



**Broxtowe
Borough
COUNCIL**

Policy Guidelines

2017 Business Rates Additional Discretionary Rate Relief Scheme

Date: August 2017

**Prepared by: Phil Sudlow - Head of
Revenues and Benefits Managed
Service**

Contents

1.0	Introduction	3
2.0	2017 Additional Discretionary Relief Scheme	4
3.0	Reconsiderations	6

1.0 Introduction

- 1.1 The council collects Business Rates in accordance with the Local Government Finance Act 1988. Income collected is presently shared between central government, Nottinghamshire Fire Authority and the council. There is usually a revaluation of the rateable value of all non-domestic properties every five years, however the revaluation due in 2015 was delayed for 2 years. A revaluation has therefore just come into effect from 1 April 2017.
- 1.2 The revaluation has seen some considerable increases in bills for some ratepayers and the government has, as usual after each revaluation, introduced a transitional relief scheme whereby both increases and reduction in bills are phased in over five years. However even though the transitional relief scheme has provided some help, many businesses will still face considerable increases in their bills year on year. The government announced in the March 2017 statement that it would make £300m funding available to councils over the next four years to enable them to introduce their own discretionary discount scheme in order to provide further help to those businesses facing increases in their bills as a result of the revaluation. The amount available to businesses within Broxtowe is £282,000 over the four years
- 1.3 Councils have the power to grant discretionary rate relief to organisations that meet certain criteria. This power derives from the Local Government Finance Act (LGFA) 1988 – mainly section 47. Awarding relief on this basis is discretionary. The council has evaluated the impact of the 2017 revaluation on each business and has created a scheme that assists automatically without an application process.
- 1.4 The key aims of these policy guidelines are:
 - to ensure a professional, consistent and timely approach to the award of discretionary rate relief
 - to provide a framework that gives clarity to the decision making criteria
 - to treat individuals consistently and fairly regardless of age, religion, sex, gender, disability and sexual orientation
 - to ensure that an individual's rights under the Data Protection Act and Human Rights Act are upheld.
- 1.5 The government will fully fund the cost of reliefs awarded up to the funding allocation for each year. Additional administrative costs incurred as a result of introducing and running the scheme will be met through new burdens funding.

1.6 Links to the Council's Corporate Priorities

This policy has been created considering the council's priorities and values

- "Business Growth"
- "Integrity and professional competence"
- "Strong caring focus on the needs of communities."

2.0 2017 Additional Discretionary Relief Scheme

2.1 The council's scheme will focus on assisting smaller businesses which have seen an increase in the charge for Business Rates as a result of the 2017 revaluation.

2.2 The council's scheme will be a four year scheme, starting on 1st April 2017 and finishing on 31st March 2021 and be linked to the financial assistance provided by central government. As a result, the amount of award will reduce on an annual basis based on the percentage figures detailed in 2.8.

2.3 As the scheme is designed to assist businesses that have had an increase in their Business Rates payable, only businesses that had a charge in the 2016 financial year will qualify for any relief. The scheme will remain in place for four years and a business will qualify for this relief where a charge remains during the subsequent four financial years at the property. Therefore, any new business from 1 April 2017, or where a business changes address, will not qualify for the Additional Discretionary Scheme funding.

2.4 Each year the council will calculate the rate of discretionary relief based on the amount of increase in Business Rates between 2016 and 2017 to ensure consistency throughout the four year period. This will provide clarity at the beginning of the scheme for all qualifying businesses. An example of the calculation can be found in 2.10.

2.5 The scheme will exclude businesses in certain categories. These exclusion are:

- Businesses receiving Small Business Rates Relief
- Businesses subject to regulatory investigation.
- Businesses with a 2017 Rateable Value in excess of 200,000
- Businesses that have seen no increase in their rateable value as a result of the April 2017 revaluation
- Businesses that have seen no increase in the amount of Business Rates payable from 2016 to 2017.
- Empty Properties
- Businesses receiving Mandatory or Old Discretionary Relief
- National Businesses
- Financial Services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawnbrokers)

- Other Services (e.g. estate agents, letting agents, employment agencies)
- Medical Services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional Services (e.g. solicitors, accountants, insurance agents/financial advisors, tutors)
- Post Office and Sorting Offices
- Pubs entitled to New Business rate Relief for Pubs
- Properties owned by any precepting authority (e.g. County Council, Broxtowe Borough Council, Fire Service and the Police Authority)
- Properties owned or run by the State

2.6 Central Government has announced funding for each of the four year period. The Council's scheme will be linked to this and not require any additional funding from council resources. The yearly funding is detailed below:

Year of Scheme	Maximum DCLG award
2017/18	£164,000
2018/19	£80,000
2019/20	£33,000
2020/21	£5,000
Total	£282,000

2.7 The award of any Discretionary Relief will be included after all other relevant reliefs are awarded, including the governments transitional relief.

2.8 The scheme will award each qualifying business with a percentage reduction based on the charge increase between 2016 and 2017. This means that each qualifying business will receive relief relative to the size of their increase. The percentages are as follows

Year 1	=	47%
Year 2	=	21%
Year 3	=	7%
Year 4	=	1% (minimum award of £1.00)

2.9 Any qualifying business moving during the year will receive the Discretionary Relief on a pro-rated basis until the date they vacate.

2.10 Below is an example of the calculation for each year based on the scheme.

2016 RV	2017 RV	2016 Charge	2017 Charge	2016 to 2017 difference in charge	Year 1 relief award at 47%	Year 2 relief award at 21%	Year 3 relief award at 7%	Year 4 relief award at 1%	Total award
18750	20750	9,075.00	9,669.50	594.50	279.42	124.85	41.62	5.95	451.82

2.11 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. Therefore, this scheme will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (as set out in Statutory Instrument 1407/2013).

2.12 The De Minimis Regulations allow an undertaking (in this case, a business) 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). The council will need to ensure the terms of this State Aid exemption when considering the award of the 2017 Discretionary rate relief scheme, in particular the types of undertaking that are excluded from receiving De Minimis aid (Article 1), the relevant definition of undertaking (Article 2(2)) and the requirement to convert the aid into Euros.

2.13 To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. It should be added that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

3.0 Reconsiderations

3.1 Where a business feels that it has been incorrectly excluded by the council from an award, or that the rate of relief is not in line with the scheme then it should contact the council immediately.

3.2 Where to send reconsiderations:

Emails: billing@broxtowe.gov.uk

Letters: Deputy Chief Executive
Broxtowe Borough Council
Council Offices
Beeston
Nottingham
NG9 1AB

Privacy Notice

For information on how we process and store your personal data, please view the Council's Privacy notice statement for further information:

<https://www.broxtowe.gov.uk/about-the-council/communications-web-social-media/legal-privacy/>