

EAST HERTS COUNCIL

EXECUTIVE - 5 SEPTEMBER 2017

REPORT BY EXECUTIVE MEMBER FOR FINANCE AND SUPPORT
SERVICES

BUSINESS RATES REVALUATION SUPPORT SCHEME 2017/18-
2020/21

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To approve the Business Rates Revaluation support scheme for 2017/18 to 2020/21.

<u>RECOMMENDATION FOR EXECUTIVE:</u> that:	
(A)	the Business Rates Revaluation Support Scheme as now submitted, be recommended to Council for approval.

1. Background

1.1 The Government has undertaken a national revaluation on all commercial premises in England and Wales. From 1 April 2017, all premises in the district were assigned a new 'rateable value' by the Valuation office agency. This is used to calculate the level of business rates charged to their occupier. The last revaluation was in 2010.

1.2 With effect from 1 April 2017 many businesses in the District have a higher business rates bill.

1.3 In the Government's budget on 8th March 2017, the Chancellor announced £300m of extra funding for local authorities to provide discretionary relief to those businesses facing increases in their

business rate bills following the revaluation. This is described as **revaluation support**.

- 1.4 There is already a scheme of support for businesses affected by revaluations, called *transitional relief*. This limits the increases and reductions that businesses experience following a revaluation over a 5 year period. The Government's announcement of **revaluation support** is in addition to the transitional relief scheme.
- 1.5 The Government expects that billing authorities will deliver the scheme through the use of their discretionary relief powers under section 47 of the local Government Finance Act 1988, as amended.
- 1.6 The Council refreshed its existing Discretionary Rate Relief policy in 2016, and the proposed scheme for Revaluation Support will sit within this wider policy.

2.0 Report

- 2.1 Local authorities have the power to design their own schemes to determine how the '**revaluation support**' is allocated across businesses in their area. The only requirements are that;
 - The Business has suffered an increase in 2017/18 as a result of revaluation;
 - That Hertfordshire County Council is consulted on the scheme; and
 - State aid rules apply.
- 2.2 The funding for each local authority was determined by the DCLG by reference to:
 - i) Working out the total increase in bills (excluding the impact of translational relief and other reliefs), for every rateable property in the billing authority's area that satisfies both the following conditions:
 - 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);

ii) summing the total increase in bills in all billing authority areas and distributing the available funding in each year in accordance with the formula; $A \times B/C$

Where:

A is the total funding available for the year

B is the total increase in bills in an individual authority's area; and

C is the sum of the total increase in bills in all local authority areas.

- 2.3 The DCLG have confirmed that the Council is not required to use the funding formula to determine the allocation of funds in its scheme.
- 2.4 The grant allocation under the new scheme is detailed below. This represents the maximum that can be awarded in each year. We will receive compensation in accordance with our current share of Business rates income.

Financial year	Funding EHC
2017/18	£328k
2018/19	£159k
2019/20	£66k
2020/21	£9k

- 2.5 The DCLG advised in July that Local authorities cannot flex funds between years. The reducing value of the funding allocation is seen to support the transition to the new level of rates payable in 2021.

3.0 Proposed Scheme

- 3.1 The proposed scheme for East Herts is detailed below.

Qualifying criteria:	Detail
RV(Rateable value) less than £200k at 1.4.2017	Aggregate of RV for all business owned – locally/nationally/internationally must be less than £200,000.
There must be an increase greater than 12.5% as a result of revaluation and nothing else.	The increase will be calculated after all other reliefs have been awarded.
Awards will only be	For those applicants who occupied during 2016/17, their part

made to occupied property.	year liability will be annualised before comparing with the 2017/18 liability to ensure they comply with the 12.5% increase requirement.
Type of Business	All business that meets core criteria are eligible for relief. All small business rates relief cases (SBRR) which fall under the 'supporting small business' scheme are excluded from this scheme.
Awards	Funds will be allocated in proportion to the total increase in £, of all the qualifying applicants. The % to be granted will be determined once all qualifying applicants have been approved. Total assistance is limited to the funding allocated for 2017/18 etc, There are no caps or de minimis award levels. Up to 10% of the total allocation each year may be withheld from the initial allocation to address any appeals.
Application Process	All applicants will be required to complete an application form including a state aid declaration, by the closing date advertised each year. A new application will be required each year. <i>Applicants are advised that relief is only awarded up to the end of the financial year in question and they will need to reapply for relief for future years. This will meet the requirements of Regulation 2 to SI 1989/1059 as there will be no revocation and 12 months' notice to end the relief awarded is not required</i>
Changes in circumstances (A) What happens when the RV goes down or other reliefs are subsequently granted?	<ol style="list-style-type: none"> 1. If RV reduces or other reliefs are granted, leading to a less than 12.5% increase on 2016/17 then all revaluation support removed. 2. If RV reduces or other reliefs are granted, but retains an increase in excess of 12.5%, - entitlement will be recalculated on initial allocation %.
Changes in circumstances (B) What happens if RV goes up	Nothing – there are no spare funds to award after the initial allocation.
Changes in circumstances (C) New occupier	Revaluation support ends, as this occupier has not experienced the increase – pro rata award to original applicants occupation
Changes in circumstances	Revaluation support ends– pro rata award to original applicants occupation

(D) Property becomes empty	
How long to award for	Award for a full year only – until there is; <ul style="list-style-type: none"> • a change of occupier • the property becomes empty or change in RV or state aid excludes from entitlement
State Aid rules	Applicants must make a declaration to confirm compliance with state aid de minimis requirements. Applicants must provide details of all awards of state aid at time of application to us, and must notify us if they later exceed state aid levels.

3.2 The appeals process is detailed in the existing DRR policy, which provides for a review by the section 151 officer.

3.3 HCC officers have been consulted on the scheme and indicate they have no objections.

4.0 Implications/Consultations

4.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper ‘A’**.

Background Papers

None

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