

Agenda Item No: 11
Report To: CABINET
Date of Meeting: 7 DECEMBER 2017



Report Title: **Proposed Local Business Rates Scheme following consultation with Ratepayers and other interested parties**

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Portfolio Holder Cllr. Shorter
Portfolio Holder for: Finance & IT

Summary	In the spring budget of March 2017 the Chancellor of the Exchequer introduced a discretionary rate relief scheme for businesses suffering from the impact of April 2017 revaluation of business rates. The government would provide a total £300m fund that would be distributed to ratepayers over a four year period. Approximately 60% of the fund would be distributed in year one (2017/18) with the subsequent years distributing 28%, 10% & 2% of the fund respectively. It was decided that the criteria of the scheme should be consulted on with ratepayers and interested parties. This report analyses the consultation and proposes a Discretionary Rate Relief scheme.
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Key Decision: No

Significantly Affected Wards: None

Recommendations: **The Cabinet is recommended to:-**
I. Adopt the amended scheme as outlined in the report.

Policy Overview: Government announced funding for a discretionary rate relief scheme in the March Budget to mitigate the impact on local businesses of the revaluation of business properties.

After some delays in receiving guidance from government and software updates members approved a proposed scheme for consultation in the autumn.

Financial Implications: None – the scheme will be fully funded by the Government

Legal Implications None - The scheme will be operated within the existing regulations for the administration of business rates.

Equalities Impact Assessment Not applicable - The scheme seeks to provide support to local businesses and not individuals.

**Other Material
Implications:**

None

**Exempt from
Publication:**

Contact:

**Peter Budden
Operations & Support Manager**

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Introduction and Background

1. A local business rates relief scheme was one of three measures to assist businesses suffering the impact of the revaluation of business rates, introduced by the government in the spring budget. For this scheme Ashford Borough Council was granted £600,000 in total, spread over four years as follows: 2017/18 £350,000, 2018/19 £170,000 2019/20 £70,000 & 2020/21 £10,000. The other two measures a cap on the increase in the rates bill for small businesses and a discount of up to £1,000 for all public houses with a rateable value up to £100,000, have now been implemented as the Government guidelines.
2. The proposed main criteria for the local business rates relief Scheme that went out to consultation was as follows:
 - Relief will not be granted where mandatory relief is already granted – this is for charitable organisations.
 - Relief will only be awarded where the revaluation has seen a business receive an increase of more than 12.5%
 - Relief will only be awarded to premises that are occupied – there will be no award for unoccupied premises
 - Relief will only be awarded where the rateable value of the premises is less than £200,000
 - Furthermore, relief will only be granted for premises that were occupied on 31st March 2017 and 1st April 2017
 - Relief will not be granted to new businesses taking up ownership of a premises on or after 1st April 2017
 - Relief will be awarded to local businesses – ie those with only one or more premises in the borough council area – not national or multi-national businesses with branches elsewhere
 - A local business with more than one premises in the borough may receive discretionary rate relief for more than one premises providing that all other criteria are met
 - Businesses will need to complete a short form to apply for the discretionary rate relief
3. It was also proposed that:
 - In year one of the scheme, given that 12.5% is deemed an acceptable increase, the council will use the discretionary rate relief to bridge the gap between that and the actual increase
 - In year two of the scheme, given that the council's funding pot is halved, the council will award half of the rate relief it would have awarded in year one.

4. The full proposed draft policy is attached at **Appendix A**.
5. Consultation with local businesses & other interested parties commenced on 25 September and ended 6 November 2017. A survey was made available on our website and the Communication Team advertised the consultation and contacted a number of interested parties they were aware of. A copy of the questionnaire and the responses are attached at **Appendix B**.
6. Unfortunately only 9 responses to the survey were received however the majority of the respondents agreed with the suggestions to award the relief to local businesses, that recipients of the relief should apply for the relief and that the second years relief should be half the first years relief as is the Governments grant.
7. The majority of the recipients did not agree that 12.5% was a reasonable increase in the business rates charge.
8. This has subsequently been reviewed by examining the businesses that will qualify for the relief and then allocating the funding across those accounts. The scheme targets the support to local businesses and the definition of a local business has limited this to a fairly small number of accounts. This has identified that the funding available will support relief being granted to businesses that have suffered an increase of 2%. Accordingly a 2% increase has therefore been included in the Current Proposal below.

Current Proposal

9. Taking account of as many of the comments as possible in the responses to the consultation exercise the following main criteria for the Local Business Rates Scheme is as follows:
 - Relief will not be granted where mandatory relief is already granted – this is for charitable organisations.
 - Relief will only be awarded where the revaluation has seen a business receive an increase of more than 2%
 - Relief will only be awarded to premises that are occupied – there will be no award for unoccupied premises
 - Relief will only be awarded where the rateable value of the premises is less than £200,000
 - Furthermore, relief will only be granted for premises that were occupied on 31st March 2017 and 1st April 2017
 - Relief will not be granted to new businesses taking up ownership of a premises on or after 1st April 2017
 - Relief will be awarded to local businesses – i.e. those with only one or more premises in the borough council area – not national or multi-national businesses with branches elsewhere.
 - A local business with more than one premises in the borough may receive discretionary rate relief for more than one premises providing that all other criteria are met
 - Businesses will need to complete a short form to apply for the discretionary rate relief.

- 10.** It is also proposed that:
- In year one of the scheme, given that 2% is an acceptable increase, the council will use the discretionary rate relief to bridge the gap between that and the actual increase
 - In year two of the scheme, given that the council's funding pot is halved, the council will award half of the rate relief it would have awarded in year one.

Implications and Risk Assessment

11. None – the scheme is fully funded by the Government.

Consultation Undertaken

12. A full public consultation has been undertaken and is referred to above. .

Next Steps in Process

13. Members are asked to agree the Current Proposal in points 9. & 10. above.
14. The relief for 2017/18 will be granted as soon as possible to those businesses that have already applied. All other businesses that appear to qualify for the relief will be contacted and advised the relief is available on application and details supplied.
15. Year 2 relief at the rate of half Year 1 relief will be granted in March 2018 and appear on the 2018/19 Business Rates bills.
16. Year 3 and 4 relief will be granted only on a discretionary case by case basis as total relief is limited in Years 3 & 4.

Conclusion

17. In response to the consultation exercise and the detailed financial modelling, the scheme can be amended to provide additional support for local businesses lowering the threshold for support from a 12.5% increase to a 2% increase.
18. The scheme is broadly supported by the community and should be adopted.

Portfolio Holder's Views

19. Comments will be given at the meeting.

Contact and Email

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Appendix A

Ashford Borough Council Discretionary Business Rate Relief Scheme - the council's policy for granting discretionary relief.

1. The council has decided that relief under the scheme will be awarded using the following criteria:
 - a. The scheme is designed to assist ratepayers who have suffered significant increases in rate liability due to the revaluation and the subsequent increase to their Rateable Value;
 - b. Relief will not be awarded where mandatory relief is granted;
 - c. In assessing any potential entitlement to an award under this scheme, the Council will compare the following:
 - i. The rate liability of the ratepayer at 31st March 2017 after any reliefs and reductions; and
 - ii. The rate liability of the ratepayer at 1st April 2017 taking into account any transitional relief or discretionary relief within this policy;
 - d. Relief will be awarded where the calculation in c. above would result in an increase of more than 2%;
 - e. Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted for unoccupied premises;
 - f. Relief will only be granted to ratepayers who were in occupation at 31st March 2017 and in occupation on 1st April 2017 and for each day subsequently
 - g. Ratepayers taking up occupation after the 1st April 2017 will **not** be eligible for relief on the bases that new ratepayers would not have suffered from increases due to a revaluation;
 - h. Relief will be targeted to local businesses and not those businesses that are national or multi-national in nature. Local businesses are, for the purposes of this scheme, those which have premises wholly in the Council's area;
 - i. Relief may be awarded for more than one premises as long as **all** other criteria are met;
 - j. Relief will **not** be awarded where:
 - i. Mandatory relief is awarded; or
 - ii. Where the ratepayer has applied for a reduction under S44a of the Local Government Finance Act 1988; and
 - iii. The hereditament has an increase in Rateable Value after the 1st April 2017 which increases the rate charge above the 1st April 2017 value.

Applications for relief under this scheme

2. The council is keen to identify ratepayers who may qualify for the relief and as such will look to encourage certain ratepayers to apply. The council will look to simplify the application process wherever possible, but it will expect any ratepayers to provide such information as is required by the Council to support their application

Amount of relief

3. The amount of relief is tapered and will be calculated as follows:

2017/18

Award = a comparison of the rate liability increase calculated in 1ci and 1cii, with a 2% increase calculated on 1ci. The difference will be the amount of the award.

2018/19

Award = 2017/18 award x 50% (for clarity this will be half of the relief awarded in 2017/18)

2019/20 & 2020/21

For the final two years of the scheme, the Council will determine any award on an individual case by case basis and will take into account:

- The amount of the increase in rate liability due to the revaluation;
- The amount of rates in relation to other business expenses and income of the business;
- The amount of reserves held by the business; and
- The ability of the business to pay the increase.

Summary of Responses

[List Responses](#)[Cross Tabulate](#)[Export](#)

1

Do you agree that the council is right to award rate relief to local businesses only with premises within the borough?

We are defining a local businesses as those with only one or more premises in the borough council area – not national or multi-national businesses with branches elsewhere.

I agree strongly	<input type="text"/>	89% (8)
I agree slightly	<input type="text"/>	11% (1)
I have no view	<input type="text"/>	0% (0)
I disagree slightly	<input type="text"/>	0% (0)
I disagree strongly	<input type="text"/>	0% (0)

2

Do you agree that 12.5% is an acceptable increase and that the council will only offer discretionary relief to businesses who have seen an increase above that amount?

I agree strongly	<input type="text"/>	11% (1)
I agree slightly	<input type="text"/>	11% (1)
I have no view	<input type="text"/>	0% (0)
I disagree slightly	<input type="text"/>	44% (4)
I disagree strongly	<input type="text"/>	33% (3)

3

Do you agree that businesses should complete a small application process to apply for the discretionary relief?

I agree strongly	<input type="text"/>	56% (5)
I agree slightly	<input type="text"/>	22% (2)
I have no view	<input type="text"/>	0% (0)

I disagree slightly	<input type="text"/>	22% (2)
I disagree strongly	<input type="text"/>	0% (0)

4

Do you agree that given the council has only half the funding available in year two of the scheme that it will award half the amount it would have offered in year one to successful businesses applying for the discretionary relief?

I agree strongly	<input type="text"/>	44% (4)
I agree slightly	<input type="text"/>	11% (1)
I have no view	<input type="text"/>	11% (1)
I disagree slightly	<input type="text"/>	11% (1)
I disagree strongly	<input type="text"/>	22% (2)

5

In your opinion, should any businesses be excluded from receiving discretionary rate relief or should it be available to all businesses that meet the criteria? if answering yes, please indicate the type of business that you feel should be excluded. (Please note that you do not have to provide a response to this question).

This question has been answered 7 times.

6

Please use the free-text box provided to detail any further comments you may wish to make in response to the council's proposed discretionary rate relief scheme. You may wish to make us aware of the business you represent. We can use this information to contact you should you have any specific concerns that you wish us to discuss further with you.

This question has been answered 5 times.

7

Are you a business owner in Ashford?

Yes

67% (6)

No

33% (3)

Question:1 Do you agree that the council is right to award rate relief to local businesses only with...

- I agree strongly
- I agree strongly
- I agree strongly
- I agree strongly
- I agree strongly
- I agree strongly
- I agree slightly
- I agree strongly
- I agree strongly

Question:2 Do you agree that 12.5% is an acceptable increase and that the council will only offer...

- I disagree strongly
- I disagree slightly
- I disagree slightly
- I agree slightly
- I disagree slightly
- I disagree strongly
- I disagree strongly
- I disagree slightly
- I agree strongly

Question:3 Do you agree that businesses should complete a small application process to apply for the...

I disagree slightly

I agree strongly

I agree slightly

I agree strongly

I disagree slightly

I agree slightly

I agree strongly

I agree strongly

I agree strongly

Question:4 Do you agree that given the council has only half the funding available in year two of the...

I disagree strongly

I agree strongly

I agree slightly

I agree strongly

I disagree strongly

I agree strongly

I have no view

I disagree slightly

I agree strongly

Question:5 In your opinion, should any businesses be excluded from receiving discretionary

Yes - No chains.

All businesses

no opinion

National Companies-

Available to all who meet the criteria.

It should be based on profit. As a Parish Council we do not make a profit.

No business should be excluded who meets the criteria

Question:6 Please use the free-text box provided to detail any further comments you may wish to make

As a business we do not get any benefit from paying rates. We are a rural business with no lighting, no public
12.5% is very high when inflation has been about 2%

Even a 12% increase is substantial, especially for small businesses.

The issue for Wye with Hinxhill Parish Council is that, according to the rules of the Valuation Office, we have three
This return is on behalf of the Kent Invicta Chamber of Commerce, Ashford Economic Development Group. Who

Question:7 Are you a business owner in Ashford?	Response Id
No	564784
Yes	565156
Yes	565390
Yes	571963
Yes	573068
No	573807
Yes	574556
No	579318
Yes	572941

Response Date

25 Sep 2017 17:32:42

26 Sep 2017 17:55:48

27 Sep 2017 13:45:24

19 Oct 2017 22:25:13

24 Oct 2017 13:55:25

26 Oct 2017 14:50:38

30 Oct 2017 11:24:53

15 Nov 2017 13:43:32

24 Oct 2017 08:48:15