

Executive 31.8.17

Addendum to Item 5.-

Budget Review to 30 June 2017

As set out in Paragraph 3.11 of the report, the Council has to agree a Discretionary Rate Relief Scheme using 4 year funding agreed by the Government. It was originally planned to bring details of the proposed scheme to September Executive, with a view to it being subsequently agreed by Council in November. However, it is possible to bring the proposed scheme to members now. By bringing the scheme now, the scheme should be able to be actioned following September Council.

Recommendation

1. That executive recommends to Council that it approves the proposed Local Discretionary Business Rate Relief as detailed in the Annex within the addendum to the Budget Review report for those businesses adversely impacted by the 2017 revaluation.
2. The scheme should be reviewed in year, for each of the 4 years of the scheme, by the Section 151 Officer in consultation with the Finance Portfolio Holder to ensure that the maximum amount of funding is spent.

Reasons for the Recommendation

1. In the Budget statement on 8 March 2017 the Chancellor announced that the Government would provide £300m to support those businesses most adversely affected by Business Rate increases following the recent revaluation of commercial properties. This funding will be available over a period of 4 years.

The Government have not prescribed how this relief is to be applied as they consider that Local Authorities are best placed to design their own relief schemes to determine eligibility and how to best distribute this support. In implementing these schemes Local Authorities will be able to use their current discretionary powers under Section 47 of the Local Government Act 1988.

2. The Government have granted Warwick District Council funding up to £469,000 over a 4 year period and it is expected that Authorities must use their annual allocation within each year as they will not be allowed to carry forward any unspent allocation. Given that in year underspends are likely to arise due to businesses vacating properties it is necessary to build in a review in order that the relief percentages may be increased as necessary to ensure the full amount of funding is spent on those requiring assistance.
3. Alternative criteria were considered. For example an increased or lower rateable value threshold could have been adopted however raising the threshold would have spread the relief available rather thinly whereas a

lower threshold could have the opposite effect for a small number of businesses especially taking into account that those under a £15,000 rateable value pay zero business rates so have no need for relief.

Some Authorities have taken the decision to exclude certain types of properties. Consideration was given to this, however, aside from being administratively difficult to implement it would leave the Council open to challenge from those excluded. All the Warwickshire Local Authorities have adopted this non-exclusion approach and through consultation Warwickshire County Council have confirmed their support given the consistency across the County.

Warwick District Council – Local Discretionary Business Rate Relief Scheme 2017/18-2020/21

The following document sets out the Council’s Local Discretionary Relief Scheme 2017/18 – 2020/21 arising from the March 2017 Budget targeting those ratepayers financially impacted by the 2017 business rates revaluation.

Background

- 1.1 In March 2017, Central Government announced that it would make available a discretionary fund of £300 million over 4 years from 2017-18 to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation. Government determined that Councils would be best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- 1.2 Every authority within England is to be provided with a share of a £300 million fund to support local businesses. This is to be administered through billing authorities’ discretionary relief powers under section 47 of the Local Government Act 1988.
- 1.3 The funding is not provided equally over the 4 year period but in the following approximate proportions;
- Year 1 (2017/2018) 58%
- Year 2 (2018/2019) 28%
- Year 3 (2019/20) 12%
- Year 4 (2020/21) 2%
- 1.4 The Government have granted Warwick District Council funding up to £469,000 as profiled in the table below and it is expected that Authorities must use their annual allocation within each year as they will not be allowed to carry forward any unspent allocation.

Year	2017/18	2018/19	2019/20	2020/2021	Total
Funding	£273,000	£133,000	£55,000	£8,000	£469,000

- 1.5 Councils will be compensated for any relief granted under section 31 of the Local Government Act 2003.

Consultation

- 2.1 A key criteria of reimbursement will be that all Billing Authorities will consult with their major precepting authority.
- 2.2 The Council has consulted with Warwickshire County Council and has taken their comments into account when determining the eligibility criteria.
- 2.3 It has been ascertained via discussions with the County that all 5 Warwickshire billing authorities are proposing very similar schemes ensuring a degree of consistency across the County.

Criteria for granting relief

- 3.1 The Council has proposed that relief under the scheme will be awarded using the following criteria:
 - a) The scheme is designed to assist ratepayers who have suffered significant increases in rate liability due to the revaluation and the subsequent increase to their rateable value.
 - b) In assessing any potential entitlement to an award under this scheme, the Council will compare the following:
 - i) the rate liability of the ratepayer at 31st March 2017 after any reliefs and reductions; and
 - ii) the rate liability of the ratepayer at 1st April 2017 taking into account any transitional relief or any other discretionary relief.
 - c) Relief will be awarded where the calculation in b) above would result in an increase of more than £100 per annum.
 - d) Relief will not be awarded where the rateable value of the property at 01st April 2017 is greater than or equal to £100,000.
 - e) Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted for unoccupied premises.
 - f) Relief will only be granted to ratepayers who were in occupation at 31st March 2017 and in occupation on 1st April 2017. Ratepayers taking up occupation on or after 1st April 2017 will not be eligible for relief on the basis that new ratepayers would not have suffered from increases due to a revaluation.

- g) Relief will be apportioned on a daily basis where ratepayers subsequently vacate a property after 01 April 2017.
- h) Relief may be awarded for more than one premises as long as all other criteria are met
- i) Increases and reductions in rateable values subsequent to 01 April 2017 will be ignored for the purposes of the relief awarded however relief will be adjusted to ensure that relief is not granted in excess of the new liability.

Amount of relief

4.1 The amount of relief is tapered and percentages used seek to maximise the available funding. The amount per year is calculated as follows:

2017/18 – Award = Increase in rate liability (as calculated in 3.1b) x 40%

2018/19 – Award = Increase in rate liability (as calculated in 3.1b) x 20%

2019/20 – Award = Increase in rate liability (as calculated in 3.1b) x 8%

2020/21 – Award = Increase in rate liability (as calculated in 3.1b) x 1%

4.2 At the outset of the scheme the amount of relief awarded will match the available funding. However during the year typically ratepayers will vacate premises and relief will be apportioned accordingly and, as a consequence, an underspend is likely to occur. Given that the Government have said that underspent money cannot be rolled into the following year the Section 151 officer, in consultation with the Finance Portfolio holder, will review the scheme in year, for each year, and increase the relief percentage accordingly to ensure total funding is spent.

Application and state aid

5.1 In order to ensure relief is efficiently targeted and ratepayers do not lose out, the relief will be automatically awarded and letters issued advising of the relief given. Ratepayers therefore will not be required to complete an application form.

5.2 The award of relief is considered likely to amount to state aid. However, it will be state aid compliant where it is provided in accordance with the De Minimis Regulations EC 1407/2013. The De Minimis Regulations allow an undertaking to receive up to €200,000 'de minimis' aid over a rolling three year period. In writing to ratepayers advising them of their relief a reminder will be included of their state-aid obligations in that they should contact and notify the Council immediately if they should be excluded from relief because they breach the 'de -minimus' threshold.