

**This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan**

**Barnsley Metropolitan Borough Council**

**Report of the Executive  
Director Core Services**

**Business Rates - Local Discretionary Relief Scheme - Revaluation Support  
2017 /18 – 2020/21**

**1. Purpose of Report**

- 1.1 The purpose of this report is to seek approval to implement a Local Discretionary Business Rate Relief Scheme.
- 1.2 At the Budget on 8 March 2017, the Chancellor announced that the Government would make available a discretionary fund of £300 million over a four year period from 2017/2018 to support those businesses that face the steepest increases in their business rates bill as a result of the 2017 revaluation.
- 1.3 Each billing authority in England will be provided with a share of £300 million to support their local businesses. This will be administered through the Council's discretionary powers under section 47 of the Local Government Finance Act 1988.
- 1.4 Central Government recognise that Local Government is best placed to determine how this fund should be targeted and administered to support those businesses within their area that are in the greatest need.
- 1.5 This report sets out the proposals for Barnsley's scheme.

**2 Recommendations**

- 2.1 It is recommended that approval is given to the proposed scheme, detailed at section 4.4 below.

**3 Introduction and Background**

- 3.1 The Government has already provided support to ratepayers through the transitional arrangements that it put in place following the revaluation; as well as measures announced in the Budget to ratepayers who are losing some of or all of their small business rate relief and additionally pubs (with a Rateable Value of up to £100,000) who will also qualify for a £1,000 discount.
- 3.2 The £300m fund has been allocated across England and Barnsley's share is set out below;

	<b>17/18</b>	<b>18/19</b>	<b>19/20</b>	<b>20/21</b>
National Share	£175m	£85m	£35m	£5m
Barnsley's Share	£276,000	£134,000	£55,000	£8,000

- 3.3 The Government has assumed that authorities will provide support only to those ratepayers who are facing an increase in their bills following revaluation.
- 3.4 Funds have been allocated to individual Authorities by working out the total increase in Rateable Value (excluding the impact of transitional relief and other reliefs), for every rateable property in the billing authority's area that satisfies both the following:
- The property has a Rateable Value for 2017/2018 that is less than £200,000;
  - The increase in the Rateable Value is more than 12.5% (before reliefs).
- 3.5 In total this equated to a £2,348m increase in Rateable Value across this cohort. In relative terms (to other authorities) this equates to a £473k share of the £300m total pot for the Council.
- 3.6 The 2017 revaluation has resulted in the business rate bills of many properties remaining the same or decreasing. Overall there has been a reduction of 2.5% in Rateable Values in Barnsley compared to an average increase of 9.1% in England.
- 3.7 Only around 15% of the 6,795 businesses in Barnsley had an actual increase in their rates bill.
- 3.8 Any reliefs awarded under section 47 of the Local Government Finance Act 1988 are subject to State Aid. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid, however the scheme will be State Aid compliant and provided in accordance with the De Minimis Regulations (1407/2013)2.
- 3.9 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). To administer De Minimis Regulations it is necessary for the council to establish that the award will not result in the undertaking having received more than €200,000 of De Minimis aid.
- 3.10 Local Discretionary relief will not be awarded in any circumstance where it appears to the Council that an award of discretionary relief will result in the applicant receiving state aid above the permitted limit. It is the responsibility of the individual business to ensure that they are not in breach of state aid law.

#### **4 Proposal and Justification**

- 4.1 Following consultation and agreement at Cabinet the scheme will be included and published within the Council's Discretionary Rate Relief Policy.

- 4.2 The Local Discretionary Business Rates Relief Scheme – Revaluation Support will apply from the 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2021.
- 4.3 The Government have confirmed the allocations, as outlined above and the intention is to implement the scheme for the following years using the methodology outlined in this report, with a reduction in the percentage of relief granted, in line with the Government allocation. However, the Council reserve the right to amend the scheme should new information emerge that would warrant this.
- 4.4 The Scheme is detailed below;
- 4.4.1 The ratepayer must have had an increase in Rateable Value of greater than 12.50% between 2016/2017 and 2017/2018 and the Rateable Value as at 01.04.2017 is less than £200,000;
- 4.4.2 Ratepayers who have seen an increase in Rateable Vale of more than 12.50% but after applying eligibility to other reliefs the net bill has reduced (year on year) will not be eligible for the Local Discretionary Business Rate Relief;
- 4.4.3 In addition, relief will not be awarded to any ratepayers that receive any of the following reliefs;
- Mandatory/discretionary rate relief for charities
  - Mandatory/discretionary rate relief in rural settlements
  - Discretionary rate relief - 'Not for profit' bodies
  - Discretionary rate relief – Enterprise Zones
  - Discretionary rate relief – reoccupation relief
  - Discretionary rate relief - Hardship
- 4.4.4 The property must have been occupied by the same ratepayer on 31.03.2017 and 01.04.2017;
- 4.4.5 For rate payers that had a part year bill in 2016/2017, net rates payable will be calculated on the assumption that the daily charge on 31.03.2017 applies for the full financial year;
- 4.4.6 An application must be made on the appropriate electronic application form to ensure that any award made will not exceed the businesses 'De Minimis' threshold for State Aid;
- 4.4.7 The Council will identify all eligible ratepayers and will invite them to make an application for relief;
- 4.4.8 The website will be updated with details of the Local Discretionary Relief Policy so that any new ratepayers that have yet to be identified as qualifying may make an application;

- 4.4.9 Qualifying ratepayers will receive relief of 35% of the increase in the net rates and capped at £5,000 for the 2017/2018 charge. Awards will be granted for the period 01.04.2017 to 31.03.2018. The relief has increased from 30%, which was used in the consultation, to 35% because subsequent to the consultation, indications from the Government now suggest that any unused allocations in 2017/18 will not be allowed to carry forward.
- 4.4.10 The Government have confirmed the allocations for the following 3 years beyond 2017/18. The intention is to implement the scheme for the following years using the methodology outlined above, with a reduction in the percentage of relief granted (and a reduction in the capped amount) to reflect the Government allocations as outlined at paragraph 3.2. The Council reserve the right to amend the scheme should new information emerge that would warrant this.
- 4.4.11 Awards will end upon change of occupation or vacation and will be recalculated for the appropriate number of days.
- 4.4.12 Assessment of entitlement to the relief will be made by Benefits, Taxation and Income officers.
- 4.4.13 Ratepayers will be notified in writing of decisions made within 7 days of receipt of the application and an amended bill will be issued as soon as practicable after a decision has been made.
- 4.4.14 There is no formal appeal process as this is a discretionary scheme. In line with the Council's Discretionary Relief Policy 2017 the Council will reconsider its decision if a request is made using the Council's online dispute form which should contain a full explanation of why the ratepayer does not agree with the decision. A discretionary panel comprised of the Head of Service for Benefits, Taxation and Income and the Service Director for Finance S151 Officer, will look at the request and either confirm or revise the decision.

## **5 Consideration of Alternative Approaches**

- 5.1 Consideration was given to any specific area of the Borough that had been affected and also to the types of businesses that have experienced the largest increases, however a review of the data indicates that no one area or one type of business category has been disproportionately affected.
- 5.2 Consideration was also given to awarding each Ratepayer an equal share of the funding. This would equate to approximately £450.00 each. Although this approach would be easy to administer, the Council did not feel that those businesses with the larger increases would find this meaningful or beneficial and in addition 341 ratepayers incurred an increase less than the equal share of £450.00.

- 5.3 The Council do not consider that the alternative approaches would support the Governments or our local intentions to help those most detrimentally impacted.

## **6 Implications for local people / service users**

- 6.1 The business community should find the new policy easy to understand. The businesses that are entitled will be invited to make an application.
- 6.2 The scheme does not discriminate against any type of specific business.

## **7 Employee implications**

- 7.1 None

## **8 Financial Implications**

- 8.1 The scheme is grant funded up to the amounts included at point 3.2 above. The Council may award additional monies in respect of the scheme however this would have to be fully met by the Council. It is fully expected that the scheme will not exceed the grant allocation.

## **9 Communications Implications**

- 9.1 The Council has identified businesses that may qualify for the scheme and approached them to complete the necessary online application forms.
- 9.2 Once ratified, the scheme will be incorporated into the existing Discretionary Rate Relief Scheme.

## **10 Consultation**

- 10.1 The scheme was put out for consultation on 17 July 2017 for the four week period from 17 July 2017 to 13 August 2017.
- 10.2 A total of 5120 businesses were invited to take part in the consultation. The consultation paper can be seen at Appendix 1.
- 10.3 One response was received.

## **11 The Corporate Plan and the Council's Performance Management Framework**

- 11.1 The business unit is responsible for the billing and timely collection of non-domestic rates. The new policy is in line with the corporate objective of encouraging business growth and provides the right support for those businesses that need financial assistance.

**12 Promoting equality, diversity, and social inclusion**

12.1 No impact on equality and diversity and social inclusion.

**13 Tackling the Impact of Poverty**

13.1 Tackling health inequalities

**14 Reduction of crime and disorder**

14.1 This proposal has no direct impact on the reduction of crime & disorder.

**15 Risk management issues**

15.1 No risk management issues.

**16 Health, safety, and emergency resilience issues**

16.1 No health, safety and emergency resilience issues

**17 Compatibility with the European Convention on Human Rights**

17.1 No direct implications

**18 Conservation of biodiversity**

18.1 No direct implications

**19 List of appendices**

19.1 Appendix 1 – Business Rates Relief – Revaluation Support Consultation Document.

19.2 Appendix 2 – Examples of Business Rate Relief at revised allowance of 35%

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