

Business rates
local discretionary
relief policy

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In this policy the terms 'we', 'us' or 'our' relate to the Resources and Regulations directorate of Bury Council.

Background

Business rates are based on rateable values of properties. These are the amount of yearly rental income a property could be let for on the open market, and are set by the Valuation Office Agency.

Rateable values were reviewed from 1 April 2017 leading to changes in the amounts of business rates charged.

In the Spring Budget in March 2017 the Government announced funding for local councils to provide a discretionary payment scheme to help businesses who had seen an increase in their business rates because of changes in their rateable values.

This policy sets out the council's design of its local discretionary relief scheme and its intention to ensure that the funding is used to help businesses in the borough.

Scope of the scheme

The scheme will run for 4 financial years: 2017-18 to 2020-21.

The scheme is funded by the government. The funding will reduce year on year throughout its 4 year lifespan. See Appendix 1 for funding amounts.

The amount of discretionary payments will reflect this funding and will gradually reduce over the four years.

There is no scope to transfer funding between years. Any relief awarded above the government thresholds will have to be funded by the council.

Local discretionary relief will be paid in accordance with section 47 of the Local Government Act 1988.

Qualifying criteria

Primary criteria

To qualify all of the following must apply:

- an increase in rateable value due to the 2017 revaluation effective from 1 April 2017
- charge payer liable for occupied business rates charges on 31 March 2017 and 1 April 2017 – see below for further details about changes in liability after 1 April 2017 and unoccupied properties
- an increase in business rates charged between financial years 2016-17 and 2017-18, after all other reliefs have been awarded

- the increase in business rates between 2016-17 and 2017-18 must be £50 or greater
- the 2017 rateable value of the property should be £100,000 or below

Secondary criteria – circumstances where local discretionary relief is NOT available

Local discretionary relief is not available to certain business property types. In summary these are accounts:

- which do not directly provide employment - including advertising signs, communication masts, car parks and ATMs.
- relating to public funded bodies - including those owned by Bury Council, its preceptors, hospitals, doctors surgeries and schools
- where an award would be likely to exceed State Aid limits – see Appendix 2 for further information

Empty properties

Local discretionary relief is not available for properties which were empty on either 31 March 2017 or 1 April 2017, regardless of whether they were liable for void business rates charges.

Amounts of local discretionary relief

Financial year 2017-18

For eligible accounts, the amount of local discretionary relief will be a percentage of the increase in the amount of business rates charged, after all other reliefs have been awarded, between:

- 31st March 2017, assuming this rate was charged for the whole financial year 2016-17, and
- 1st April 2017, again assuming this rate will be charged for the whole financial year 2017-18.

For financial year 2017-18 local discretionary relief will be awarded at the rate of 90% of the increase figure.

Future financial years

For financial years 2018-19 to 2020-21 the amount of local discretionary relief will be a percentage of the increase between the new financial year and the previous financial year.

The percentage figure will be set prior to the start of the financial year.

Process

The council will identify eligible businesses and award local discretionary relief without the need for an application from the businesses. This will:

- simplify administration to provide value for money for local residents
- ensure that as many businesses as possible benefit from the scheme.

Local discretionary relief will be applied at source, and a bill issued to the business rates payer showing their reduced liability.

Appeals

There is a right for the charge payer to request a review of the council's decision. The council will consider such representations, but the primary qualifying criteria must be met in all cases.

Review of spending

In the final quarter of the financial year the amount of local discretionary relief awarded will be reviewed. Any government funding not allocated will be awarded at the discretion of the Interim Executive Director of Resources and Regulations and the Cabinet Member for Finance and Housing.

Local discretionary relief will be reported on the NNDR1 and NNDR3 government returns.

Length of awards

Each local discretionary relief award will be made for one financial year. At the end of the financial year the scheme will be reviewed taking into account the number of eligible businesses and the amount of funding available, and new awards will be made for the following year.

Changes in circumstances

Eligibility for local discretionary relief and the amount of relief awarded will be assessed on a daily basis.

Local discretionary relief will be recalculated if:

- the 2016 or 2017 rateable values change
- the amount for business rates charged in 2016 or 2017 change

If a change in circumstances leads to a reduction in the entitlement to local discretionary relief, the excess amount of relief will be withdrawn and the charge payer rebilled to show their new liability. Any excess amounts of local discretionary relief will then be available to be allocated to other charge payers.

If eligibility to local discretionary relief increases the amount of relief will increase accordingly, and the charge payer's new liability will be recalculated.

End of entitlement to local discretionary relief

Local discretionary relief is intended to help business rates payers affected by the specific event of the 2017 revaluation of rateable values. Therefore it will end if:

- a charge payer stops being liable for business rates on a property due to a change of ownership, or the end of a tenancy
- a charge payer no longer occupies a business property

The relief is not transferable to a new charge payer as they will not have experienced this business rates increase. New charge payers include businesses which cease trading and then restart trading under a different business name.

If the tenant or owner who received local discretionary relief stops being entitled but then at a future date becomes liable again there will be no ongoing entitlement to local discretionary relief.

Appendix 1 - Funding

The government will fund the scheme for 4 years as follows:

Year	Amount
2017-18	£175m
2018-19	£85m
2019-20	£35m
2020-21	£5m

Bury Council's allocation of this funding is as follows:

Year	Amount
2017-18	£379,693
2018-19	£184,000
2019-20	£76,000
2020-21	£11,000

Appendix 2 – State Aid limits

European Union laws restrict the amount of state funding businesses can receive. Businesses are entitled up to €200,000 in State Aid over a rolling three year period. This usually takes the form of government grants, loans or tax reductions. Discretionary Relief qualifies as State Aid.

More information can be found at <https://www.gov.uk/guidance/state-aid>

When deciding on eligibility for local discretionary relief the council will take a view as to whether an award may breach the State Aid rules, based on the size of the business/organisation. Awards will not be made to national chains/organisations, for example banks, supermarkets and retail chains. The council will consider representations from any excluded organisations who believe that they may be eligible.

Recipients of local discretionary relief will be asked to contact the council if the award causes or might cause issues under State Aid rules. In these circumstances, the council reserves the right to review or remove an award.