

# FAREHAM

## BOROUGH COUNCIL

### Report to the Executive for Decision 09 April 2018

<b>Portfolio:</b>	Policy and Resources
<b>Subject:</b>	<b>Business Rate Discretionary Rate Relief Policy</b>
<b>Report of:</b>	Director of Finance and Resources
<b>Corporate Priority:</b>	A dynamic, prudent and progressive Council

**Purpose:**

To consider changes to the Council's Business Rate Discretionary Relief Policy to provide assistance to businesses.

**Executive summary:**

In the March 2017 Spring Statement, The Chancellor announced measures to assist businesses following the revaluation of all Non-Domestic Properties from 1 April 2017. Two of those measures need to be reviewed for 2018. These are:

- Revaluation Relief Support for businesses that have suffered the largest increases in their Business Rate Bills. Fareham will receive a maximum of £311,000 funding over a 4-year period
- Relief of up to £1,000 for public houses with Rateable Values up to £100,000.

This Council already has an established policy for granting Discretionary Rate Relief and the review will require a small amendment to that policy. This report seeks to vary the local policy to incorporate those changes.

The Government will fully reimburse local authorities for the local share of the discretionary relief granted.

**Recommendation/Recommended Option:**

It is recommended that the Executive agrees to a small variation to the Business Rate Discretionary Relief Policy to allow relief to continue to be granted in the specific circumstances detailed in the report from 1 April 2018.

**Reason:**

To offer financial assistance to businesses following the revaluation of commercial premises.

**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 in all the circumstances listed.

**Appendices:**

Appendix A: 2018 Revaluation Discretionary Relief Policy

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### Executive Briefing Paper

<b>Date:</b>	09 April 2018
<b>Subject:</b>	Business Rate Discretionary Rate Relief Policy
<b>Briefing by:</b>	Director of Finance and Resources
<b>Portfolio:</b>	Policy and Resources

#### INTRODUCTION

1. In the March 2017 Spring Statement, the Chancellor announced measures to assist businesses with the impact of the 2017 revaluation of commercial properties.
2. Billing Authorities were expected to deliver these measures using their discretionary relief powers under Section 47 of the Local Government Finance Act 1988. The Government will compensate Local Authorities through Section 31 of the Local Government Act 2003.
3. Implementing this scheme placed an additional burden on Billing Authorities and in accordance with the New Burdens doctrine, the Department of Communities & Local Government (DCLG) is to reimburse expected reasonable costs.

#### New Discretionary Relief

4. An additional £300m of funding was made available nationally, for Local Authorities to support businesses who have suffered the largest increases in their Business Rate Bills.
5. Fareham will be awarded a maximum of £311,000 of this funding which is to be split over a 4-year period, as follows:

Amount of Discretionary Relief Pot Awarded				
58% in year 2017/18	28% in year 2018/19	12% in year 2019/20	2% in year 2020/21	Total
£182,000	£88,000	£36,000	£5,000	£311,000

6. The Government calculated the share of funding for each authority based on the total increase in 2017 bills, excluding the impact of reliefs, for each 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).

7. The Government also said that it assumes support will be provided only to ratepayers facing an increase in their bill, by and large more support being 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 Government has also stated that the design and administration of the scheme is for each Billing Authority to decide.

8. If the full relief is not awarded to ratepayers, then only the amount granted will be reimbursed by the Government. No relief allocation can be transferred between years.
9. Of the 3,211 properties in the 2017 Rating List for Fareham, only 690 of these had a Rateable Value below £200,000 and have also had an increase in their rate bill in 2017.
10. Whilst the Government allocated funding based on Rateable Value increases of 12.5% and over, in Fareham there are only 103 properties in this category. This figure includes all types of national and local businesses, and billing and precepting authorities.
11. Of the 103 properties originally selected, only 48 ratepayers accepted relief, the remaining 55 businesses either declined the relief on grounds of excess State Aid or were not entitled to relief as a billing or precepting authority.
12. Discretionary Rate Relief is considered as State Aid, businesses claiming relief may fall foul of State Aid regulations, despite their property fitting the criteria for relief. The total State Aid awarded must not exceed the €200,000 De Minimis level over a three-year period
13. Billing and precepting authorities are specifically excluded for claiming discretionary relief. The Government measured the award of relief in terms of the Rateable Value and the % increase in Rate payable.
14. In 2017/2018 relief was granted to the remaining 48 businesses, paying a percentage of the rate increase in each case, less the first £600. To date £117,066.15 of the relief award has been spent on this element.
15. In addition to the above, the remaining award for 2017/2018 was to be used to assist ratepayers suffering severe hardship due to the revaluation. However, we only identified one business that fitted these exact criteria, so the balance was used to assist ratepayers where their increase was just below the 12.5% threshold.
16. In 2018 the relief fund has reduced to £88,000 and it is proposed that this sum will be distributed from 1 April 2018 on the same basis as before to assist ratepayers where the rate bill has increased by 12.5% or above and where the Rateable Value is below £200,000. £58,000 of this relief will be shared amongst all ratepayers in this category, the share being proportionate to the % rise in each case
17. In addition to the above, the remaining award for 2018/2019 (at least £30,000) will be used to assist local ratepayers or ratepayers suffering hardship due to the revaluation.

The Council will consider which properties should receive relief on a case by case basis. The full policy is attached at Appendix A

### **Pub Relief**

18. The Government will also continue to fund a relief scheme for pubs that have a Rateable Value below £100,000, as it recognises the important role that pubs play in urban and rural communities across the country. Under the scheme, eligible pubs were initially to receive up to a £1,000 discount on their bill from 1 April 2017 for the 2017/18 year only.
19. In the 2017 Autumn Statement the Chancellor has extended this relief has for 2018/19 only on the same basis as before.

### **Other considerations**

20. Providing discretionary rate relief to ratepayers is likely to amount to State Aid. However, the award of the reliefs mentioned above will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.
21. 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.

### **Enquiries:**

For further information on this report please contact Adrian Collier. (Ext 4632)