the biggest increases in liability from 2017/18)
 - Property is occupied
 - Properties excluded where there has been no increase in liability for 2018/19 from 2017/18 (i.e. no detriment)
 - Property has an RV of less than £100k
 - No Supporting Small Business Relief awarded for 2018/19
- 8.3 As transitional increases for 2018/19 are fewer in number but greater in size, the relief percentages can be increased. Relief is banded as follows:
- 20% for RVs below £20k
 - 15% for RVs from £20k to £50k
 - 10% for RVs from £50k to £100k
- 8.4 It is likely that these criteria would initially enable 79 businesses to receive around £80k. The remaining £18k may be distributed by relaxing some of the exclusion criteria, subject to a further Cabinet report in due course.
- 8.5 This proposed scheme targets available funds at those businesses facing the biggest proportional increases.
- 8.6 Fewer properties are eligible each year as properties phase out of transition.

9 FUTURE YEARS

- 9.1 A further report will be brought to Cabinet for schemes for 2019/20 and 2020/21, reflecting the reduced funding available and experience of operating the scheme in 2018/19.

Contact Details: Andrew Vallance, email: Andrew.Vallance@Hart.gov.uk

Hart District Council

Agreed Local Discretionary Relief Scheme 2017/18

- 1** This document sets out the Council's proposals for a local discretionary business rate relief scheme for the financial year 1 April 2017 to 31 March 2018.
- 2** All qualifying businesses will need to complete an application form in order for the Council to confirm their eligibility to the conditions shown below. An application form will be sent to all occupier properties with a RV of less than £100,000, and publicity will take place in the local press and through the Council's business support manager.
- 3** Under the scheme relief will only be provided where a qualifying ratepayer's bill has increased due to the 2017 revaluation.
- 4** The total amount of assistance the Council is able to offer under the scheme will be limited to the funding provided by the Government, which is £202,000 in 2017/18.
- 5** Where a qualifying ratepayer's 2017/18 and/or 2016/17 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

 - a reduction in rateable value in the 2010 and, or 2017 rating lists
 - the provision of a certificated value for the 2010 rating list or historical change
 - the application of any additional rate relief or exemption
 - vacation and re-occupation of the property
 - any other reason
- 6** Ratepayers who may benefit from the Scheme will be in occupation of a property with a rateable value of less than £100,000 and will fall into one of the categories listed below:

 - Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licenses, chemists, newsagents, hardware stores, supermarkets)
 - Charity shops
 - Opticians
 - Post offices
 - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
 - Car/ caravan show rooms
 - Second hand car lots
 - Markets
 - Petrol stations
 - Garden centres
 - Art galleries (where art is for sale/hire)
 - Shoe repairs/ key cutting
 - Travel agents

- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Hair and beauty services
- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

7 The following types of uses are not eligible for local discretionary business rate relief:

Properties that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, amusement arcades, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies, showhouses)
- Professional Services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)
- Post office sorting office

Further Exclusions - For properties where any of the following apply, the ratepayer will not be eligible for local discretionary business rate relief:

- Properties that are operated by the same organisation/business (this includes franchises). This applies where the business runs three or more properties in the U.K or in the U.K and overseas.
- Ratepayers in receipt of re-occupation relief in 2016/17 and / or 2017/18.
- Ratepayers in receipt of small business rate relief support which limits increases on small properties caused by the loss of small business rates relief to £600.
- Ratepayers occupying properties after 1 April 2017 unless they occupied those properties for a period of one month or more during 2016/17.
- Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively).
- Properties which are unoccupied.
- Where the award of relief would not comply with EU law on State Aid.
- The application form requires confirmation that they have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) you are being granted for premises other than the one to which this declaration and letter relates, under the De Minimis Regulations EC 1407/2013.

8 How the proposed Local Discretionary Business Rate Relief is Calculated:

Local discretionary business rate relief is calculated after any or all of the following have been applied:

- Exemptions and other Reliefs
- Transitional Relief or Premium

and before the application of the Business Rates Supplement. Local discretionary business rates relief does not apply to the supplement.

In accordance with the terms of the Government grant for local discretionary business rate relief, all ratepayers are subject to a two percent inflationary increase on their bill to which the relief will not apply.

The maximum percentages of local discretionary business rate relief available on the net rates bill after the reliefs and exemptions described above and before the business rates supplement are shown below and are **subject to the total not exceeding the total relief supported by government funding** of £202,000 2017/18, £98,000 2018/19, £40,000 2018/20 & £6,000 2020/21.

9 Proposed Reliefs 2017/18

Potential qualifying properties = 379 properties

Distributed as follows:

Property with RVs up to £20k – 15% relief
 Property with RVs £20k to £50k – 10% relief
 Property with RVs £50k to £100k – 5% relief

Hart District Council

Proposed Local Discretionary Relief Scheme 2018/19

- 1 This document sets out the Council's proposals for a local discretionary business rate relief scheme for the financial year 1 April 2018 to 31 March 2019.
- 2 All qualifying businesses will automatically receive the relief due.
- 3 Under the scheme relief will only be provided where a qualifying ratepayer's bill has increased due to the 2017 revaluation.
- 4 The assistance the Council is able to offer under the scheme will be limited to the funding provided by the Government, which will fund relief of £98,000 in 2018/19.
- 5 Where a qualifying ratepayer's 2018/19 and/or 2016/17 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:
 - a reduction in rateable value in the 2010 and, or 2017 rating lists
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