



PART B: RECOMMENDATIONS TO COUNCIL

REPORT TO: POLICY AND RESOURCES COMMITTEE

DATE: 15 JUNE 2017

**REPORT OF THE: SENIOR REVENUES OFFICER
ALAN McCARTEN**

**TITLE OF REPORT: POLICY ON DISCRETIONARY BUSINESS RATE RELIEFS
AS APPLICABLE UNDER S47, LGFA 1988**

WARDS AFFECTED: ALL WARDS

EXECUTIVE SUMMARY

1.0 PURPOSE OF REPORT

1.1 To submit for members consideration a consolidated policy for the determination of the allocation of Discretionary Business Rate Relief to organisations in the district under Section 47 Local Government Finance Act 1988.

2.0 RECOMMENDATIONS

2.1 That Council is recommended to approve:

- (i) the Discretionary Business Rates Policy at Appendix A; and
- (ii) that officers be delegated to approve the new revaluation element of Discretionary Business Rates Relief in cases where the business rates rateable value is less than £20,000

3.0 REASON FOR RECOMMENDATIONS

3.1 The last Business Rates Discretionary Relief Policy was approved in 2012. Since that date the government has introduced various new reliefs that fall under the same regulations to take effect from 1 April 2017. It was found prudent to formulate a consolidated policy that incorporates all Business Rate Reliefs that the Council is to consider at its discretion.

3.2 The policy attached does not propose any changes to the criteria currently being applied by officers for discretionary relief that has been available to ratepayers prior to April 2017.

3.3 Central Government have designated an allowance for relief taking effect from 1 April 2017. Policy is required to ensure that this budget is utilised to support local businesses that have faced increases in Business Rates from April 2017 and that the Council does not exceed its allocated allowance.

4.0 SIGNIFICANT RISKS

- 4.1 If the current policy is not updated, the Council will be unable to award reductions to those businesses that the chancellor announced would benefit from relief in the Spring Budget Statement.
- 4.2 The consolidated policy includes more detailed definitions than the existing policy and therefore mitigates the risk of potential challenges from those who would not be entitled.

5.0 POLICY CONTEXT AND CONSULTATION

- 5.1 All local authorities have been allocated a budget for application of relief in respect of businesses that have been affected as a result of the 2017 revaluation.
- 5.2 Calculations have been made to ensure that the policy is aimed at businesses that have seen the most significant increases as a result of revaluation whilst ensuring that the amount of relief does not exceed the amount of funding allocated to Ryedale.

REPORT

6.0 REPORT DETAILS

- 6.1 Under Section 47 of the Local Government Finance Act (LGFA) 1988 local authorities have the discretion to grant relief to certain ratepayers for all or part of the amount of non-domestic (business) rates payable. The Authority awards relief in accordance with its own policy.
- 6.2 The purpose of the updated policy is to incorporate additional reliefs that are to be applied effective from 1 April 2017 and as they fall under Section 47 LGFA, policy is required for their application.
- 6.3 Three new reliefs have been introduced where DCLG has issued specific guidance for the administration. These are as follows:
- Public Houses with a rateable value of less than £100,000 to receive a £1,000 reduction for the 2017/18 financial year
 - Local Newspaper offices to receive a £1,500 reduction for the financial years 2017/18 and 2018/19
 - Any business that has lost Small Business Rate Relief or Rural Relief as a result of the 2017 revaluation will have their bill capped to a maximum increase of £600 per year or the equivalent of the lowest transitional cap (whichever is the greatest) for a period of 4 years.
- 6.4 All of the reliefs stated in 6.3 are fully reimbursable to all precepting authorities through Section 31 Grant.
- 6.5 The government has also announced that a £300m fund will be made available to authorities across England to award relief aimed towards businesses who have seen their bills increase as a result of the 2017 Business Rates revaluation process.
- 6.6 Ryedale's share of this funding over the next four years is shown in the following

table:

Financial Year	Funding Available £
2017/18	233,000
2018/19	113,000
2019/20	47,000
2020/21	7,000

- 6.7 At present, businesses are protected from increases as a result of revaluation by the transitional relief scheme. Under the current Business Rates legislation, increases in the first year of revaluation are capped as shown in the table below:

2017 Rateable Value	Cap Level
< £20,000	5% + inflation
£20,000 to £100,000	12.5% + inflation
> £100,001	42% + inflation

- 6.8 Under the current transitional relief scheme, small businesses are the greatest beneficiaries whilst medium and larger businesses face more significant increases. It should also be noted that a substantial number of businesses with rateable values of less than £15,000 receive small business rate relief with many of them having no rates to pay.
- 6.9 The proposed criteria is aimed at assisting those businesses who have been more significantly affected by the 2017 revaluation. The table below summarises the proposal to utilise the funding available:

2017 Rateable Value	Proposed Cap Level	Estimated No of Businesses	Year 1 Estimated Cost
£20,000 > £100,000	8%	175	£122,000
£100,001 > £200,000	15%	6	£47,000

- 6.10 It is proposed that the relief is automatically applied to ratepayer accounts without the need to submit an application form.
- 6.11 Businesses with rateable values of less than £20,000 will be considered on a case-by-case basis by application. It is estimated that 70 to 150 applications may be received at a cost of between £20k - £50k in Year 1.
- 6.12 Businesses with rateable values exceeding £200,000 will not be considered for the discretionary fund.
- 6.13 As the funding decreases over the four year period, it is proposed the levels of relief phase down as follows:

Year 2: Award = Year 1 x 50% (for clarity this will be half of the relief awarded in 2017/18)

Year 3: Award = Year 2 x 50% (for clarity this will be half of the relief awarded in 2018/19)

Year 4: Award = Year 3 x 10% (for clarity this will be 10% of the relief awarded in 2019/20)

7.0 IMPLICATIONS

7.1 The following implications have been identified:

- a) Financial
All new reliefs proposed in the revised policy are fully reimbursable through S31 grant
- b) Legal
There are no significant other implications in considering this report.
- c) Other (Equalities, Staffing, Planning, Health & Safety, Environmental, Crime & Disorder)
There are no significant other implications in considering this report.

Alan McCarten
Senior Revenues Officer

Author: Alan McCarten, Senior Revenues Officer
Telephone No: 01653 600666 ext: 377
E-Mail Address: alan.mccarten@ryedale.gov.uk

Background Papers:
None

Background Papers are available for inspection at:
None