

DISCRETIONARY RATE RELIEF SCHEME 2017
Councillor Mordue
Cabinet Member for Resources, Governance and Compliance

1 Purpose

- 1.1 In the Spring Budget 2017 the Government announced the establishment of a £300m discretionary fund over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation.
- 1.2 The Government expects each Council to design their scheme based upon local requirements and staff at Aylesbury Vale have been working with their counterparts in the other districts within Bucks to formulate a common scheme which combines an element of local discretion.
- 1.3 Attached is the final draft of this scheme and Cabinet is asked to consider and adopt the scheme in order that allocations can commence as soon as possible.

2 Recommendations/for decision

- 2.1 Subject to any comments received from the Finance and Services Scrutiny Committee, Cabinet is Recommended to adopt the Revised Discretionary Business Rate Scheme attached as Appendix A (amended as necessary to reflect local variations specifically set out within this report) as the mechanism for distributing the Revaluation support awarded by Government.

3 Supporting information

- 3.1 In the Spring Budget the Chancellor announced three business rate reliefs to help businesses most affected by the revaluation that took effect from April 2017. These were:
 - Supporting small business – ensuring that no business losing small business rates relief or rural rate relief as a result of the revaluation faces excessive increases in bills
 - Local discretionary fund – a £300 million pot to be distributed to the hardest hit businesses under locally designed criteria
 - Relief for pubs – a £1,000 rebate for all pubs with a rateable value of under £100,000
- 3.2 Under the second point, the Government announced the establishment of a £300m discretionary fund over four years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation and this report deals primarily with this element..
- 3.3 Revaluations are a normal part of the Business rates system and usually take place ever 5 years. The revaluation process is not designed to generate more Tax revenue but is intended to take account of regional and sector variations in the value of rated property.
- 3.4 The Revaluation that took effect of the 1 April 2017 was the first for 7 years, having been delayed by the introduction of Business Rates Retention in to the Local Government Finance system.

- 3.5 As a consequence many businesses saw significant changes in the amount of Business Rates they are required to pay.
- 3.6 To mitigate the most severe impacts the Government committed to a Transitional funding mechanism.
- 3.7 The relief scheme for pubs and small businesses has already been applied, but delays in central Government caused by the General election and the need to get software suppliers to effect changes, has meant that it has not been possible, until now, to bring forward the design of the Discretionary Scheme element.
- 3.8 The Government's intention was that every billing authority in England will be provided with a share of the £300m made available nationally to support their local businesses. Billing authorities will be expected to use their share of this funding to develop their own discretionary relief schemes in order to deliver targeted support to the most hard-pressed ratepayers.
- 3.9 The £300m will cover the four years from 2017/18 and Aylesbury Vale's allocation is as follows:
- £431,000 in 2017/18
 - £209,000 in 2018/19
 - £86,000 in 2019/20
 - £12,000 in 2020/21
- 3.10 Officers of Aylesbury Vale have been working with their counterparts in the other districts and with the County to agree the basis of a common scheme within Buckinghamshire.
- 3.11 The draft scheme is attached as Appendix A and if approved will be amended to take account of the variations specific to Aylesbury Vale.
- 3.12 The scheme has been largely framed within the existing Discretionary Relief Scheme but amended to reflect the higher values available to the Council as awarded by the Government through the Spring Budget announcement.
- 3.13 The focus of the scheme is on supporting small and local businesses and not chains, multinationals or utility suppliers.
- 3.14 A summary of the proposed eligibility criteria is set out below:
- a. Relief is aimed at local businesses
 - b. The business must see a significant increase in business rates between 2016 & 2017.
 - c. Awards will be made as a 30% reduction.
 - d. The scheme will normally apply to businesses with a rateable value below £200,000
 - e. Awards in year 2 will be a proportion of year 1 relief
 - f. There will be a de-minimus award of £60 p.a.
 - g. The following types of occupiers/properties will not qualify for relief:

- i. Unoccupied properties
- ii. Ratepayers that occupy more than 2 properties
- iii. Government buildings
- iv. Betting and gambling premises
- v. Financial institutions including cash machines / ATMs
- vi. Pawnbrokers and pay day lenders
- vii. Sex shops
- viii. Education establishments
- ix. NHS premises
- x. Premises occupied by a precepting authority (legislative restriction)
- xi. Ratepayers already in receipt of mandatory/discretionary relief

- 3.15 The Government has awarded Aylesbury Vale £431,000 in 2017/18 and has been explicit that if not allocated it can not be carried forward to future years. As the funding reduces in future years the relief awarded will need to reflect funding available.
- 3.16 Even allocating full support, to offset the total impact of the 2017 Revaluation to all those classes of businesses which qualify in the local area, it will mean that approximately only 0% of the sum available will be allocated in 2017/18.
- 3.17 It is therefore proposed, that in accordance with the existing scheme, decisions on allocating the remaining balance are delegated to officers and will be considered on a case by case basis. Awards will be made to mitigate instances of hardship and consider the local impact.
- 3.18 The value of awards will be up to the maximum level set by Central Government. It is possible for the Council to grant more relief than that allocated by grant. However, once the maximum grant level has been reached, any additional amount granted is borne 40% by the Council, 9% by the County Council, 1% by Fire and Rescue and 50% by Central Government.
- 3.19 In the intervening time between the Government's announcement of its intention to provide this funding and our ability to produce and get the scheme approved, officers of the Council have exercising discretion and judgement on enforcement action where they believe businesses may be covered by the scope of this policy once adopted.
- 3.20 Finance and Services Scrutiny Committee meet to consider this scheme the day before Cabinet and so any views or comments that they make will be reported verbally to the meeting of Cabinet so that they can be considered and taken into account.

4 Options considered

- 4.1 The major preceptors impacted by this scheme have been involved and engaged in scheme design.

5 Reasons for Recommendation

- 5.1 The scheme needs Cabinet approval in order that officers have a framework within which to fairly award the Discretionary Relief funding provided by the Government.

6 Resource implications

6.1 These are contained within the body of the report.

Contact Officer
Background Documents

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