

## **Discretionary Business Rates Relief Scheme**

### **Purpose of the Policy**

On the 8 March 2017 the Chancellor announced that Central Government would provide £300m to support those businesses most affected by increases in rateable value, following the publication of the new rating list, compiled by HMRC Valuation Office Agency under the 2017 revaluation.

The mechanism to deliver the new Discretionary Business Rates Relief is via a scheme devised by individual authorities across England.

This document outlines the following areas:

Details of the criteria for the scheme operated by the Council;

Guidance on granting and administering reliefs;

European Union requirements under State Aid regulations,

### **Introduction**

The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to “top up” cases where ratepayers were already entitled to mandatory relief.

Over recent years the discretionary relief provisions have been amended to allow authorities the flexibility to provide more assistance to businesses and organisations

The granting of discretionary relief falls broadly into the following categories;

Discretionary Relief - Charities who already receive mandatory relief;

Discretionary Relief – Premises occupied by organisation not established or conducted for profit whose main objectives are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts or premises occupied by organisations not established or conducted for profit and wholly or mainly used for recreation;

Discretionary Relief – Granted under the Localism Act 2011 provisions;

Local Newspaper Relief for two years from 1 April 2017;

Local Public House Relief for one year from 1 April 2017

Support for Small Business Relief for up to five years from 1 April 2017.

Relief will be granted until the business pays their full rate charge or their transitional rate charge (calculated in accordance with the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2016.

The government believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding under the new Discretionary Business Rate Relief Scheme where it is most needed to support local economies.

The scheme will be administered under section 47 of the Local Government Finance Act 1988 for a period of four years from 1 April 2017.

Under the current rates retention scheme that was introduced in 2013, the reduction in business rates receipts resulting from the increased award of discretionary relief will generally result in a reduction in the local authority's business rates income under the 50% rates retention system of 50% of the value of the relief given.

Funding arrangements will ensure that authorities are compensated for the loss of income they incur by means of grant payments under section 31 of the Local Government Finance Act 2003.

### **Parameters of the Scheme**

A condition of the grant payment from the Government is that relief will be awarded only to those ratepayers who have faced an increase in their rates bill following the 2017 revaluation.

Local authorities will design their own schemes taking into the following:

### **The Proposed Torbay Scheme**

Torbay Council's scheme has been designed under a Devon wide framework, with each authority taking a decision to modify their scheme taking into account the needs of their local community based on data from the 2017 revaluation.

In deciding which organisations should receive Discretionary Business Rates Relief, the council has considered the following priorities:

- That any award should support business, organisations and groups that help retain services in the council's area and not compete directly with existing businesses in an unfair manner;
- It should help and encourage business, organisations, groups and communities to become self-reliant;
- Awarding Discretionary Business Rates Relief should not distort competition or significantly change the provision of services within the Council's area;
- Local (Devon based) organisations will be given priority over national organisations. Where requested, the organisation will need to supply the council with clear evidence of all financial affairs including, and most importantly, the amounts of monies raised, used and invested locally. This will be essential where the organisation is national in nature.
- To enable appropriate organisations to start, develop or continue their activities, which deliver outcomes to the community and that also relate to the priorities of the Council, which, without granting Discretionary Business Rates Relief they would be unable to do;

- To assist the Council in delivering services which could not be provided otherwise;
- To assist the Council to meet its priorities including;
  - I. Supporting local business and tourism;
  - II. Improving local skills knowledge and productivity
  - III. Protecting the environment and
  - IV. Providing responsive services that supporting people and families need;
 To ensure that the financial impact of awarding Discretionary Business Rates Relief is justified in terms of the local outcomes achieved by the organisation receiving it

### **Criteria**

The maximum rateable value for a qualifying business in the 2017 rating list will be £200,000

Businesses facing an increase of less than 2% will not be eligible for this relief.

A minimum award of £50 has been set

A maximum award of £1000 has been set

The scheme is open to businesses that operate solely within Devon

Pubs that benefit from the Pub Relief Scheme in 2017 will be eligible to claim Discretionary Business Rates Relief from 2018

Schools will be excluded from the Discretionary Business Rates Relief Scheme.

### **Funding**

Every authority within England is to be provided with a share of the central government fund of £300m to support their local businesses. This is to be administered through billing authorities discretionary relief powers under section 47 of the Local Government Finance Act 1988.

Central Government has allocated Torbay Council the following amounts to fund the Discretionary Business Rates Relief Scheme. Any relief granted will be compensated under section 31 of the Local Government Finance Act 2003.

2017/18 - £211,000

2018/19 - £103,000

2019/20 - £ 42,000

2020/21 - £ 6,000

The above figures represent the maximum level set by Central Government. It is possible for the Council to grant more relief than the allocated amount, however this additional amount would be financed by the Council.

## **Consultation**

The Council has consulted with the major preceptors in relation to this scheme and has taken their comments into account when determining the eligibility criteria. This is an essential part of the Discretionary Business Rate Relief Scheme and is in line with the grant determination issued by the Department of Communities and Local Government (DCLG) No 31/3071.

In the case of Torbay Council the following major preceptors have been consulted.

The Police and Crime Commissioner for Devon and Cornwall; and  
The Devon and Somerset Fire and Rescue Service.

## **European Union State Aid requirements**

Discretionary Business Rate Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013). 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.)

In all cases where discretionary relief is to be granted or where liability is to be reduced, when making an application, ratepayers will be required to provide the Council with sufficient information to determine whether these provisions are applicable in their case.

## **Application Process**

As the basis of the Discretionary Business Rates Relief scheme considers the impact of the 2017 revaluation on the amount of rates payable, qualifying properties will be identified from the data held on the local authority records.

Qualifying ratepayers will have Discretionary Relief calculated on a sliding scale based on the increase in the rates bill in April 2017 after all other statutory reliefs have been applied.

As the level of funding received from Central Government is likely to exceed the amount payable from the cases automatically identified in years one and two, the council will also accept applications from companies that do not fully meet the criteria within the policy. For these organisations a completed application will be required, together with any such evidence, documents, accounts and financial statements etc. necessary to allow the Council to make a decision.

Applications should be made to the Revenue Section of the Council and will determined in accordance with this policy

## **Variation and amendment of relief under scheme**

Business Rates are calculated on a daily basis with ratepayers liability being changed throughout the year

Alterations may occur as a result of a change made by HMRC Valuation Office to the rateable value of a property. These changes can occur in year or as a backdated amendment.

Under the Non Domestic Rating (Discretionary Relief) Regulations 1989 (SI1989/1059) where relief has been granted the Council is required to provide ratepayers with 12 months' notice in writing before relief is either varied or withdrawn.

### **Reporting a change in circumstance**

Where relief has been awarded the council will require any change in circumstance which may affect the amount of relief to be reported within 21 days from the date the change occurred.

Where a change is reported, relief will, if appropriate be revised or cancelled. Where any award is to be reduced, the council will look to recover the amount from the date the change took place.

Where the change in circumstance is not reported and it is subsequently identifies that the level of relief awarded is not correct, the Council reserves the right to remove any awarded completely.

### **Fraud**

Where a ratepayer falsely applies for any relief, or where the ratepayer knowingly provides false information, or withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.