



# HYNDBURN

---

The place to be  
an excellent council

---

## National Non Domestic Rates Draft 2017 Revaluation Relief Scheme

---

July 2017

## **1. Introduction**

1.1 In the spring 2017 Budget, the Government announced a series of temporary financial support schemes for businesses affected by the revaluation of National Non Domestic Rates effective from April 2017. This document covers Hyndburn Borough Council's policy proposals on:

- Supporting Small Businesses Relief
- Business Rate Relief Scheme for Pubs
- Discretionary Revaluation Relief Scheme

## **2. Supporting Small Businesses Relief**

2.1 The standard transitional relief scheme provides for changes to rateable values and does not provide support in respect of changes in relief such as small business rates relief and so the Supporting Small Businesses Relief is available to business rates payers who, as a result of the revaluation, are losing some or all of their small business or rural rate relief and are facing large increases as a result.

2.2 This relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- A cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers currently paying nothing or very small amounts are brought into paying something, or
- The matching cap on increases for small properties in the transitional relief scheme.

## **3. Business Rate Relief Scheme for Pubs**

3.1 The Government has also announced a new relief scheme for pubs that have a rateable value below £100,000. Under the scheme, eligible pubs will receive up to £1000 discount on their bill. The relief will apply only to 2017/18.

3.2 Eligibility criteria have been sent to local authorities who will contact eligible pubs directly to notify them of how to apply for the relief.

## **4. Proposed Discretionary Revaluation Relief Scheme (DRRS)**

4.1 At the spring 2017 Budget the Government announced a £300m discretionary fund 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 2017 revaluation.

4.2 The intention is that every billing authority in England will be provided with a share of the £300m to support their local businesses. Billing authorities will be expected to use their share of the funding to develop their own discretionary

relief schemes to deliver targeted support to the most hard-pressed ratepayers. The £300m will cover the four years from 2017/18:

- £175m in 2017/18
- £85m in 2018/19
- £35m in 2019/20
- £5m in 2020/21

4.3 To allocate these resources, the Government has assumed that local authorities will provide support only to those businesses who are facing an increase in their bills following revaluation – and have made this a condition of the grant. It further assumes that, by and large, more support will be provided to;

- Businesses/ratepayers that face the most significant increase in their bills; and
- Ratepayers occupying lower value properties.

4.4 In line with these broad assumptions about how local authorities will design their revaluation relief schemes, the Government has allocated resource to each billing authority by working out the total increase in bills (excluding the impact of transitional relief and other reliefs), for every rateable property in the billing authority's area that satisfies both of the following criteria:

- a. The rateable property has a rateable value for 2017-18 that is less than £200,000;
- b. The increase in the rateable property's 2017-18 bill is more than 12.5% compared to its 2016-17 bill (before reliefs).

4.5 Funding proposed for Hyndburn is:

<b>Amount of discretionary pot awarded (£000s)</b>			
<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>100</b>	<b>38</b>	<b>16</b>	<b>2</b>

## **5. Consultation**

5.1 Hyndburn Borough Council's draft DRRS will be put to public consultation from 20<sup>th</sup> July 2017 to 19<sup>th</sup> August 2017 with the intention of confirming and publishing a scheme for Hyndburn by September 2017. The proposals outlined in this policy are subject to change as a result of this consultation.

## 6. Proposed policy

6.1 The basic principles underpinning this policy proposal 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;

6.2 In line with the Government's recommendations outlined in paragraphs 4.3 and 4.4, the Council will provide support only to those businesses that are facing an increase in their business rates bills following the 2017 revaluation (this is a condition of the grant).

6.3 It is proposed that this policy will also follow Government expectation in that it will aim to support businesses facing the most significant increase in their bills and those who are occupying lower value properties.

6.4 It is proposed that Discretionary Revaluation Relief will not be considered for the following types of businesses:

- a) Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers);
- b) Medical services (e.g. health centres, vets, dentists, doctors, osteopaths, chiropractors);
- c) Professional Services (e.g. solicitors, accountants, insurance agents/financial advisors, tutors, funeral services);
- d) Post Office sorting offices;
- e) Other services (e.g. estate agents, letting agents, employment agencies, car showrooms);
- f) Properties that are operated by the same organisation/business. This applies where the business runs three or more properties in the U.K or in the U.K and overseas;
- g) Ratepayers in receipt of re-occupation relief in 2016/17 and/or 2017/18;
- h) Ratepayers taking up occupation of properties after 1 April 2017;
- i) Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively);
- j) Properties which are unoccupied;
- k) Properties where any arrears due from 2016/17 or earlier were not cleared by 31/05/17 or by arrangement with the Council;
- l) Where the award of relief would not comply with EU law on State Aid.

## **7. How Discretionary Revaluation Relief will be calculated**

7.1 Discretionary Revaluation Relief is calculated after any or all of the following have been applied:

- a) Exemptions and other Reliefs;
- b) Transitional Relief or Premium;

and after the application of the Business Rates Supplement. Discretionary Revaluation Relief does not apply to the supplement.

## **8. State Aid**

8.1 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)<sup>2</sup>.

8.2 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).

8.3 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. Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

## **9. Managing the Process**

9.1 To ensure transparency, fairness and consistency, businesses must meet eventual scheme criteria and any consideration to award relief under this policy will only be considered after the signing of the State Aid declaration.

9.2 All applications must use the standard application form with additional supporting information attached. The Council will encourage emailed applications wherever possible to support our e-services agenda.

## **10. Decisions and awards**

10.1 This is a discretionary scheme; there is no right of appeal on any decision made. Any requests for a revision will be dealt with on a case by case basis.

10.2 Awards of Discretionary Rate Relief will be deducted from ongoing business rates liability which will reduce the overall bill for the ratepayer. There is no cash alternative to an award.

10.3 Any overpaid DRRS awards, either as a result of applicant misrepresentation, local authority error or an adjustment in the rateable value of the property will be recovered from the ratepayer directly.

## **11. Scheme Review**

11.1 This scheme will be reviewed annually, or sooner should the Government announce any changes to criteria, eligibility or funding levels.

## **12. Complaints**

12.1 The Council's Complaints Procedure will apply in the event of any complaint about the application of this policy.

## **13. Equalities**

13.1 This draft policy is accompanied by a Customer First Analysis which has been produced in response to the Council's obligation to the Public Sector Equality Duty as outlined in the Equality Act 2010. No adverse impact on any protected characteristic has been identified as a result of this policy.