

TRAFFORD COUNCIL

Report to: Executive
Date: 25th September 2017
Report for: Decision
Report of: Executive Member for Corporate Resources

Report Title

Business Rates Discretionary Rate Relief Policy 2017 Revaluation – Amendments to Maximise Funding

Summary

Government funding is available through a discretionary fund over four years from 2017/18 to support those businesses most affected by an increase in rating valuations as a result of the 2017 revaluation. The Council agreed a policy in June 2017 based on the assumption that the funding could be spent equally. This has been confirmed not to be the case and therefore amendments are required to the existing policy to ensure that the Council maximises the new funding available

Recommendation(s)

To recommend:

1. That the Executive approves the proposed amendments to the Business Rates Discretionary Rate Relief Policy 2017

Contact person for access to background papers and further information:

Name: Louise Shaw
Extension: 3120
Background Papers: None.

Relationship to Policy Framework/Corporate Priorities	Key Priorities: Strong economy
Financial	The amendments are within the allocated DCLG funding and a provision has been made regarding appeals.
Legal Implications:	The Localism Act 2011 provides local government

	with greater flexibility with regards to discretionary relief and exemptions for Business Rates.
Equality/Diversity Implications	The proposal will have positive outcomes and ensure government funding is maximised and targeted at those businesses who have been most adversely impacted by the national revaluation exercise.
Sustainability Implications	None
Resource Implications e.g. Staffing / ICT / Assets	None
Risk Management Implications	None
Health & Wellbeing Implications	None
Health and Safety Implications	Not applicable

1.0 Background

- 1.1 At the Spring budget, the Government announced the establishment of a £300m discretionary fund over four years from 2017/18 to support those businesses in their area that have been those most affected by an increase in rating valuations as a result of the 2017 revaluation.
- 1.2 Each Local Authority was tasked with devising a scheme and on 26 June 2017, Trafford Council agreed a new policy which detailed its scheme and how it would distribute the funding, which is shown in the table below:

2017-18 Gross bill increase (based on government criteria) (£000s)	2017-18 (£000s)	2018-19 (£000s)	2019-20 (£000s)	2020-21 (£000s)
2,943	346	168	69	10

- 1.3 The approved Council's scheme - see Appendix A for the scheme's qualifying criteria - was devised to ensure the reliefs are targeted to those who most need it and equate scheme costs with the amount of funding available. Subject to the qualifying criteria being met, a relief of £1k in year 1 and £500 in year 2 was approved.

2.0 Introduction

- 2.1 At the time of the Executive meeting, the DCLG had not confirmed if funding could be re-distributed to smooth the benefit over the 4 years. As you will see from the table above, there is a significant drop in year 3 and an extremely small amount of funding in year 4, therefore, Trafford had fed back through the consultation that it would prefer funding to be able to be spread out over the 4 years and the scheme was devised on this basis.

2.2 The DCLG have recently announced that funding cannot be distributed amongst years and therefore to ensure maximum funding is awarded to businesses, options to amend the relief per business are being proposed, increasing in years 1 and 2 and reducing in year 3, with no automatic relief in year 4. Note the original decision in June 2017 was for a Year 1 and 2 schemes only due to the uncertainty of the carry forward.

3.0 Proposed Amendments

3.1 The Council's scheme is designed to help those most affected by an increase in rating valuations as a result of the 2017 revaluation. To qualify for the funding, the following criteria has to be met:

- the rateable property has a rateable value for 2017-18 that is less than £200,000;
- the increase in the rateable value is more than 12.5%;
- a discretionary award must only be applied after all other reliefs;
- applicants must declare that the relief awarded will not exceed applicable State Aid limits.

3.2 In addition, as announced in the Spring budget, other reliefs have been introduced as follows:

- Those ratepayers who, as a result of the change in their rateable value no longer qualify for small business or rural rate relief, will have a £50 per month cap applied to their bill
- Office space occupied by local newspapers will receive relief of £1,500 up to a maximum of one discount per local newspaper title and per hereditament
- A relief for pubs with a rateable value of less than £100,000 of £1,000 for 2017/18 only at this stage

3.3 Based on the above, the Council set its scheme to ensure the reliefs are targeted to those who most need it and equate scheme costs with the amount of funding available. In order to ensure funding is utilised it is therefore proposed that the policy is amended to change the qualifying criteria to as follows (see Appendix B):

➤ **All Years – Eligibility Criteria**

- the rateable property has a rateable value for 2017-18 that is less than £200,000;
- the rateable value has increased by more than 12.5%;
- the ratepayer must have been in occupation continually since pre 1 April 2017
- after all other reliefs have been applied, the increase in the billing amount is more than 12.5% in 2017-18;
- the ratepayer must have employees based in the hereditament on which relief is being sought;
- Ratepayers operating an intermittent occupation tax mitigation/avoidance scheme will not be eligible for any relief;

- Ratepayers with an outstanding appeal will not be eligible for any relief (as the Council will be unable to determine the financial impact on the business until the appeal is concluded) – any backdated requests once the appeal has been settled will be limited to the financial year in which the application is received due to the way in which the government is funding the scheme;
 - National companies, national charities and public bodies will not be eligible for any relief;
 - Multiple property owners and/or occupiers will not be eligible for any relief; and
 - Hereditaments wholly or mainly being used as betting shops, payday loan shops, pawnbrokers or shisha bars will not be eligible for relief.
 - a discretionary award must only be applied after all other reliefs have been applied and cannot exceed the maximum liability due
 - refunds will not automatically be issued - any credits due resulting from a relief being applied will be credited to future years accounts unless a request is received
- **In Year One (2017/18 – Maximum Funding £346k)**
- increase the maximum award from £1k to £3k for eligible businesses
 - for schools and private day nurseries, award the full difference between the 2016/17 and 2017/18 charge even where that exceeds £3k
 - remove the £50 per month cap (to align with the relief described in 3.2 above), therefore eligibility for small businesses subject to a <£50 increase
- **In Year Two (2018/19 – Maximum Funding £168k)**
- increase the maximum award from £1k to £1.5k for eligible businesses
 - for schools and private day nurseries, award the full difference between the 2016/17 and 2017/18 charge even where that exceeds £1.5k
 - remove the £50 per month cap (to align with the relief described in 3.2 above), therefore eligibility for small businesses subject to a <£50 increase
- **In Year Three (2018/19 – Maximum Funding £69k)**
- the maximum award will be £750 for eligible businesses as defined in ‘all years eligibility criteria’
 - businesses, including schools and private day nurseries, who will benefit from the small business rate relief cap of paying no more than £50 per month when compared to last year will not be eligible;
 - businesses, , including schools and private day nurseries, whose increase in the amount in what they are paying compared to last year is less than £50 per month will not be eligible
 - if the pub relief as detailed in 3.2 is extended, then those with a rateable value of less than 100k will not be eligible as they will get the £1k detailed in 3.2 above
- **In Year Four (2019/20 – Maximum Funding £10k)**
- Subject to the qualifying criteria being met, an individual business can apply for a maximum relief of £500 in writing clearly stating why they remain adversely affected by the 2017 revaluation. Each case will be considered on its own merits in line with the Council’s discretionary rate relief policy.

- businesses who will benefit from the small business rate relief cap of paying no more than £50 per month when compared to last year will not be eligible
- businesses whose increase in the amount in what they are paying compared to last year is less than £50 per month will not be eligible (to mirror the maximum protection for small businesses as above)
- if the pub relief as detailed in 3.2 is extended then those with a rateable value of less than 100k will not be eligible as they will get the £1k

Other Options

The Council could maintain its existing policies and not make the amendments but due to the funding constraints this would mean returning government funding meant for local struggling businesses.

Consultation

No formal consultation has taken place.

Reasons for Recommendation

The reason for the recommendations is as set out at the beginning of the report

Key Decision Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance ...GB.....

Legal Officer Clearance DA

CORPORATE DIRECTOR'S SIGNATURE

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

Appendix A

Trafford Council's Business Rates 2017 Revaluation Support Eligibility Criteria

- the rateable property has a rateable value for 2017-18 that is less than £200,000;
- the rateable value has increased by more than 12.5%;
- the ratepayer must have been in occupation continually since pre 1 April 2017
- after all other reliefs have been applied, the increase in the billing amount is more than 12.5% in 2017-18;
- businesses who will benefit from the small business rate relief cap of paying no more than £50 per month when compared to last year will not be eligible;
- businesses whose increase in the amount in what they are paying compared to last year is less than £50 per month will not be eligible (to mirror the maximum protection for small businesses as above);
- pubs with a rateable value of less than 100k as they will get the £1k detailed in 6.6 above;
- the ratepayer must have employees based in the hereditament on which relief is being sought;
- Ratepayers operating an intermittent occupation tax mitigation/avoidance scheme will not be eligible for any relief;
- Ratepayers with an outstanding appeal will not be eligible for any relief (as the Council will be unable to determine the financial impact on the business until the appeal is concluded) – any backdated requests once the appeal has been settled will be limited to the financial year in which the application is received due to the way in which the government is funding the scheme;
- National companies, national charities and public bodies will not be eligible for any relief;
- Multiple property owners and/or occupiers will not be eligible for any relief; and
- Hereditaments wholly or mainly being used as betting shops, payday loan shops, pawnbrokers or shisha bars will not be eligible for relief.

Appendix B

Trafford Council's Proposed Business Rates 2017 Revaluation Support Eligibility Criteria

All Years

- the rateable property has a rateable value for 2017-18 that is less than £200,000;
- the rateable value has increased by more than 12.5%;
- the ratepayer must have been in occupation continually since pre 1 April 2017
- after all other reliefs have been applied, the increase in the billing amount is more than 12.5% in 2017-18;
- the ratepayer must have employees based in the hereditament on which relief is being sought;
- Ratepayers operating an intermittent occupation tax mitigation/avoidance scheme will not be eligible for any relief;
- Ratepayers with an outstanding appeal will not be eligible for any relief (as the Council will be unable to determine the financial impact on the business until the appeal is concluded) – any backdated requests once the appeal has been settled will be limited to the financial year in which the application is received due to the way in which the government is funding the scheme;
- National companies, national charities and public bodies will not be eligible for any relief;
- Multiple property owners and/or occupiers will not be eligible for any relief; and
- Hereditaments wholly or mainly being used as betting shops, payday loan shops, pawnbrokers or shisha bars will not be eligible for relief.
- a discretionary award must only be applied after all other reliefs have been applied and cannot exceed the maximum liability due
- refunds will not automatically be issued - any credits due resulting from a relief being applied will be credited to future years accounts unless a request is received

Year One (2017/18)

- Subject to the qualifying criteria being met, a maximum relief of £3000 will be awarded.
- for schools and private day nurseries, award the full difference between the 2016/17 and 2017/18 charge even where that exceeds £3k
- remove the £50 per month cap (to align with the relief described in 3.2 above), therefore eligibility for small businesses subject to a <£50 increase

Year Two (2018/19)

- Subject to the qualifying criteria being met, a maximum relief of £1500 will be awarded.

- for schools and private day nurseries, award the full difference between the 2016/17 and 2017/18 charge even where that exceeds £1.5k
- remove the £50 per month cap (to align with the relief described in 3.2 above), therefore eligibility for small businesses subject to a <£50 increase
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Year Three (2019/20)

- Subject to the qualifying criteria being met, a maximum relief of £750 will be awarded.
- businesses who will benefit from the small business rate relief cap of paying no more than £50 per month when compared to last year will not be eligible
- businesses whose increase in the amount in what they are paying compared to last year is less than £50 per month will not be eligible (to mirror the maximum protection for small businesses as above)
- if the pub relief is extended then those with a rateable value of less than 100k will not be eligible as they will get the £1k

Year 4 (2020/21)

- Subject to the qualifying criteria being met, an individual business can apply for a maximum relief of £500 in writing clearly stating why they remain adversely affected by the 2017 revaluation. Each case will be considered on its own merits in line with the Council's discretionary rate relief policy.
- businesses who will benefit from the small business rate relief cap of paying no more than £50 per month when compared to last year will not be eligible
- businesses whose increase in the amount in what they are paying compared to last year is less than £50 per month will not be eligible (to mirror the maximum protection for small businesses as above)
- if the pub relief is extended then those with a rateable value of less than 100k will not be eligible as they will get the £1k