

Report to the Executive for Decision 20 April 2015

Portfolio:	Policy & Resources
Subject:	Business Rate Discretionary Rate Relief
Report of:	Director of Community
Strategy/Policy:	
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

To seek approval to offer financial assistance to businesses who suffer a large increase in their rates due to the ending of the Transitional Relief scheme.

Executive summary:

Since the commencement of National Non-Domestic Rates on 1 April 1990, there has been a revaluation of non-domestic properties every 5 years.

To assist ratepayers who suffer a large increase in their rates bill following a revaluation, the Government provided a scheme called transitional relief which phased the impact of the increase over the duration of that Valuation List.

Legislation provides the current transitional relief scheme until 31 March 2015 only, but the next revaluation of non-domestic properties has been delayed until 01 April 2017. The consequence of this is that a very small number of ratepayers will face an increase in their rate bill from 1 April 2015.

The government announced in the Autumn Statement that it wished to extend the current transitional relief scheme to continue to assist properties with a Rateable Value up to and including £50,000, until March 2017. The extension is to be delivered via the Council's discretionary relief powers, under section 47 of the Local Government Finance Act 1988.

The Government will fully reimburse local authorities for the local share of the discretionary relief granted, using a grant under section 31 of the Local Government Act 2003.

Recommendation/Recommended Option:

That the Executive agrees:

- (a) to vary the Charitable Relief Policy to allow relief to be granted in the specific circumstances as detailed in the report; and
- (b) to delegate the award of the discretionary relief, as detailed in the report, to officers in accordance with relevant guidance issued by Government.

Reason:

To offer financial assistance to businesses who will suffer a large increase in their rates due to the ending of the Transitional Relief scheme.

Cost of proposals:

There are no cost implications. The Government has stated that it will reimburse billing authorities with the local share of the relief given.

Appendices:

A: Discretionary Relief Policy

B: Extension of Transitional Relief for small and medium properties
Guidance issued by Government January 2015.

Background papers:

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date: 20 April 2015

Subject: Business Rate Discretionary Rate Relief

Briefing by: Director of Community

Portfolio: Policy and Resources

INTRODUCTION

1. Since the commencement of National Non–Domestic Rates on 1 April 1990, there has been a revaluation of non-domestic properties every 5 years.
2. When properties suffer from a large increase in their rates bill following a revaluation, the Government provided a scheme called Transitional Relief, which phased the impact of that increase over the duration of that Valuation List.
3. The next revaluation was due to take place in 2015, but the Government has postponed this until 2017, which will result in a 7 year gap between revaluations.
4. The current transitional relief scheme does not allow for the delayed revaluation and will expire on 31 March 2015, resulting in a very small number of ratepayers facing an increase in their full rates bill from 1 April 2015.
5. The Government wishes to extend the transitional relief scheme until the next revaluation, the scheme will be for properties with a Rateable Value up to and including £50,000 and would run until March 2017.
6. As this relief would be a temporary measure only the Government will not be changing the relevant legislation to cater for this. Instead the Government will, in line with the eligibility criteria set out in guidance issued, reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, to grant relief.
7. Whilst the Council already has an established policy for granting discretionary rate relief, the changes requested by Government will obviously fall outside that policy.
8. In view of the fact that such expenditure can be reimbursed, the Government expects local government to grant discretionary relief to qualifying ratepayers which will be reimbursed using a grant under section 31 of the Local Government Act 2003.

9. Providing discretionary rate relief to ratepayers is likely to amount to State Aid. However the extension of transitional relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.
10. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). It is necessary for Officers to establish that the award of relief will not result in the undertaking having received more than €200,000 of De Minimis aid.

PROPOSAL

11. To award transitional relief in cases identified by the scheme.

RISK ASSESSMENT

12. There are no material risks associated with this change of policy.

FINANCIAL IMPLICATIONS

13. There are currently 9 cases where transition relief should continue amounting to a total relief award of £12,033.97. This sum will be fully reimbursed by Government.

CONCLUSION

14. That the Executive agrees to vary the Charitable Relief Policy to allow relief to be granted in the specific circumstances detailed. Discretionary relief is currently agreed at Officer level and any relief granted in the circumstances listed above, would be allowed on the same basis, in accordance with relevant guidance issued by Government.