

Committee: Cabinet

Agenda Item

Date: 10th July 2017

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Title: Business Rates - Revaluation Relief

Author: Councillor Simon Howell and Howard Ryles Item for decision

Summary

1. The Government has undertaken a national revaluation of all commercial premises. From 1 April 2017, all premises will have been assigned a new 'rateable value' used to calculate business rates bills. The last time there was a revaluation was in 2010. This will be based on a valuation date of the 1st April 2015

The revaluation has resulted in the business rate bills charged on many businesses and companies in Uttlesford increasing significantly. Business rate bills have increased on average by 16% for most high street shops and premises within the district.

In this year's Spring Budget 2017, the Government announced additional discretionary reliefs which would be brought in under the S47 regulations, to support those businesses facing steep rises in their business rates following the revaluation.

Local Business Rate Discount – funded locally

Section 69 of The Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 and allows Councils to grant locally determined business rate discounts (in addition to the already available discretionary rate reliefs).

The new power recognises that the current business rates scheme is broadly prescribed by Central Government and its aim is to provide increased flexibility to local authorities to support organisations, recognising variations in economic conditions across and within local authority boundaries.

These new reliefs would be implemented without legislation, and would be fully funded by Central Government under a S31 grant subject to qualifying criteria.

Recommendations

2. The Cabinet is requested to recommend to Full Council for approval of the Revaluation Relief Funding scheme as detailed in the main body of the report.

Financial Implications

3. Central Government have provided specific funding and the proposals contained in this report have no impact on council funds.

Background Papers

None

Impact

Communication/Consultation	None
Community Safety	No specific implications
Equalities	An EQIA is included with the main report

Health and Safety	No specific implications
Human Rights/Legal Implications	No specific implications
Sustainability	No specific implications
Ward-specific impacts	No specific implications
Workforce/Workplace	No specific implications

Business Rates Reliefs

4. Following the 2017 revaluation of all Businesses and the subsequent increased rateable values, the Government introduced new rate reliefs, to be administered under Local Authorities discretionary powers, these are funded from Grants, either Section 31 or a specified grant.
5. A report was presented to Cabinet on the 25th May 2017 and will be submitted to Full Council on the 25th July 2017 for approval. The report detailed the following reliefs;
 - a) **Supporting Small Businesses Relief** – for businesses who are losing some or all of their small business or rural rate relief.
 - b) **Pub Relief** – For Public Houses with a rateable value below £100,000
The two reliefs above are funded via the Section 31 grant and have no financial impact on the Council.
 - c) **Local Rural Rate Relief** – to increase the upper limit from a rateable value of £25,000 to £27,500 and this is funded locally.

Revaluation Relief Fund

6. The Government announced that £300 million Transitional Relief funding would be allocated for local councils to design a business rates relief scheme to support those businesses that face the steepest increases in their business rates bills as a result of the revaluation.
7. Small businesses under 20,001 RV are protected by the main transitional relief scheme to a 5% cap, and therefore do not need to be included in this scheme
8. The Government's extra funding will be ringfenced to support relief schemes targeted at businesses facing an increase of 12.5% or more in their business rate bills which were directly related to the 2017 revaluation.
9. The revaluation support scheme is a locally determined scheme and the Council is required to consult the major preceptors on any proposed scheme.
10. The funding is allocated over four years on a reducing basis and Uttlesford's share of this funding is shown in the table below.
11. Business Rates Information Letter (BRIL) 4/2017 stated that 'the design and administration of schemes is for authorities to decide and does not necessarily need

to follow the distribution methodology used in the consultation to determine allocations’.

12. The Council will only receive funding equal to the reliefs it has allocated; it is a ‘use it’ or ‘lose it’ scheme.

2017/18	2018/19	2019/20	2020/21	Total
£311,000	£151,000	£62,000	£9,000	£533,000

13. For businesses to qualify for the revaluation relief they must have a rateable value of less than £200,000 and suffered increases of 12.5% or more.

14. It is proposed that the scheme will be based on the following principles;

- a) The scheme will cover a period of three years, with the allocation for 2020/21 to be added to 2019/20.
- b) National and large chain businesses will be excluded*
- c) The scheme is by application only
- d) Relief will be awarded on the following basis
 - i. year 1- 50% relief
 - ii. year 2 – 25% relief
 - iii. year 3 – 12% relief
- e) A contingency pot will be held each year to cover any changes in businesses valuations

**A group of outlets owned by one company and spread across various locations nationwide or worldwide, with similar appearance and providing similar services or goods across the outlets.*

15. The revaluation relief funding is applied after all other reliefs have been allocated.

16. A detailed analysis of local businesses has been carried out to identify all businesses who have suffered large increases due to revaluation and are either not eligible for any other reliefs or still have significant increases after other reliefs have been applied.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
If these reliefs are not implemented this would cause significant financial hardship to local businesses	2	2	There are no financial risks as funding is allocated by Government

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.