

DONCASTER METROPOLITAN BOROUGH COUNCIL
SUPPORTING SMALL BUSINESSES RELIEF SCHEME

Background

1. 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.
2. In the Spring Budget 2017 the Chancellor announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief due to the revaluation.
3. The government is not changing the legislation around transitional relief. Instead the government will, in line with the eligibility criteria for the Supporting Small Businesses scheme, reimburse billing authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988, as amended, to grant relief. Central government will fully reimburse local authorities for the local share of the Supporting Small Businesses relief (using a grant under section 31 of the Local Government Act 2003). In view of the fact that such expenditure will be reimbursed, the government expects billing authorities to grant Supporting Small Businesses relief to all qualifying ratepayers.
4. The Council would like to support qualifying small businesses by utilising its discretionary powers through the application of this policy.

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 Supporting Small Businesses 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 discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

Purpose

10. The purpose of this Policy 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 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

12. This policy has been approved by Council Members. No other consultation has taken place on the proposed scheme as it is in line with the national DCLG guidance and therefore fully funded by central government.

Claiming Discretionary Supporting Small Businesses Relief

13. 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.
14. We will award relief in circumstances where we consider an organisation may be entitled to relief and will provide a form/ declaration to assist in identifying those businesses entitled to relief. The form/declaration must be completed by the ratepayer or a person authorised to sign on behalf of the ratepayer.
15. We may request any reasonable evidence in support of the application.

Period of Award

16. The start date of the relief will normally be the 1st April 2017.
17. 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 2022 (which is the last date that relief will be awarded based on the current information from Government).
18. The minimum period of relief that can be awarded is one day.
19. Entitlement to relief will cease on the 31st March 2022, however should funding be extended the policy to award relief may also be extended. Entitlement to relief

will cease from such date that one or all of the qualifying criteria are not met, if sooner.

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

How we will decide whether to award Discretionary Rate Relief

21. The Supporting Small Businesses relief will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business or Rural Rate Relief and, as a result, are facing large increases in their bills.

22. Hereditaments eligible for charity or Community Amateur Sports Club relief or hereditaments which are unoccupied are not eligible for Supporting Small Businesses Relief. And, for the avoidance of doubt, Small Business Rate Relief or Rural Rate Relief should not be applied to further reduce the bill found under Supporting Small Business relief. For example

- a ratepayer eligible for Small Business Rate Relief whose rateable value has increased from £3,000 (paying £0 in 2016/17) to £14,000 would be paying the following in 2017/18 before Supporting Small Businesses relief:
 - Bill before reliefs: £6,524,
 - Bill after transitional relief: £1,555
 - Bill after Small Business Rate Relief (@1/3): £1,037.
- After Supporting Small Business Relief the bill for 2017/18 would be reduced to £600. No further Small Business Rate Relief should be applied to the £600 bill.

23. The same principle applies to properties for which a Section 44A certificate has been granted (apportionment of rateable values for partly occupied properties). The presence of a section 44A certificate should not further reduce the bill found under the Supporting Small Business scheme.

24. All other discretionary reliefs, including those funded by section 31 grants, should be considered after the application of Supporting Small Businesses relief. Following discussions with local government stakeholders and their software providers, the expectation is that Supporting Small Businesses relief will be shown on the bill as an adjustment to the chargeable amount after any transitional relief – i.e. it will appear as a deduction.

How much will we award?

25. Supporting Small Businesses relief will be awarded to ensure the increase per year in the bills is limited by whichever gives the greatest relief from either

- a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme the percentage increase is taken against the bill for 31 March 2017 after Small Business Rate Relief or Rural Rate Relief , or

- a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after Small Business Rate Relief are brought into paying something.
26. In the first year of the scheme, this means all ratepayers losing some or all of their Small Business Rate Relief or Rural Rate Relief will see the increase in their bill capped at £600. The cash minimum increase is £600 per year thereafter. This means that ratepayers who are currently paying nothing under Small Business Rate Relief and are losing all of their entitlement to relief (i.e. moving from £6,000 rateable value or less to more than £15,000) would under this scheme be paying £3,000 in year 5.
27. Those on the Supporting Small Businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund Small Business Rate Relief while they are eligible for the Supporting Small Businesses relief scheme.
28. Ratepayers remain in the Supporting Small Businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the Supporting Small Businesses relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.
29. There is no 2nd property test for eligibility for the Supporting Small Businesses relief scheme. However, those ratepayers who during 2016/17 lost entitlement to Small Business Rate Relief because they failed the 2nd property test but have, under the rules for Small Business Rate Relief, been given a 12 month period of grace before their relief ended can continue on the scheme for the remainder of their 12 month period of grace.
30. 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 in accordance with the following principle:
- that the protection offered by the Supporting Small Businesses scheme (that the bill will not rise by the greater of £600 p.a. or the transitional relief caps) will continue to apply in principle to that part of the newly created hereditament which was immediately before the creation day in the Supporting Small Businesses scheme, and
 - that increases (or reductions) in overall rateable value arising from the split or merger are not subject to the protection of the Supporting Small Businesses scheme.
31. The amount of relief awarded under the Supporting Small Businesses relief scheme should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year.

How Payments will be made

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

Notifications

33. The Council will inform the ratepayer applying in writing of the outcome of their application for Supporting Small Businesses Relief.

34. Where the application is not successful, the notification will provide reasons why we have decided not to award Supporting Small Businesses Relief and the applicant's right to ask us to look at the decision again.

35. Where the application is successful, the notification will include the following information:-

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

Overpayments

36. The Council will recover all overpayments of Supporting Small Businesses Relief through the ratepayer's Business Rates account.

Right of Appeal

37. If you are aggrieved by a decision made under this policy, you must write and tell us why you think the decision is wrong, e.g. whether the published criteria has been properly applied.

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

39. They will thoroughly check all the information we hold regarding the property along with the details in the relief application and any further information you have provided. 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 Supporting Small Businesses Relief.

40. They will write to tell you what has happened, normally within 21 days of reconsidering your appeal.

Fraud

41. The Council is committed to the fight against fraud in all its forms. A ratepayer who tries to fraudulently apply for Supporting Small Businesses 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

42. The Council will include information about Supporting Small Businesses Relief in the Business Rates Section of the Council's website and other appropriate places.

Review

43. The policy will be reviewed periodically, taking into account any changes in legislation or guidance from Central Government regarding the funding for this relief.