



**NEW FOREST DISTRICT COUNCIL
NATIONAL NON-DOMESTIC RATES**

**LOCALLY ADMINISTERED
DISCRETIONARY RATE
RELIEF POLICY**

NATIONAL NON-DOMESTIC RATES LOCAL DISCRETIONARY RATE RELIEF POLICY

Introduction

The purpose of this policy is to determine the level of discretionary rates relief to be granted to certain defined ratepayers within the New Forest district.

In March 2017, Central Government announced that it 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 general revaluation.

Central Government is keen that individual authorities develop their own scheme. They determined that Council's would be best placed to decide how this fund should be targeted and administered to support those businesses within their area that are in greatest need.

The funding is not provided equally over the four year period but in the following proportions-

Year 1 (2017-18)	58%
Year 2 (2018-19)	28%
Year 3 (2019-20)	12%
Year 4 (2020-21)	2%

Amount of discretionary fund allocate to New Forest District Council (£,000)			
2017-18	2018-19	2019-20	2020-21
414	201	83	12

The financial support reduces dramatically across the 4 years of the scheme. As a result, any relief will be for one year only, with the level of support provided in years 2, 3 and 4 to be determined in those years based on the amount of central Government grant available and the number of ratepayers facing an increase in their rate liability in those years.

The Government has indicated they will not give authorities the flexibility to allow grant funding to be moved between financial years. This means the grant allocation for 2017-18 must be fully utilised in 2017-18.

1. Legislation

The discretionary fund will be administered through billing authorities' existing legal powers under Section 47 of the Local Government Finance Act 1988.

The scheme will be funded under Section 31 of the Local Government Act 2003 and thus the discretionary awards will be fully funded by the Government.

2. Scheme Design

Local Authorities have the power to design their own discretionary Business Rates relief scheme to determine how the funding for "revaluation support" is distributed across businesses with the district.

This is subject to certain Government conditions which have been provided to local authorities by way of guidance.

Assistance can only be provided under the terms of the grant funding, to ratepayers who face an increase in their bills following revaluation. The Government has made clear that it expects such grants to be made to those facing significant increases in *lower value properties*.

Although the Government has not defined *lower value properties* it is notable that the formula used for allocation of the grant, relates solely to increases for those properties with a rateable value of less than £200,000 effective from 1 April 2017, with an increase of 12.5% or more when compared to 2016-17 and this is incorporated into our local scheme.

In addition, in accordance with Legislative requirements, no rate relief can be granted in respect of an excepted hereditament; defined as a property occupied by a billing authority or a precepting authority.

3. The Council's policy for granting discretionary rate relief

The Council has decided that relief under the scheme will be awarded using the following criteria:-

- a. In assessing any potential entitlement to an award under this scheme, we will compare the following;
 - i. The rate liability of the ratepayer at 31 March 2017 for the 2016-17 financial year (after any reliefs and reduction), and
 - ii. The rate liability of the ratepayer at 1 April 2017 for the 2017-18 financial year (after any reliefs and reductions).

For those ratepayers who occupied their business premises during 2016-17 or for ratepayers who were entitled to any reliefs or reduction for part of 2016-17, their daily liability on 31 March 2017 will be annualised before comparison with their 2017-18 liability.

- b. Rate relief will only be granted where the calculation in 3a. above, would result in an increase of more than £600. The minimum increase is to ensure a consistent approach with the supporting small business rate relief scheme introduced by the Government at the same time.
- c. Rate relief will only be granted in respect of one main property where the rateable value shown in the rating list on 1 April 2017 was less than £200,000.
- d. If the ratepayer has more than one property for which they are responsible for the payment of business rates, rate relief will only be granted if the total rateable value of all properties in England and Wales shown in the rating list on 1 April 2017 was less than £200,000.
- e. Rate relief will only be granted if the property was shown in the rating list on 1 April 2017 and not where a property is entered in the rating list retrospectively.
- f. Further rate relief will not be considered in respect of an increase in the rateable value at any time after 1 April 2017
- g. Further to c. and d. above, if the rateable value of the main property or the total rateable value of all properties increases to £200,000 or more, rate relief will be withdrawn from the date the rateable increase takes effect.
- h. Rate relief will only be granted if the premises were occupied on 31 March 2017 and 1 April 2017. No rate relief within this scheme will be granted for unoccupied properties or where the premises become reoccupied after 1 April 2017.

- i. Ratepayers taking up occupation on or after 1 April 2017 or new ratepayers on or after 1 April 2017 will not be eligible for rate relief.
- j. Rate relief will be granted subject to state aid rules (see Section 8 below).

4. Amount of Rate Relief

Rate Relief will be awarded as a percentage of the increase in 2017-18 compared to 2016-17 as detailed below-

Amount of Local Discretionary Rate Relief			
2017-18	2018-19	2019-20	2020-21
Rateable Value below £100,000; 60% of the increase over £600, as defined in (Section 3) above, subject to a minimum award of £25	TBC	TBC	TBC
Rateable Value between £100,000 and £199,999; 30% of the increase over £600, defined in (Section 3) above, subject to a minimum award of £25	TBC	TBC	TBC

As a consequence of changes that may occur during the year e.g. a change of ratepayer, an increase in rateable value over the £200,000 threshold, rate relief award will be withdrawn from the date of the change.

In the event that the funding is not fully utilised, we will seek to redistribute this rate relief later in 2017-18.

5. Award Period

Local Discretionary Rate Relief will be awarded from 1 April 2017 for a maximum of 12 months, to the end of the relevant financial year.

At the start of each financial year, the account will be reviewed and if appropriate, rate relief will be awarded for a further 12 months, in accordance with the scheme that persists at that time.

Where there is a change of circumstances, such that the eligibility criteria outlined in Section 3 of this policy are no longer met e.g. the ratepayer vacates the hereditament or there is a change to the rateable value of the hereditament, the decision to award rate relief will be reviewed and where necessary the amount of relief will be recalculated and apportioned to reflect the changing circumstances.

6. Decision Making

The Council will identify ratepayers who meet the criteria set out in Section 3 and invite applications for rate relief.

Subject to the eligibility criteria set out in this policy, initial decisions will be delegated to the Senior Tax & Benefits Officer and Revenues Manager.

Applicants will be notified in writing; setting out the amount of the rate relief awarded under this scheme.

7. Reviews

A review against a decision not to award rate relief or the amount of rate relief awarded will be considered by the Service Manager (Housing and Community). The outcome of the review will be communicated to the ratepayer within 28 days, or as soon as reasonably practicable.

A request for a further review to the Service Manager (Housing and Community) will be accepted if the ratepayer provides additional significant new information. The decision of the Service Manager shall be final.

If an unsuccessful applicant requests a review, they will still need to continue to pay their rates bill.

The review process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

8. European Union State Aid requirements

European Union competition rules generally prohibit Government subsidies to businesses. Relief from taxes including business rates can constitute state aid.

Rate Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013). 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).

It is important to establish that the awarding of discretionary Business Rate relief will not result in the undertaking having received more than €200,000 of *de minimis* aid.

With this in mind the rate relief application will include a declaration to be completed by the ratepayer relating to state aid compliance.

9. Consultation

The grant determination states that a condition of the fund is that consultation is undertaken with 'relevant authorities'. For the purposes of this scheme, relevant authority means; Hampshire County Council, The Police and Crime Commissioner for Hampshire and The Hampshire Fire and Rescue Service.

The Council has consulted with its major preceptors and the response to that consultation is shown at Appendix D.

10. Additional Information

ANNEXE A

The Department for Communities and Local Government consultation on the design and implementation of the locally administered rate relief scheme.

ANNEXE B

Details of the New Forest's share of the £300m discretionary pot, across the 4 financial years; 2017-18 to 2020-21.

ANNEXE C

Letter from the DCLG dated 28 April 2017 concerning the Section 31 grant determination to be paid to authorities in 2017-18. This figure represents the portion of income that would be retained under the business rate retention scheme.

ANNEXE D

Response from Hampshire major preceptors to the rate relief consultation.