

Policy for Business Rates 2018-19 onwards

New Discretionary Relief Scheme
/ Revaluation Support

1 Introduction

- 1.1 The Chancellor in the Spring Statement on 3rd March 2017 announced that the government would provide Council's with additional Section 31 grant to assist businesses affected by the April 2017 revaluation of Business Rates, that this scheme would run until 2020-21 with a reducing budget over the period.
- 1.2 There was no definition or guidance proposed by central government on the basis that local authorities would be best placed to determine the parameters of the scheme as they knew their area.
- 1.3 As the legislation has been amended to introduce this change under the discretionary powers, this means that each Local Authority needs to develop a policy to deal with the operation and delivery of the relief up to State Aid De Minimis limits.

2. How the relief will be provided?

- 2.1 As this is a temporary measure for 2017-18 to 2020-21, the government is not changing the legislation; instead the government will reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, as amended, to grant relief.
- 2.2 It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47.
- 2.3 Central Government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

3. Who will be eligible for Relief

- 3.1 This policy applies to those moving to higher bills only it is not available for those businesses whose bills have decreased or remain the same following the revaluation or after applying eligibility for other relief schemes would not be eligible for the extra relief for new discretionary relief also known as revaluation support.
- 3.2 If an award is made and a subsequent award of another discount, exception or relief is awarded the award of the new discretionary relief / revaluation support will be reviewed to ensure that the award remains in line with the current policy
- 3.3 As the grant of the relief is discretionary, Slough may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the authority's wider objectives for the local area.
- 3.4 Properties that will benefit are those with a rateable value up to and including £150,000

- 3.5 The relief awarded will be on a sliding scale over the course of the 4 year period and was calculated in 2017-18 on 30% of the increase in business rates against the charge in 2016-17 for 2018-19 the amount of grant is reduced and therefore the discount will reduce to 15% discount on their business rate bill increase from 2016-17.
- 3.6 The businesses that would benefit would be small and medium sized businesses that are independent businesses based in the borough of Slough.
- 3.7 As with all other reliefs as a precepting authority, Slough Borough Council will not be able to benefit from this relief for any property that they are responsible (defined as the name on the account).
- 3.8 The grant award is small and needs to be directed; therefore national and multinational companies will be excluded, on the basis that large national businesses with high turnovers are more likely to be able to afford to pay higher business rate bills than small and medium sized firms and independents. Furthermore, following the 2017 revaluation most national and multinational based businesses will have seen their business rate bills decrease in property they occupy in other parts of the country.
- 3.9 Through giving preference to small and medium sized firms which are independents, this would enable the Council to target more of the extra relief for new discretionary relief /revaluation support at those businesses and organisations that may find it most difficult to adjust to paying higher business rate bills .

4. How much relief will be available?

- 4.1 In this year's Budget, the Government announced £300 million for local councils to finance business rates relief for new discretionary relief / revaluation support. The Government's extra funding will only support relief schemes targeted at businesses facing an increase in their business rate bills following the 2017 revaluation.
- 4.2 Relief will be available for up to four years (2017-18 to 2020-21) though the grant award reduces year on year
- 4.3 Allocations of funding were sent to Local Authorities on 28th April 2017.
- 4.4 Slough Borough Council was awarded the following, against the full costs of the Business Rates. This will be pro rata on the basis of the amount of Business Rates that the authority actually keeps, below is the total amount that can be awarded to ratepayers

Amount of discretionary pot awarded (£000s)					
LA	2017-18	2018-19	2019-20	2020-21	Total
Slough	350	170	70	10	600

4.5 The scheme applies only to properties based on the value shown for 1/4/17 or the substituted day in the cases of splits mergers and appeals.

4.6 Recalculations of Relief

The amount of relief awarded will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

4.7 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which are conditional upon eligible criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

4.8 In addition the policy formally notes and provides notice that as the grant income diminishes year on year the amount of relief award will follow and therefore no annual notice will be provided. Though new bills will be issued each year of the scheme showing the revised amounts.

5 State Aid

5.1 There are European Union regulations which restrict the award of state aid and under certain circumstances the award of discretionary relief could be considered to be state aid. However Reoccupation Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)

5.2 The 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).

5.3 These circumstances in which the EU regulations need to be considered will be where the organisation engages in commercial activities or competes with commercial bodies because of an activity it carries out. For example a not for profit training organisation that also provides training services to businesses.

5.4 If the organisation undertakes any commercial activity it must be commercially insignificant and localised so that there is no potential impact on intra-community trade, otherwise the regulations governing state aid will apply.

5.5 All applicants will be required to complete a declaration form (Appendix 2) to confirm that they have not received more than the De Minimis amount of State Aid.

5.6 Guidance on State Aid is available via the government web site at

<https://www.gov.uk/government/publications/enterprise-zones-state-aid-and-business-rate-discounts>

6 Administration

- 6.1 Slough Borough Council will administer the scheme under the Local Government Finance Act 1988 as amended, the Local Government Finance Act 1992 as amended, the Business RATES Information letter (2/2017) and the policy defined.
- 6.2 It will provide relief as outlined above to all premises as entitled to New Discretionary Relief / revaluation relief
- 6.3 The scheme is fully funded by central Government.
- 6.4 The reliefs awarded will be administered by the Business Rates team who will provide an annual report to the Section 151 officer for approval, and monthly reports for information.