

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision Date 04 March 2019

Portfolio:	Policy and Resources
Subject:	Business Rates Discretionary Relief
Report of:	Director of Finance and Resources
Corporate Priorities:	A dynamic, prudent and progressive Council Maintain and extend prosperity

Purpose:

To consider changes to the Council's Business Rate Discretionary Relief Policy which will allow additional assistance to eligible businesses.

Executive summary:

The Chancellor has introduced several discretionary measures with the aim to assist businesses with the cost of Business Rates.

All these measures fall outside Fareham's existing discretionary rate relief policy, this report seeks to vary that policy to incorporate the following changes:

Revaluation Relief

Agree the continuation of Revaluation Relief which supports businesses who have suffered the largest increases in their Business Rate Bills following the 2017 revaluation. Fareham has a reduced maximum grant of £36,000 to distribute in 2019/2020 and £5,000 in 2020/2021.

Newspaper Relief

Agree the continuation of the Business Rate discount for office space occupied by local newspapers, this relief of up to £1,500, has now been extended until 31 March 2020.

Retail Relief

Agree the new award of Retail Relief for Businesses which could reduce the Business Rates payable for eligible properties by up to one third.

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 variation to the Business Rate Discretionary Relief Policy to allow relief to be granted in the specific circumstances detailed in the report from 01 April 2019.

Reason:

To offer reductions in Business Rates payable which will give financial assistance to businesses in accordance with government requirements.

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: **A: Discretionary Relief Policy Variation**

Background papers:

Retail Relief Guidance:

<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

Revaluation Relief Consultation:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/598261/Discretionary_Business_Rates_Relief_Scheme_consultation.pdf

Reference papers: **none**

FAREHAM

BOROUGH COUNCIL

Executive Briefing Paper

Date:	04 March 2019
Subject:	Business Rate Discretionary Relief
Briefing by:	Director of Finance and Resources
Portfolio:	Policy and Resources

INTRODUCTION

1. The Chancellor has announced measures to assist businesses with the impact of the 2017 Business Rate revaluation of commercial properties and the down turn in retail trade. A further measure was announced in October 2018.
2. Billing Authorities are 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 places an additional burden on Billing Authorities and in accordance with the New Burdens doctrine, the Ministry of Housing Communities & Local Government is to reimburse expected reasonable costs.

Revaluation Relief

4. Additional funding was made available nationally, for Local Authorities to support businesses who have suffered the largest increases in their Business Rate Bills. Fareham will be awarded £311,000 of this funding, 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

5. 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).

Government stated that the design and administration of the scheme to distribute these funds, is for each Billing Authority to decide.

6. If Fareham does not distribute the full value of the relief to ratepayers, then only the amount granted will be reimbursed by the Government. No relief allocation can be transferred between years.
7. 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.
8. 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.
9. 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.
10. In 2018/2019 relief was granted to the 48 businesses, paying a percentage of the rate increase in each case, less the first £600. To date £52,801.78 of the relief award has been spent.
11. In addition, the remaining award for 2018/2019 (£30,000) was to be used to assist ratepayers suffering severe hardship due to the revaluation. We were unable to identify any businesses meeting these criteria, so the balance will be used to assist ratepayers where their increase was just below the 12.5% threshold.
12. In 2019/20, Fareham's share of the relief fund has reduced to £36,000, so again it is proposed that this sum will be distributed from 1 April 2019 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. The £36,000 will be shared amongst all ratepayers in this category, the share being proportionate to the % rise in each case.
13. In 2020/21, Fareham's share of the relief fund will reduce further, to £5,000, this sum will be used by Officers to assist the hardest hit Ratepayers, distributed on a case by case basis.
14. The full policy covering 2019/2020 and 2020/2021 is attached at Appendix A.

Newspaper Relief

15. The Government introduced a £1,500 Business Rates Discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per property for 2 years from 1 April 2017. Although there have not been any applications in Fareham, the Government has now extended this relief until 31 March 2020.

Retail Relief

16. From 1 April 2018, assistance is also to be given to retail-type premises via an annual business rate discount amounting to one third of the bill. The relief is payable on all occupied shops, pubs and restaurant type businesses, where the property has a Rateable Value below £51,000 in 2019/2020 and 2020/2021 and must be applied after mandatory reliefs and other discretionary reliefs.

17. The Government has published guidance on the sort of business that would be entitled to relief in these circumstances. Based on these criteria, we estimate that there are 694 retail type properties with a Rateable Value below £51,000. In addition to these, the number of claims could increase as the relief must be based on the actual use made of the property, not the description of the property shown in the Rating List.

Other considerations

18. Some businesses will fit the criteria for relief but will decline assistance because it takes them beyond the amount of State Aid they can claim.
19. Discretionary Rate Relief is only State Aid compliant where it is provided in accordance with the State Aid De Minimis Regulations. These 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 will be necessary for Officers to establish that the award of relief will not result in the business having received more than €200,000 of De Minimis Aid.

Enquiries

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