

Discretionary Relief Policy Variation 2017/2018

Introduction:

1. In the March 2017 budget, the Government announced additional national funding of £300m would be made available to Local Authorities over a 4 year period. The funding will support businesses that had suffered the largest increases in their Business Rate Bills, following the 2017 revaluation of commercial properties.

The Government initially provided a consultation document, but due to the General Election did not publish the results of that consultation.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598261/Discretionary_Business_Rates_Relief_Scheme_consultation.pdf

2. Fareham has been allocated £311,000 over a 4 year period which will be delivered as detailed in the consultation:

58% in year 1

28% in year 2

12% in year 3

2% in year 4

Local authority	2017-18 Gross bill increase (given property criteria ¹) (£000s)	Amount of discretionary pot awarded (£000s)			
		2017-18	2018-19	2019-20	2020-21
Fareham	1,545	182	88	36	5

The flexibility to move funding between financial years will be considered in Quarter 2 of 2017/2018, once the Government have a clearer picture of schemes.

3. The Government has allocated funding based on the total increase in 2017 bills, excluding the impact of reliefs for every rateable property:

- Where the Rateable Value is less than £200,000
- Where the increase in the 2017 bill is more than 12.5% (before reliefs).

Billing Authorities are expected to deliver the scheme using their discretionary relief powers under Section 47 of the Local Government Finance Act 1988, as amended. Billing Authorities will be compensated through Section 31 grant for the cost of granting the relief, the grants will be made quarterly in arrears for the duration of the scheme.

4. Implementing this scheme will place an additional burden on Billing Authorities and in accordance with the New Burdens doctrine, DCLG will carry out an assessment of expected reasonable costs.

Conditions to grant Relief

5. The Government stated in the consultation document that it assumed that support would be provided only to ratepayers facing an increase in their bills following the revaluation. It further assumes that “by and large, more support will be provided to:

- Ratepayers of localities that face the most significant increases in bills; and
- Ratepayers occupying lower value properties”

However, for the avoidance of any doubt, the design and administration of the scheme is for each Billing Authority to decide.

The consultation also states that the condition of award must include the ability to recalculate relief in the event of a change in Rateable Value.

6. Funding has been allocated to Billing Authorities based on the total increase in 2017 bills in their area for every rateable property, excluding the impact of reliefs:

- Where the Rateable Value that is less than £200,000
- Where the increase in the 2017 bill is more than 12.5% (before reliefs).

7. Eligibility for relief will be assessed by comparing the 2016 Business Rate liability less any entitlement to reliefs and exemptions and the 2017 rate liability less any entitlement to reliefs and exemptions.

8. Fareham’s scheme should be easy to administer as this will allow relief to be awarded swiftly to those businesses who are most affected.

9. To qualify for relief:

- The property must be occupied on 31 March 2017 and also on 1 April 2017.
- Relief will be effective from 1 April 2017 to occupied business properties meeting the scheme criteria only.
- Relief will be recalculated if:
 - The occupier vacates the premises
 - If there is a change in the business information which indicates that relief should not have been granted
 - If there was a change of occupier.
- Whilst relief will need to be considered for all cases that meet the designed criteria, every effort will be made to target relief to local businesses and not those that are national or multi-national in type.

10. Relief for the years 2018/19 to 2020/21 will be distributed on the same basis although the scheme will be subject to an annual review.

The Scheme

11. The Government has provided funding to assist ratepayers where the rate bill has increased by 12.5% or above and where the Rateable Value is below £200,000. The numbers of properties in this category are relatively low, so only a portion of the total award, a maximum of £120,000, will be distributed to these ratepayers, the relief will be shared amongst all ratepayers in this category, the share being proportionate to the % rise in each case.
12. Ratepayers will be required to pay at least the first £600 of the increase in 2017/2018.
13. In addition to the above, the remaining award for 2017/2018 (at least £62,000) will be used to assist local ratepayers or ratepayers suffering severe hardship due to the revaluation. The Council will consider which properties should receive relief on a case by case basis, taking account of the type of business, the area of the business or businesses and the financial standing of the business. The value of relief granted in each case will also be considered on a case by case basis.

Applications for relief:

14. Whilst we wish to make the award of the funding simple, a simple application form should be completed by the bill payer in each case to ensure that the award is State Aid compliant.

Applicants may also be required to provide any evidence considered necessary to assist the decision making.

A fresh application may be required annually or when considered necessary.

Awarding Relief:

15. The ratepayer will be notified of the decision made regarding relief and a revised Business Rate bill will be issued where appropriate.

Additional Reliefs:

16. In the Budget statement the Government also made provision for an additional £1,000 relief to all pubs with a Rateable Value below £100,000 and a scheme of additional Small Business Rate Relief for ratepayers facing large increases as a result of the loss of Small Business Relief in the 2017 Rating List.

In all cases, discretionary relief will be calculated after the award of all reliefs.

Appeals:

17. Where an appeal is received from a ratepayer, this will at first be considered by the Local Taxation Manager and the ratepayer will be advised of the outcome.

Where the ratepayer continues to be aggrieved by the decision, a further appeal may be made to the Head of Housing, Revenues & Benefits and to the Council's Executive.

In the event of a further dispute, a formal appeal can only be made by Judicial Review