

To the Chair and Members of Full Council

New Business Rates Relief Schemes

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Mayor Ros Jones	All	Yes

EXECUTIVE SUMMARY

1. At the Spring Budget on 8 March 2017, the Government announced three new relief schemes aimed at supporting those businesses facing increases in their Business Rates bills as a result of the 2017 revaluation.
 - a. Supporting Small Business Relief (SSBR) is aimed at supporting those businesses that have lost Small Business Rates Relief or Rural Rate Relief. Doncaster Council's SSBR scheme was approved by Council on the 13th July 2017. **28** local businesses have benefitted from this relief.
 - b. Pubs relief is aimed at traditional public houses that have a rateable value of less than £100k and meet other eligibility criteria set by the Government. The relief will provide £1,000 reduction for eligible pubs on their 2017/18 bill. This report proposes a scheme of relief to support up to **115** local pubs that meet the Government's eligibility criteria.
 - c. Local discretionary relief is aimed at supporting those businesses facing the steepest increases in their bills as a result of the revaluation. It is for local authorities to design this scheme as they see fit. This report proposes a further scheme of relief for 2017/18 to limit the increase in Business Rates payable for eligible businesses to **7.5%**. Up to **312** local businesses would be eligible for relief under this proposal.
2. The Government will fully reimburse local authorities for relief awarded to Pubs via a grant under section 31 of the Local Government Act 2003. To receive the funding, the Pubs Relief Scheme must be designed in line with the Government guidance and eligibility criteria. The local authority has no discretion in this.
3. To finance the new Local Discretionary Relief, the Government has established a national fund of £300m over four years from 2017-18. Doncaster Council's share of this fund over the next four years is £463k; £225k; £93k; and £13k. These amounts reflect the total maximum relief that can be awarded to local businesses. The Authority has received confirmation of the actual maximum grant funding for the scheme for 2017/18 which is **£231,569** (i.e. 49% of the scheme costs).

4. The Government has confirmed that billing authorities are expected to deliver these relief schemes through the use of their discretionary relief powers under Section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011.

EXEMPT REPORT

5. The report is not exempt.

RECOMMENDATIONS

6. That Doncaster Council:
 - Approve the proposed Pubs Relief Scheme at **Appendix 1**. The proposed scheme is designed in line with the Government guidance and eligibility criteria to ensure that the Council is fully reimbursed for the relief awarded;
 - Approve the proposed Local Discretionary Relief Scheme at **Appendix 2**. The proposed scheme would limit the increase in the amount of Business Rates payable in 2017/18 to **7.5%** for qualifying businesses. Up to **312** local businesses would receive relief under this option. The proposed scheme criteria is in line with the Government's intentions in providing funding for the relief; the proposed scheme is also based on representations from the Federation of Small Businesses and criteria in other published local authority discretionary schemes;
 - Approve the proposal to set the Local Discretionary Relief Scheme for 2017/18 only and for further proposals for each of the following three years to be presented to future Council meetings.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

7. Analysis of Business Rates records has identified up to **115** local pubs that are eligible for relief under the Pubs Relief Scheme; and up to **312** businesses that are potentially eligible for relief under the Local Discretionary Relief Scheme based on the application of a **7.5%** cap on the increase in Business Rates payable in 2017/18. Both schemes of relief will support those businesses facing an increase in their Business Rates bill following the revaluation.
8. In addition to the qualifying ratepayers, the citizens of Doncaster generally will benefit from the scheme as the relief supports these businesses and, in turn, the economy to thrive.

BACKGROUND

9. The Valuation Office Agency has undertaken a national revaluation of all Non Domestic properties and the new rateable values, based on rental values at 1 April 2015, are effective from 1 April 2017. The revaluation will affect the amount of Business Rates many businesses across Doncaster will

have to pay. In terms of the local impact of the revaluation, of the 9,299 properties in the current Non Domestic rating list for Doncaster, 4,148 had an increase in their rateable value (RV); 1,907 had a decrease; and 3,244 had no change. Of the 4,148 properties that had an increase in RV, around half of these had no extra Business Rates to pay due to being entitled to 100% Small Business Rates Relief.

10. The Government's Transitional Relief Scheme limits how much a ratepayer's bill can change each year as a result of revaluation. This means changes to bills are phased in gradually. The limits are based on the property's RV and whether the bill is increasing or decreasing as a result of revaluation. For bills that are increasing, the limits for 2017/18:
 - a. 5% for properties with a RV under £20k;
 - b. 12.5% for properties with a RV between £20k and £100k;
 - c. 42% for properties with a RV over £100k.

For bills that are decreasing, the limits for 2017/18 are 20%; 10% and 4.1% respectively in line with the RV thresholds for increases. Transitional Relief ends when the bill reaches the full amount set by a revaluation.

11. In the Spring Budget 2017, the Government announced a £1,000 Business Rates relief for public houses with a RV of up to £100k for one year from 1 April 2017. The Government has since issued eligibility criteria for this relief stating that the policy intention is that eligible pubs should:
 - a. be open to the general public;
 - b. allow free entry other than when occasional entertainment is provided;
 - c. allow drinking without requiring food to be consumed; and
 - d. permit drinks to be purchased at a bar.

The Government has also published a list of establishments that are excluded from the Pubs Relief Scheme which includes restaurants, nightclubs and hotels.

12. The relief for pubs announced in the Spring Budget was part of a wider £435m package to support businesses facing significant increases in rate bills following the Business Rates revaluation. This also included £110m of support for small businesses losing Small Business Rates Relief (SBRR) or Rural Rate Relief (RR) and providing local authorities with funding to support £300 million of local discretionary relief.
13. The £300m Government funding for local discretionary relief is based on an estimate of properties in the LA area that have a RV under £200k who have also seen a rate rise of greater than 12.5% in their 2017-18 Business Rates bill compared to their 2016-17 bill **before reliefs**. Doncaster Council's allocation of the funding for local discretionary relief is £794k spread across the next four years. This comprises £463k for 2017/18; £225k for 2018/19; £93k for 2019/20; and £13k for 2020/21. The Government have confirmed that any unspent monies for each year must be returned to Government.

14. Following the announcement in the Spring Budget, the Government consulted local authorities on the design and funding arrangements for the new Local Discretionary Relief Scheme. The consultation stated that local authorities should only provide support to those businesses facing an increase in their bills following revaluation, and that discretionary relief should be applied **after** all other relevant reliefs have been deducted.
15. Analysis of Business Rates records has identified that solely replicating the Government funding criteria (RV less than £200k and facing an increase greater than 12.5%) but taking account of other reliefs, exemptions and excluded properties, would mean awarding relief well short of the £463k funding available. Doncaster Council proposes to revise the cap increase level so we can provide more support and use the grant available.
16. It is possible to clearly identify those business facing an increase of more than a specified percentage in their Business Rates bills. However, it is not possible to identify with certainty the businesses that will **not** be eligible for relief due to not meeting State Aid conditions. State Aid law is the means by which the European Union regulates state funded support to businesses.
17. Before awarding the local discretionary relief, businesses will be required to declare that they have not breached the State Aid limit of £173,000. This will also be a requirement for the pubs relief where the pub is part of a chain and therefore may be receiving other state funded support.
18. Given the uncertainty around the businesses that will be excluded under State Aid law and the reduced level of funding for 2018/19, it is recommended that the Local Discretionary Relief Scheme for Doncaster Council is initially set for 2017/18 only. The scheme criteria will be reviewed based on actual spend in year 1 and further proposals for each of the following three years will be presented to future Council meetings.
19. It will be necessary to allow some contingency within the budget for the Local Discretionary Relief Scheme to allow for changes in relief. For example, RV changes on appeal which reduce the Business Rates payable in 2016/17 and have potential to therefore increase the level of local discretionary relief awarded in 2017/18. The proposed scheme at Appendix 2 provides the estimated required level of contingency.

OPTIONS CONSIDERED FOR THE PUBS RELIEF SCHEME

20. Option 1: Do Nothing

The Government has not legislated for the Pubs Relief Scheme but has, instead, advised that local authorities can use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988, as amended, to grant relief. However, as Central Government are providing funding for the scheme, it is for the benefit of local business and will contribute towards the Council's priorities of assisting businesses to thrive, and to develop our local economy, this option is not recommended.

Option 2: Award relief under different criteria to the Government guidance and eligibility criteria

Using section 47 discretionary relief powers, the Council could decide on different criteria to award relief to pubs other than that specified in the Government guidance. However, this option is not recommended as the relief would not then be funded via Section 31 Central Government grant and the cost of the relief would have to be met by the Council.

Option 3: Award relief in line with the Government guidance and eligibility criteria

The Government guidance recognises the important role that pubs play in urban and rural communities across the country. The Government has committed to reimbursing billing authorities for the actual cost to them of awarding relief that is in line with the guidance and eligibility criteria. **This is the recommended option for the Pubs Relief Scheme.**

REASONS FOR RECOMMENDED OPTION

21. For the reasons outlined above, **Option 3** is the recommended option as the relief will support local pubs that meet the Government criteria and ensure that the Council is fully reimbursed by Central Government for the cost of awarding the relief.

OPTIONS CONSIDERED FOR THE LOCAL DISCRETIONARY RELIEF SCHEME

22. Option 1: Do Nothing

The Government has not legislated for this scheme but has, instead, advised that local authorities can use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988, as amended, to grant relief. However, as Central Government are providing funding for the scheme, it is for the benefit of local business and will contribute towards the Council's priorities of assisting businesses to thrive, and to develop our local economy, this option is not recommended.

Option 2: Apply a fixed cap on any increase that qualifying businesses have had in their Business Rates following the 2017 revaluation and award relief on any increase above the cap.

Three fixed cap level increases have been modelled for this option as follows:

2A. Fixed Cap of 7.5% - This option would support up to **312** local businesses and ensure maximum use of the available funding with potential maximum relief totalling **£437k** in 2017/18. **This is the recommended option.**

2B. Fixed Cap of 10% - This option would support up to **263** local businesses with maximum relief totalling **£318k** in 2017/18. As the total value of potential relief falls well short of the available Government funding, this cap level is not recommended.

2C. Fixed Cap of 12.5% - This option would support up to **142** local businesses with maximum relief totalling **£222k** in 2017/18. Although this cap level follows the Government funding methodology, the total value of potential relief falls well short of the available funding. This cap level is not therefore recommended.

Option 3: Apply a variable cap based on RV on any increase that businesses have had in their charges following the 2017 revaluation and award relief on any increases above the cap.

In this option, the level of the cap would depend on the rateable value of the property in line with the 2017 Transitional Relief arrangements as set out in the body of this report. Whilst this option would potentially support more businesses than Option 1, the average level of relief awarded would be lower. This option would also require significant manual administration, increasing costs in this area, and be harder for businesses to understand. The Government has only provided £12,000 administration funding for all three new relief schemes which would fall far short of the costs of administering a variable cap model. For these reasons, this option is not recommended.

REASONS FOR RECOMMENDED OPTION

23. **Option 2A** is the recommended option. A 7.5% cap would support the maximum number of businesses within a 'fixed cap' model and ensure maximum use of the Government funding available. This option would be relatively simple to administer ensuring relief was distributed as quickly as possible, and would be easy for businesses to understand. Ease of administration is a major consideration for the scheme design given the limited administration funding provided by the Government. With every local authority devising their own scheme, it is highly unlikely that software providers will be able to automate the awarding and review of relief (for example, following a change in Rateable Value on appeal), and local discretionary schemes will require manual administration.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

	Outcomes	Implications
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Be a strong voice for our veterans</i> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	<p>Awarding relief for those qualifying businesses will help to assist businesses to thrive and to assist in the development of Doncaster's economy.</p>

	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Creating Jobs and Housing</i> • <i>Mayoral Priority: Safeguarding our Communities</i> • <i>Mayoral Priority: Bringing down the cost of living</i> 	
	<p>All families thrive.</p> <ul style="list-style-type: none"> • <i>Mayoral Priority: Protecting Doncaster's vital services</i> 	
	<p>Council services are modern and value for money.</p>	<p>It is proposed that relief is awarded to pubs in line with the Government criteria to ensure the relief is funded via Section 31 grant at no cost to the Authority. It is further proposed to maximise use of the Government funding for local discretionary relief whilst ensuring relief is not awarded in excess of the funding, again to ensure there is no cost to the Authority.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	

RISKS AND ASSUMPTIONS

24. There is a risk of failure to identify qualifying businesses and award the reliefs accordingly. This risk will be managed by thorough checking of Business Rates records to ensure all qualifying businesses are identified, and publicity of the schemes on the Council's website. We will write to all businesses we believe are eligible for local discretionary relief to invite an application.
25. There is a further risk of awarding relief in excess of the Government funding which would then have to be funded by Doncaster Council. This risk will be managed by close monitoring of relief awarded throughout the year and quality control checking of awards.

LEGAL IMPLICATIONS

26. Local authorities can grant discretionary rate relief as described in this report using its powers under section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011.
27. The legislation states that the local authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Tax payers in its area. Given that the Government has provided funding for the schemes, it is deemed to be in the interests of the Authority's Council Tax payers to award the relief. The legislation also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief.
28. As identified in the body of the report, such rate relief may amount to State Aid and therefore rate relief can only be given if it complies with the De Minimis levels as described in the report.

FINANCIAL IMPLICATIONS

29. Central Government will reimburse billing authorities and those major precepting authorities, i.e. South Yorkshire Fire and Rescue for Doncaster, for the local share of the discretionary reliefs via a grant under section 31 of the Local Government Act 2003.
30. For the pubs relief, local authorities will be asked to provide an estimate of their likely total cost for providing the relief in a one off estimate for 2017/18. The Government will then provide payments to local authorities for their share (under the rates retention scheme) of the cost of the estimated relief for 2017/18. The final cost to local authorities will be calculated and reconciled as part of year-end processes.
31. The allocations for the local discretionary relief are set out in the body of the report, with £463k allocated for 2017/18.
32. Under the terms of the grant determinations, all the compensation is being paid to billing authorities, in the first instance. However, the intention is that the sum is to be shared between billing and major precepting authorities (i.e. South Yorkshire Fire and Rescue) in the normal way. Government will arrange for this automatically at NNDR3 stage (completed at the financial year end) and the amount of grant due to each of the billing and major precepting authorities will be automatically calculated from data provided in the form. We will reconcile these calculations against the amounts paid under the grant determinations and make/receive reconciliation payments to/from major precepting and billing authorities.
33. DCLG has recognised that implementing the new relief schemes places additional burdens on billing authorities. They have confirmed that local authorities will be paid a flat rate of £12,000 New Burdens funding for additional administration and IT related costs of administering the three new relief schemes announced in the Spring Budget. In addition, local authorities will be paid 50p for each bill reissued as a result of awarding these reliefs.

HUMAN RESOURCES IMPLICATIONS

33. Based on a fixed cap approach for the Local Discretionary Relief Scheme which would be relatively straight forward to administer, there are no HR implications associated with the implementation of these schemes. It is anticipated that the administration of the schemes will be managed within existing resources.
34. Should a scheme option be chosen for the local discretionary relief that requires significant manual intervention, additional resources may be required to administer this scheme.

TECHNOLOGY IMPLICATIONS

34. The Northgate Business Rates system has the functionality to award the pubs relief. Based on a fixed cap approach for the local discretionary relief, the system also has the functionality to award relief although manual intervention will be required to calculate the relief for each qualifying business. It is not anticipated that any software upgrades will be provided to administer the local discretionary relief due to each local authority potentially having different scheme criteria. In the unlikely event that software upgrades are provided, ICT resources will be required to apply any software upgrades needed to support the proposed relief scheme, together with any required changes to the Business Rate bills. In this event, early consultation with ICT is needed to ensure the required work and timescales are fully understood and included in the forward work plan.

EQUALITY IMPLICATIONS

35. There are no equality implications associated with this report.

CONSULTATION

36. The grant funding for the local discretionary relief is subject to the condition that billing authorities consult their major precepting authorities before adopting any scheme. South Yorkshire Fire and Rescue Service have been consulted on Doncaster Council's proposed Local Discretionary Relief Scheme and have confirmed that they support the proposals. The Federation of Small Businesses and Doncaster Chamber have also been consulted on the proposed Local Discretionary Relief Scheme and neither organization have raised any issues or concerns.
37. South Yorkshire local authorities have also been consulted with regard to their plans for the local discretionary relief. Rotherham Council and Sheffield Council are still in planning stages with no firm proposals as yet. Barnsley Council are proposing to award relief to qualifying businesses with a RV under £200k that have had an increase in their RV of more than 12.5%. Barnsley Council are further proposing to limit the relief to 30% of the increase in the Business Rates bill up to a maximum of £5,000 per qualifying business.

BACKGROUND PAPERS

38. There are no background papers for this report

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DONCASTER METROPOLITAN BOROUGH COUNCIL

PUBS RELIEF SCHEME 2017/18

Background

1. National Non-Domestic Rates (NNDR), also known as Business Rates is a tax on non-domestic properties. The level of the charge for Business Rates is based on the rateable value of the property multiplied by the Government multiplier, and the amount payable may then be subject to a number of reliefs and exemptions.
2. Local Authorities have the power to grant Discretionary Rate Relief to Ratepayers that meet certain criteria. The amount of relief granted is used to reduce the amount the Ratepayer owes in Business Rates.
3. At the Spring Budget, the Government announced a new relief scheme for occupied pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1000 discount on their bill. The relief will have effect for 2017/18.
4. The Government is not intending to change the legislation. Instead it has provided eligibility criteria and guidance from the Department of Communities and Local Government (DCLG) on 20th June 2017.

Legislation

5. S47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011, states the Authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Tax payers in its area. It also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief.
6. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Pubs Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).
7. The De Minimis Regulations allow an undertaking to receive up to €200,000, around £173,000, of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).
8. To administer De Minimis aid it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000, around £173,000 of De Minimis aid. Exchange rates will be calculated using the currency converter shown on the link below.

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

Who pays for the relief granted?

9. Central Government will fully reimburse local authorities for the local share of the Pubs Relief (using a grant under section 31 of the Local Government Act 2003). As the relief will be fully funded it is the interests of local taxpayers due to potential job retention and the wider local economic benefits.

Purpose

10. The purpose of this scheme is to specify how the Council will operate its discretionary powers and to indicate the factors we will consider when deciding if this relief can be awarded.
11. The Council will consider awarding relief to all ratepayers who meet the qualifying criteria. We will share information with other public bodies and grant funders to prevent and detect fraud and duplication of assistance in respect of Business Rates.

Consultation

12. This scheme has been approved by Council Members. No other consultation has taken place on the proposed scheme as it is in line with the Government guidance and eligibility criteria and therefore fully funded by Central Government.

How we will decide whether to award Pubs Relief

13. The scheme will be available to eligible occupied properties with a rateable value of less than £100,000. The majority of pubs are independently owned or managed and will not be part of chains. Where pubs are part of a chain, relief will be available for each eligible property in the chain, subject to meeting State Aid requirements.
14. There is no definitive description of a traditional pub or public house in law which could be readily used by local authorities to determine eligibility. The objective has been to adopt an approach that makes the design and eligibility of the scheme easy to implement by local authorities in a clear and consistent way, is widely accepted by the industry and which is consistent with the Government's policy intention as set out in this section.
15. The Government's policy intention is that eligible pubs should:
 - be open to the general public
 - allow free entry other than when occasional entertainment is provided
 - allow drinking without requiring food to be consumed
 - permit drinks to be purchased at a bar.

For these purposes, it should exclude:

- restaurants
- cafes
- nightclubs
- hotels
- snack bars
- guesthouses
- boarding houses

- sporting venues
- music venues
- festival sites
- theatres
- museums
- exhibition halls
- cinemas
- concert halls
- casinos

The list is not intended to be exhaustive, if a use is broadly similar to those above, it will not be considered eligible for relief.

Claiming Pubs Relief

16. The Council will identify all eligible ratepayers and award relief automatically where it is clear that State Aid requirements are met. Where pubs are part of a chain, relief will be available for each eligible property in the chain, subject to meeting State Aid requirements and this will need to be clarified before any relief is awarded.

17. We may request any reasonable evidence to determine eligibility.

Period of Award

18. The start date of the relief will be the 1st April 2017.

19. For applications where the qualifying criteria are not met until after this date, the start date of the relief will be the date that the qualifying conditions are met up to and including 31st March 2018 (which is the last date that relief will be awarded based on the current information from Government).

20. The minimum period of relief that can be awarded is one day.

21. Entitlement to relief will cease on the 31st March 2018, or from such date that one or all of the qualifying criteria are no longer met if sooner.

How much will we award?

22. The total amount of Government-funded relief available for 2017/18 under this scheme is up to £1,000 for each eligible property. There is no relief available under this scheme for properties with a rateable value of £100,000 or more. Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

23. Pubs Relief will be awarded after taking into consideration other reliefs, including relief awarded under the Supporting Small Businesses Relief Scheme and excluding relief awarded under the Local Discretionary Relief Scheme. The amount awarded will be no more than the net rate liability if this is less than £1,000.

24. Ratepayers that occupy more than one property will be entitled to Pubs Relief on each of their eligible properties subject to EU State Aid De Minimis limits.

25. A new hereditament created because of a split or merger during the financial year or a change of use will be considered afresh for the relief from that date.

How payments will be made

26. All relief awarded will be credited to the ratepayer's Business Rates account.

Notifications

27. Where the application is successful, the ratepayer will be notified and the notification will include the following information:-

- The period of the award.
- The amount of relief to be awarded for the period.

Overpayments

28. The Council will recover all overpayments of Pubs Relief through the ratepayer's Business Rates account.

Right of Appeal

29. As this is a discretionary scheme there is no formal right of appeal, however, if a ratepayer is aggrieved by a decision made under this scheme, they must write and tell us why they think the decision is wrong, e.g. whether the published criteria has been properly applied.

30. The case will then be considered by someone who has not been involved in the original determination.

31. They will thoroughly check all the information held about the property along with the details in the relief application and any further information provided by the ratepayer. They will decide whether or not the criteria have been properly applied. They could then: -

- Decide not to change the decision;
- Change the decision and award Pubs Relief.

32. They will write to tell the ratepayer what has happened, normally within 21 days of reconsidering the decision.

Fraud

33. The Council is committed to the fight against fraud in all its forms. A ratepayer who tries to fraudulently apply for Pubs Relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect that such a fraud may have occurred, the matter will be investigated in line with the Council's Anti-Fraud Strategy. This may lead to criminal proceedings being instigated.

Publicity and Information

34. The Council will include information about Pubs Relief in the Business Rates Section of the Council's website and other appropriate places.

DONCASTER METROPOLITAN BOROUGH COUNCIL

LOCAL DISCRETIONARY BUSINESS RATES RELIEF SCHEME 2017/18

Background

1. The Valuation Office Agency carries out revaluations of Non-Domestic Rates property, usually every 5 years. The most recent revaluation of rateable values, based on rental values at 1 April 2015, is effective from 1 April 2017. The revaluation affected the amount of Business Rates many ratepayers across Doncaster have to pay. In terms of the local impact of the revaluation, of the 9,299 properties in the current Non Domestic rating list for Doncaster, 4,148 had an increase in their rateable value (RV); 1,907 had a decrease; and 3,244 had no change. Of the 4,148 properties that had an increase in RV, around half of these had no extra Business Rates to pay due to being entitled to 100% Small Business Rates Relief. Only around 22% of properties have seen an increase in their bills and across the borough there has been an overall decrease of 1.1% in total rateable value. This compares with the national picture of an increase in Business Rates of 9.1%.
2. Local Authorities have the power to grant Discretionary Rate Relief to Ratepayers that meet certain criteria. The amount of relief granted is used to reduce the amount the Ratepayer owes in Business Rates.
3. In the Spring Budget 2017 the Chancellor announced a discretionary fund of £300m over a four year period from 2017/18 would be made available to support those businesses that faced the steepest increases in their Business Rates bills as a result of the 2017 Revaluation.
4. Each billing authority in England will be provided with a share of £300 million to support their local businesses and are expected to use their share of funding to develop their own discretionary relief scheme to deliver targeted support to the most hard-pressed ratepayers.
5. Doncaster Council's allocation of this funding for discretionary relief is £794k spread across the next four years. This comprises £463k for 2017/18; £225k for 2018/19; £93k for 2019/20; and £13k for 2020/21. These amounts reflect the maximum level of relief that can be awarded to local businesses. Central Government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003), and the Council has received confirmation of the actual maximum grant funding for the local share of the scheme for 2017/18 of £231,569.
6. The Government expects local authorities to develop a local scheme to grant relief to qualifying ratepayers and the Council would like to support qualifying ratepayers by utilising its discretionary powers through the application of this local scheme.

Legislation

7. S47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011, states the Authority may only grant relief if it would be reasonable to

do so having regard to the interests of Council Tax payers in its area. It also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief.

8. Local Discretionary Business Rates Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).
9. The De Minimis Regulations allow an undertaking to receive up to €200,000, (around £173,000), of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).
10. To administer De Minimis aid it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000, (around £173,000), of De Minimis aid. Exchange rates will be calculated using the currency converter shown on the link below.

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm

Who pays for the relief granted?

11. Central Government will fully reimburse local authorities for the local share of the Local Discretionary Business Rates Relief (using a grant under section 31 of the Local Government Act 2003). As the relief will be fully funded it is in the interests of local taxpayers due to potential job retention and the wider local economic benefits.

Purpose

12. The purpose of this scheme is to specify how the Council will operate its discretionary powers and to indicate the factors we will consider when deciding if this relief can be awarded.
13. The Council will consider awarding relief to all ratepayers who meet the qualifying criteria. We will deal with each application on its merits and treat all organisations that apply for this relief equally and fairly. We will share information with other public bodies and grant funders to prevent and detect fraud and duplication of assistance in respect of Business Rates.

Consultation

14. The grant funding is subject to the condition that billing authorities consult their major precepting authorities before adopting any scheme. South Yorkshire Fire and Rescue Service have been consulted on this scheme. The Federation of Small Businesses and Doncaster Chamber have also been consulted.
15. Other Councils have also been consulted about their plans for their own local discretionary schemes and differences exist between different authorities' schemes.

How we will decide whether to award Local Discretionary Business Rates Relief

16. The Local Discretionary Business Rates Relief will help those ratepayers who as a result of the 2017 Revaluation have had an increase in their bills of more than 7.5% between 2016/17 and 2017/18 after all other reliefs have been

deducted, where the rateable value of the property on the 1st April 2017 is below £200,000.

17. Other specific criteria are set out below:-

- a. The property must have been occupied by the same ratepayer on 31st March 2017 and 1st April 2017. New businesses moving in after the 1st April 2017 will not be entitled to relief.
- b. Where a property was empty on the 1st April 2017, no relief will be awarded; and where a property becomes empty after that date any award will end on the date the property becomes empty.
- c. The total awards of relief will not exceed the amount of the 2017/18 Doncaster Council funding allocation, i.e. £463k.
- d. Local Discretionary Relief will be awarded after all relevant reliefs and exemptions have been deducted.
- e. Under section 47 of the Local Government Finance Act, no discretionary award can be made where the ratepayer is the Council or any precepting body.
- f. Where the ratepayer qualifies for Supporting Small Businesses Relief, no award of Local Discretionary Business Rates Relief will be awarded.

Claiming Local Discretionary Business Rates Relief

18. The Council will identify all eligible ratepayers and invite them to make an application for relief.

19. In order to receive relief the Council has to be satisfied that the qualifying criteria are met. For each award a State Aid declaration must be submitted by the ratepayer to declare any other aid received and to confirm they do not exceed the De Minimis threshold.

20. We will award relief in circumstances where we consider a ratepayer may be entitled to relief and will provide a form/ declaration to assist in identifying those ratepayers entitled to relief. The form/declaration must be completed by the ratepayer or a person authorised to sign on behalf of the ratepayer.

21. We may request any reasonable evidence in support of the application.

Period of award

22. The start date of the relief will be the 1st April 2017.

23. The minimum period of relief that can be awarded is one day.

24. Entitlement to relief will cease on the 31st March 2018, or from such date that one or all of the qualifying criteria are no longer met, if sooner.

25. A new scheme of relief will exist for future years, the qualifying criteria for which will be determined after this award of relief ends.

26. No relief will be awarded for a period prior to 1st April 2017.

How much will we award?

27. Qualifying ratepayers will receive relief equivalent to 100% of the increase in their net Business Rates bill above the 7.5% cap.
28. Where a qualifying ratepayer's 2017/18 and/or 2016/17 rates bill is adjusted for any of the following reasons, the amount of their relief will be adjusted or removed accordingly:
- a. a change in rateable value in the 2010 and/or 2017 rating lists;
 - b. the provision of a certificated value for the 2010 rating list or historical change;
 - c. the application or increase of any other relief or exemption;
 - d. vacation and re-occupation of the property.
29. Annex 1, at the end of this document, shows some examples of how relief will be calculated.

How payments will be made

30. All relief awarded will be credited to the ratepayer's Business Rates account.

Notifications

31. The Council will inform the ratepayer in writing of the outcome of their application for Local Discretionary Business Rates Relief.
32. Where the application is not successful, the notification will provide reasons why we have decided not to award Local Discretionary Business Rates Relief and the applicant's right to ask us to look at the decision again.
33. Where the application is successful, the notification will include the following information:-
- a. The period of the award.
 - b. The amount of relief to be awarded for the period.

Overpayments

34. The Council will recover all overpayments of Local Discretionary Business Rates Relief through the ratepayer's Business Rates account.

Right of Appeal

35. As this is a discretionary scheme there is no formal right of appeal, however, if a ratepayer is aggrieved by a decision made under this scheme, they must write and tell us why they think the decision is wrong, e.g. whether the published criteria has been properly applied.
36. The case will then be considered by someone who has not been involved in the original determination.
37. They will thoroughly check all the information held about the property along with the details in the relief application and any further information provided by the ratepayer. They will decide whether or not the criteria have been properly applied. They could then: -

- a. Decide not to change the decision;
- b. Change the decision and award Local Discretionary Business Rates Relief.

38. They will write to tell the ratepayer what has happened, normally within 21 days of reconsidering the appeal.

Fraud

39. The Council is committed to the fight against fraud in all its forms. A ratepayer who tries to fraudulently apply for Local Discretionary Business Rates Relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect that such a fraud may have occurred, the matter will be investigated in line with the Council's Anti-Fraud Strategy. This may lead to criminal proceedings being instigated.

Publicity and Information

40. The Council will include information about Local Discretionary Business Rates Relief in the Business Rates Section of the Council's website and other appropriate places.

Review

41. The scheme will be reviewed at the end of the 2017/18 financial year, taking into account any changes in legislation or guidance from Central Government regarding the funding of this relief.

Examples of Local Discretionary Business Rates Relief Award Calculations

Example 1 – Award and Vacated Premises

Annual charge

Rateable Value 2016/2017	£25,000.00
Rateable Value 2017/2018	£55,500.00

Increase 122%

Net Bill 2016/2017	
£25,000.00 x 0.497*	= £12,425.00

Capped increase at 7.5%	£13,356.88
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Net Bill 2017/2018	
£55,500.00 x 0.479*	= £26,584.50
Less Transitional Relief	<u>£11,978.25</u>
	£14,606.25

£14,606.25 - £13,356.88	= <u>£ 1,249.37</u> Relief Award
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(*Including Supplement)

This ratepayer will vacate the premises on 1 October 2017 and is no longer liable for business rates from this date.

The relief needs to be apportioned for the number of days occupied.

01.04.2017 to 30.09.2017	= 182 days
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£1,249.37/365 days x 182 days	= <u>£622.97</u> Adjusted Relief Award
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Example 2 – Not eligible

Rateable Value 2016/2017	£7,800.00
Rateable Value 2017/2018	£9,500.00

Increase 21.79%

Net Bill 2016/2017		
£7,800.00 x 0.484	=	£3,775.20
Less Small Business Rate Relief	-	<u>£2,642.53</u>
		£1,132.67

Capped increase at 7.5%	£1,217.62
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Net Bill 2017/2018		
£9,500.00 x 0.466	=	£4,427.00
Less Transitional Relief		£ 383.76
Less Small Business Rate Relief		<u>£4,043.24</u>
		£ 0.00

As the charge for 2017/18 is less than the 2016/17 capped increase no relief is awarded.