

EXECUTIVE - 14 SEPTEMBER 2017

BUSINESS RATES RELIEF SCHEMES

Executive Summary

The Chancellor announced at the Budget on 8 March 2017 that the Government would provide additional help to businesses who are facing large increases in business rates as a result of the 1 April 2017 rateable value re-valuation. Further detail has been issued by the DCLG with confirmation and details of the 3 new relief schemes.

This report provides an update on the 'Supporting Small Businesses' and 'Pubs Relief' schemes where the government has issued details on how these will apply.

The Discretionary Relief Scheme allocates funds to the Council over 4 years to provide support for those businesses which have experienced a significant increase in rateable value as a result of the revaluation. It is for the Council to determine how this funding should be allocated.

The proposed scheme detailed in this report is based on the government criteria for allocation of the funding, ensuring that those who it was intended for will benefit. It awards 10% additional relief to further support those businesses.

Reasons for Decision

To approve the Council's Discretionary Business Rates Relief Scheme

Recommendations

The Executive is requested to:

RESOLVE That

- i) the Discretionary Business Rates Relief Scheme as outlined in the report, and Appendix 1, be approved;
- ii) the Award of Discretionary Relief be delegated to the Revenues, Benefits and Customer Services Manager and, in his absence, his deputy (Revenues Manager); and
- iii) any appeals relating to the scheme will be determined by the Finance Director in consultation with the Portfolio Holder.

The Executive has authority to determine the above recommendation.

Background Papers:

None.

Sustainability Impact Assessment
Equalities Impact Assessment

Reporting Person:

Leigh Clarke, Finance Director
Ext. 3277, Email: Leigh.Clarke@woking.gov.uk

Contact Person:

Terry Stocks, Revenues Team Manager
Ext. 3231, E Mail: Terry.Stocks@woking.gov.uk

Portfolio Holder:

Cllr Ayesha Azad
E Mail: CllrAyesha.Azad@woking.gov.uk

Shadow Portfolio Holder:

Cllr Ann-Marie Barker
E Mail: CllrAnn-Marie.Barker@woking.gov.uk

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1.0 Introduction

- 1.1 In the Budget on 8 March 2017 the Chancellor announced that the Government would provide additional help to businesses who are facing large increases in business rates as a result of the 1 April 2017 rateable value re-valuation.
- 1.2 Further detail has been issued by the DCLG with confirmation and details of the 3 new relief schemes:
 - Supporting Small Businesses
 - Pubs Relief scheme
 - New Discretionary Relief scheme
- 1.3 The sections below provide an update on the progress in implementing the ‘Supporting Small Businesses’ and ‘Pubs Relief’ schemes and set out the proposed approach to the ‘Discretionary Relief’ scheme.

2.0 Business Rates Revaluation

- 2.1 The Valuation Office undertook a full valuation of non-domestic property, informing the new Business Rates rateable value listing effective 1 April 2017. The Business Rates payable is calculated by multiplying the rateable value by a multiplier which is set by the government each year. There are different multipliers for small businesses (46.6p for 2017/18) and larger businesses with a rateable value over £51,000 (47.9p for 2017/18).
- 2.2 The overall increase in rateable value in Woking in April 2017 was approximately 7%, however within this increase there will have been individual properties higher increases and some with reductions. The national average increase in rateable value as a result of the revaluation exercise was 10.6%. The government adjusts the multiplier to ensure a neutral impact of the revaluation and also to include an allowance for appeals and inflation.
- 2.3 Overall increases in bills in Woking were on average 3.3% which comprises an increase for the revaluation, inflation and appeals allowance, offset by a reduction in the multiplier.

Table 14 - A breakdown of the change in forecast business rates income 2016/17 to 2017/18

	£m	£m	%
2016/17 Forecast Income		19.2	
RV change	1.4	20.6	7.1%
Multiplier change	(2.0)	18.6	-9.5%
Inflation	0.3	19.0	1.8%
Appeals Adj.	0.9	19.9	4.7%
Overall Change	0.6		3.3%

- 2.4 For those ratepayers experiencing an increase in rateable value transitional relief applies so that the increase is phased over a longer period allowing time to adjust to the new level. The table below shows the maximum increases which apply.

Rate Increase Limits (Year on Year)			
Year	Small Property RV below £20,000	Medium Property RV £20,000 to £100,000	Large Property RV above £100,000
2017/18	5%	12.5%	42%
2018/19	7.5%	17.5%	32%
2019/20	10%	20%	49%
2020/21	15%	25%	16%
2021/22	15%	25%	6%

2.5 From 1 April 2017 the government also increased the threshold beneath which Small Business Rate Relief applies, and doubled that relief from 50% to 100%. Businesses with a rateable value less than £12,000 receive 100% relief and therefore pay no Business Rates. Businesses with rateable values between £12,000 and £15,000 receive tapered relief.

3.0 Supporting Small Businesses

3.1 This relief is to support properties losing some or all of their Small Business Rate Relief as a result of the 2017 Revaluation.

3.2 During 2016/17 Small Business Rate Relief applied at 100% for properties with a valuation of less than £6,000 with tapered relief applying between £6,000 and £12,000. As detailed in paragraph 2.5 above, from 1 April 2017 small businesses with a rateable value of less than £12,000 now receive 100% relief with tapered relief up to £15,000. However, some ratepayers have had large increases in their rateable value which takes them out of relief altogether.

3.3 The new relief will limit the increase in the 2017/18 charge to the greater of 5% or £600 per year. There are similar capped increases for future years through to 2021/22.

3.4 To implement this new relief requires software changes and this should be available and any qualifying account charges re-calculated by the end of September 2017. It is estimated that there are only approximately 7 businesses that could be affected by this and they have already been written to and advised of the situation.

4.0 Pubs Relief Scheme

4.1 The Pubs Relief Scheme is to recognise the important role that pubs play in urban and rural communities. A £1,000 rate relief applies for public houses with a rateable value of up to £100,000 for one year only from 1 April 2017.

4.2 The DCLG states the policy intent is to provide relief to those premises that demonstrate the characteristics that would lead it to be classified as a pub, for example being owned and operated by a brewery. Additionally the premises should be open to the general public, allow free entry other than when occasional entertainment is provided, allow drinking without requiring food to be consumed, permit drinks to be purchased at the bar.

Business Rates Relief Schemes

Relief should not be given to premises such as restaurants, cafes, nightclubs, hotels, and snack bars.

- 4.3 Letters and application forms have been sent to 35 potentially qualifying public houses in the Borough however pub chains will have to only apply for a limited number of their pubs so as not to fall foul of state aid rules. A total of 12 applications have been received and awards made to date.

5.0 Discretionary Relief Scheme

- 5.1 The Chancellor announced the £300 million discretionary relief fund over 4 years from 2017/18 to provide targeted support to local businesses.
- 5.2 The funding allocations have been calculated based on the government estimation of those properties with a rateable value of less than £200,000 who have had an increase in rates between 2016/17 and 2017/18 of more than 12.5%. Woking Borough Council has been allocated:

Year	Grant Allocation
2017/18	£288,000
2018/19	£140,000
2019/20	£58,000
2020/21	£8,000

- 5.3 The design and administration of schemes to deliver this support is for local authorities to decide, and does not have to follow the methodology for allocating the funding. The only requirements are that the scheme assists businesses facing rising bills and that major preceptors are consulted.
- 5.4 A draft scheme has been prepared for Woking, applying the government allocation principles. The full details are set out in Appendix 1, the key criteria and mechanics of the scheme are:
- A property's 2017/18 full annual charged based on the rateable value following revaluation will be compared to the 2016/17 full annual charge at 31 March 2017.
 - The relief will apply to properties with a rateable value between £20,000 and £200,000. (small businesses below £20,000 will be eligible for the small business scheme or will be capped at 5% increase, see paragraph 2.4)
 - A letter and application form (see Appendix 2) will be issued to all potentially eligible rate payers, with a deadline for returning the application of 31 October 2017.
 - Relief will be allocated amongst those eligible applications up to a total value of 110% of the grant funding which allows for businesses not qualifying for the whole year (due to moving premises). The level of relief available for each business will depend on the number of applications.
 - The application will apply for all 4 years of the scheme, with the available relief being allocated across those businesses which continue to be eligible each year.

- 5.5 The maximum number of applications in 2017/18 is 117 and the number of eligible rate payers is expected to reduce during the 4 years of the scheme as businesses move and no longer occupy the comparative 2016/17 property.

6.0 Implications

Financial

- 6.1 The Council will be granted the full level of allocated funding in four quarterly payments each year. Any underspend at 31 March will have to be repaid to the government.
- 6.2 To maximise the potential benefit to local taxpayers, 110% of the allocated funding will be awarded as relief. If all ratepayers remain eligible for the entire year and qualify for the full year relief, it is possible that the total amount awarded will be claimed. In this situation 10% of the relief (£28,800 in 2017/18) will not be recovered from the government and will be a charge to the collection fund of which the cost to the Council would be 40% (£11,520). As the grant reduces in future years, the potential cost to the Council is also reduced.

Human Resource/Training and Development

- 6.3 The government has recognised the resources required by councils to administer these schemes and has allocated funding under the New Burdens doctrine.

Community Safety

- 6.4 There are no community safety issues.

Risk Management

- 6.5 Rate payers will be required to complete an application form confirming that they are eligible for the new schemes which reduces the risk of awarding funding to ineligible businesses.

Sustainability

- 6.6 There are no specific sustainability issues.

Equalities

- 6.7 There are no specific equalities issues.

7.0 Consultations

- 7.1 As a major preceptor, and as required by the government, Surrey County Council has been consulted on the details of the proposed scheme.

REPORT ENDS

EXE17-060

APPENDICES

Equality Impact Assessment

The purpose of this assessment is to improve the work of the Council by making sure that it does not discriminate against any individual or group and that, where possible, it promotes equality. The Council has a legal duty to comply with equalities legislation and this template enables you to consider the impact (positive or negative) a strategy, policy, project or service may have upon the protected groups.

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS
		Eliminate discrimination	Advance equality	Good relations			
Gender	Men					Y	
	Women					Y	
Gender Reassignment						Y	
Race	White					Y	
	Mixed/Multiple ethnic groups					Y	
	Asian/Asian British					Y	
	Black/African/Caribbean/Black British					Y	
	Gypsies / travellers					Y	
	Other ethnic group					Y	

		Positive impact?			Negative impact?	No specific impact	What will the impact be? If the impact is negative how can it be mitigated? (action) THIS SECTION NEEDS TO BE COMPLETED AS EVIDENCE OF WHAT THE POSITIVE IMPACT IS OR WHAT ACTIONS ARE BEING TAKEN TO MITIGATE ANY NEGATIVE IMPACTS
		Eliminate discrimination	Advance equality	Good relations			
Disability	Physical					Y	
	Sensory					Y	
	Learning Difficulties					Y	
	Mental Health					Y	
Sexual Orientation	Lesbian, gay men, bisexual					Y	
Age	Older people (50+)					Y	
	Younger people (16 - 25)					Y	
Religion or Belief	Faith Groups					Y	
Pregnancy & maternity						Y	
Marriage & Civil Partnership						Y	
Socio-economic Background						Y	

The purpose of the Equality Impact Assessment is to improve the work of the Council by making sure it does not discriminate against any individual or group and that, where possible, it promotes equality. The assessment is quick and straightforward to undertake but it is an important step to make sure that individuals and teams think carefully about the likely impact of their work on people in Woking and take action to improve strategies, policies, services and projects, where appropriate. Further details and guidance on completing the form are [available](#).

Sustainability Impact Assessment

Officers preparing a committee report are required to complete a Sustainability Impact Assessment. Sustainability is one of the Council's 'cross-cutting themes' and the Council has made a corporate commitment to address the social, economic and environmental effects of activities across Business Units. The purpose of this Impact Assessment is to record any positive or negative impacts this decision, project or programme is likely to have on each of the Council's Sustainability Themes. For assistance with completing the Impact Assessment, please refer to the instructions below. Further details and guidance on completing the form are [available](#).

Theme (Potential impacts of the project)	Positive Impact	Negative Impact	No specific impact	What will the impact be? If the impact is negative, how can it be mitigated? (action)
Use of energy, water, minerals and materials			Y	
Waste generation / sustainable waste management			Y	
Pollution to air, land and water			Y	
Factors that contribute to Climate Change			Y	
Protection of and access to the natural environment			Y	
Travel choices that do not rely on the car			Y	
A strong, diverse and sustainable local economy	Y			Provides financial support to local business
Meet local needs locally	Y			Provides financial support to local business
Opportunities for education and information			Y	
Provision of appropriate and sustainable housing			Y	
Personal safety and reduced fear of crime			Y	
Equality in health and good health			Y	
Access to cultural and leisure facilities			Y	
Social inclusion / engage and consult communities			Y	
Equal opportunities for the whole community			Y	
Contribute to Woking's pride of place			Y	