

# TEWKESBURY BOROUGH COUNCIL

<b>Report to:</b>	Executive Committee
<b>Date of Meeting:</b>	30 August 2017
<b>Subject:</b>	Business Rates Policy for New Reliefs. Changes to the Existing Discretionary Relief Policy.
<b>Report of:</b>	Richard Horton, Head of Revenues and Benefits
<b>Corporate Lead:</b>	Rob Weaver, Deputy Chief Executive
<b>Lead Member:</b>	Lead Member for Finance and Asset Management
<b>Number of Appendices:</b>	Two

## Executive Summary:

The government has made several announcements to reduce the burden of business rates on business rate payers. In addition, there is a need to change the regularity of reviews for recipients of charitable discretionary reliefs to once every four years and to remove the need for mini reviews in between. Below are listed details of the proposals being put before the Executive Committee:

- Within the budget announcement on 8 March 2017, the Chancellor announced that government would fund reliefs to those business rate payers facing the steepest increases in their business rates bills as a result of the 2017 business rates revaluation. Three new reliefs are being proposed.
- The government also announced that a discretionary relief, commencing from 1 April 2017, will be available to local newspapers over a two year period.
- The government has increased mandatory relief for recipients of rural rate relief from 50% to 100% from 1 April 2017. Executive Committee is asked to note this change as Central Government has made it a legal requirement to make this award.
- To remove from the discretionary relief policy the need to carry out mini reviews.

## Recommendation:

- **That the new policy for awarding reliefs to ratepayers facing significant increases in business rates bills following the 2017 revaluation and local newspaper relief is ADOPTED.**
- **That the changes to the existing charitable discretionary relief policy for recipients of rural rate relief are NOTED.**
- **That the new review period for discretionary reliefs is ADOPTED.**

## Reasons for Recommendation:

Before the new reliefs and changes can be made, the proposals and one change must be put before the Council's Executive Committee for consideration and adoption.

## Resource Implications:

Central government is providing funding to the Borough Council in order to reduce the business rates charges for business rate payers. In all areas of this report there is sufficient funding to pay for the reliefs as central government will be providing the funding.

**Legal Implications:**

The Borough Council has an obligation to have in place discretionary relief policies to ensure that awards of discretionary relief are reasonably made.

**Risk Management Implications:**

Failure to have in place business rates policies covering off its discretions could lead to inconsistency when making awards and subsequently challenge.

**Performance Management Follow-up:**

Monitoring of the discretionary relief awards. Many of the new reliefs will only be in place for a short period of time. Many will drop out of relief over years one and two.

**Environmental Implications:**

None.

## **1.0 INTRODUCTION/BACKGROUND**

- 1.1** Within the budget on 8 March, the Chancellor announced that the government 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 revaluation. Requiring an additional discretionary relief scheme to the schemes already available. Every billing authority in England will be provided with a share of £300 million to support their local businesses. This will be administered through billing authorities' discretionary relief powers under Section 47 of the Local Government Act 1988. In addition, other new reliefs have been announced to support businesses, help for those in the pub trade, relief for those who have lost out on small business relief after the 2017 revaluation and local newspaper relief. All of the reliefs will be funded by central government.

## **2.0 THE POLICY AND POLICY CHANGES**

- 2.1** The policy covers reliefs for businesses facing large increases in business rates following the 2017 revaluation and including the Local Newspaper relief.

The policy document is split into 4 sections:

- Supporting small businesses relief.
- New discretionary relief scheme.
- Business rate relief scheme for pubs.
- Local newspaper relief.

**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. There are five ratepayers who fall under this heading and are eligible for help. The funding for this relief will be fully met by central government. Please see Paragraphs 5.0 to 5.5 in Appendix 1 for full details on eligibility.

### **The discretionary relief scheme**

The Council will consider awarding relief in the following circumstances:

- All cases with rateable values below £200,000 will be eligible for the relief (although there will be exceptions).
- The eligible ratepayer is the ratepayer occupying the affected property on the 31.03.2017 and continues to be the ratepayer.
- The 2017/2018 net bill exceeds the 2016/2017 years' gross rates bill by over 12.5%. They will be eligible to receive new discretionary relief reducing the increase (less the 12.5% threshold) by 40%.

There are other conditions that impact on the award and these are contained in the policy. Potentially there are 173 ratepayers eligible for the relief. The Government has made available £191,000 for 2017/2018 to the Borough Council to help those most impacted by the increases in rates bills. Please see Paragraphs 6.0 to 6.4 in Appendix 1 for full details on eligibility.

### **New business rate relief scheme for pubs**

At the spring budget, the Government announced a new relief scheme for pubs that have a rateable value of below £100,000. Under the scheme eligible pubs will receive a £1000 discount off their bill. The relief will have effect for the 2017/2018 financial year. Conditions for making the award are contained in the attached policy. This scheme will be fully funded by Central Government. Please see Paragraphs 7.0 to 7.4 in Appendix 1 for full details on eligibility.

### **Local newspaper relief**

The Government has introduced a £1,500 business rates discount, per year, for office space that is occupied by local newspapers. The relief will run for two years from 1 April 2017. The relief will be assessed and calculated on a daily basis. Details of the conditions are contained in the policy document attached at Appendix 1. Currently there is no local newspaper operating in the Borough. There is an expectation by central government that Tewkesbury Borough Council has a policy in place in the event the borough has a local newspaper. Again, the government will fully fund this relief. Please see Paragraphs 8.0 to 8.2 for full details on eligibility.

### **To amend the existing policy for charitable type organisations**

- The Government has increased the mandatory relief for recipients of rural rate relief payers will be increased from 50% to 100% from 1 April 2017. Please see Appendix 2, Paragraph 2.3.
- To remove from the discretionary relief policy the need to carry out mini reviews. This is an audit recommendation as there are hardly any changes to reasonably justify the time. Please see Appendix 2, Paragraph 10.2.

## **3.0 OTHER OPTIONS CONSIDERED**

### **3.1 None.**

**4.0 CONSULTATION**

4.1 Carried out with major preceptors.

**5.0 RELEVANT COUNCIL POLICIES/STRATEGIES**

5.1 Our existing policy on discretionary relief as well as the proposed policy the new reliefs.

**6.0 RELEVANT GOVERNMENT POLICIES**

6.1 Central government has a policy on delivering reliefs for business rates payers.

**7.0 RESOURCE IMPLICATIONS (Human/Property)**

7.1 None.

**8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**

8.1 None.

**9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**

9.1 Central government is providing funding to support the reliefs.

**10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**

10.1 None.

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**Background Papers:** None.

**Contact Officer:** Richard Horton – Head of Revenues and Benefits Tel: 01684 272119  
Email: [richard.horton@teWKesbury.gov.uk](mailto:richard.horton@teWKesbury.gov.uk)

**Appendices:**

1. The policy on reliefs for businesses facing large increases in business rates following the 2017 revaluation; including the local newspaper relief.
2. The existing discretionary relief policy for mandatory and discretionary reliefs.