

Appendix A

Central Bedfordshire Council

Discretionary Business Rate Relief Policy Spring Budget 2017



OVERVIEW

This policy provides the Council's guidance in relation to Discretionary Business Rate Relief under the funding provided in the Spring Budget 2017. It provides the principles upon which the Council will deal with any application that may be received.

Discretionary Business Rates Relief Policy – Spring Budget 2017

Background

1. At the Budget on 8 March 2017, the Chancellor announced that the Government would make available a discretionary fund of £300 million over four years from 2017/18 to support those businesses that face the steepest increases in their business rates bills as a result of the national revaluation. The Chancellor stated that local government is 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.
2. The Government's intention is that every billing authority in England will be provided with a share of the £300 million to support their local businesses. This will be administered through the Council's discretionary relief powers under section 47 of the Local Government Act 1988.
3. The Government believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies. The Government has allocated the available funding to each billing authority area based on assumptions about how authorities will target their relief scheme.

Business Rate Policy

4. In line with the Government's recommendations following consultation, the Council will provide support only to those ratepayers who are facing an increase in their bills following revaluation (this is a condition of the grant). The Council's principles will consider that more support will be provided to:
 - ratepayers that face the most significant increases in bills; and
 - ratepayers occupying lower value properties.
5. Taking into account the Government's principles and assumptions in relation to the distribution of the funding the qualifying criteria for consideration is:
 - the rateable property must be in the rating list as at 1st April 2017 to qualify for relief during 2017/18
 - the rateable property has a rateable value for 2017/18 that is less than £200,000;
 - the increase in the rateable property's 2017/18 bill is more than 12.5% compared to its 2016/17 bill (before reliefs).
 - the rateable property must be occupied
 - the ratepayer is not a precepting authority
6. Relief will be awarded for one financial year at a time. If relief is awarded in subsequent years the amount of relief will diminish year on year in proportion to the reduction in Government funding for this scheme.

7. The amount of relief awarded will be the available funds in proportion to the total increase in rate liability (£) from 2016/17 to 2017/18, of all the qualifying applicants i.e. Funding / increase in rate liability.
8. The amount to be granted will be determined once all qualifying applicants have been approved.
9. Total assistance will be limited to funding allocated for each of the four financial years from 2017/18.
10. There will be an application process for each year of the scheme with a closing date so that we know how much the rates have been increased by the applicants and can award the relief proportionately. The application will contain a state aid declaration.
11. If the rates payable changes during the year, (such as because the rateable value has reduced, or due to the award of another discount, relief or exemption) the amount of discretionary relief will be recalculated accordingly.
12. An increase in rateable value during the year will not trigger an increase in relief as there is unlikely to be any spare funds available, but ratepayers can be considered in the subsequent year.

Notice Periods

13. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)¹ require the Council to provide ratepayers with at least one years' notice in writing before any decision to revoke or vary a decision so as to increase the amount of business rates 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. Within the Government regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.
14. Whilst the Council could therefore consider changes within the year this is likely to be heavily bureaucratic however it reserves the right to do so. As the funding decreases substantially across the 4 years any award will be for the maximum of one year and it will be made clear to the rate payer that their support will be revoked after a maximum of 12 months.

State Aid

15. 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 support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)².

16. 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).

17. To administer De Minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.

Managing the Process

18. To ensure transparency, fairness and consistency any consideration to award business rate relief under this policy must meet Central Government's criteria set out at Paragraph 4 of this policy. All applications will only be considered after the signing of the State Aid declaration form. The financial support drops dramatically across the 4 years that the Government is funding.

19. All applications must use the standard application form.

PRINCIPLES

17. The basic principles underpinning this policy are:

- The Council wishes to operate in a fair and transparent way ensuring its powers are used sensibly, consistently and coherently to benefit the community as a whole;
- The council wants to deliver its services through a sound and well maintained corporate governance framework that provides clarity on the number and value of awards made;

DECISIONS

18. All decisions related to the application of this Scheme and resulting awards of relief will be dealt with through the existing Discretionary Rate Relief Scheme agreed by Executive on 13th January 2015.