



**NORTH HERTFORDSHIRE DISTRICT
COUNCIL**

REVENUES, BENEFITS & IT SERVICE

**BUSINESS RATES
DISCRETIONARY RELIEF SCHEME
(REVALUATION SUPPORT)
FROM 1 APRIL 2017
TO MARCH 2021**

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Discretionary Relief Policy ('Revaluation Support')

1. Introduction

- 1.1 In the Budget on 8 March 2017, the Chancellor of the Exchequer 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. The Government has decided that Local Government is best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- 1.2 Every billing authority in England will be provided with a share of the £300 million to support their local businesses. This is administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.
- 1.3 The Government believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies. The Government will allocate the available funding to each billing authority area based on assumptions about the number of properties with rateable values below £200,000 and the number of properties expected to see a rise of more than 12.5% in the rates payable as a result of the revaluation.
- 1.4 To allocate the resource between authorities the Government has assumed that authorities will provide support only to those ratepayers who are facing an increase in their bills following revaluation. It further assumes that, by and large, more support will be provided to:
- ratepayers or localities that face the most significant increases in bills; and
 - ratepayers occupying lower value properties
- 1.5 The Government has determined that the amount of money to be allocated to North Hertfordshire District Council under this scheme is as follows:

| Year | Amount of Funding |
|--------------|--------------------------|
| 2017/2018 | £320,000 |
| 2018/2019 | £155,000 |
| 2019/2020 | £64,000 |
| 2020/2021 | £9,000 |
| Total | £548,000 |

2. Qualifying Criteria

- 2.1 Revaluation Support will be recommended if:-
- i The property has a rateable value below £200,000.
 - ii The ratepayer has experienced a financial increase, as a direct result of revaluation in the amount they have to pay for 2017-18, compared to their 2016-17 bill (after any other reliefs have been applied) of more than 12.5%

- iii The relevant property is occupied. For those applicants who occupied during 2016-17 their part liability will be annualised before comparison with their 2017-18 liability to ensure they comply with the 12.5% increase requirement.
- iv The ratepayer is not in receipt of the 'Support for Small Business Relief' (also announced in the Spring Budget) which limits increases on small properties caused by the loss of Small Business Rates Relief to £600.
- v The value of any award is to be capped if necessary, to ensure that each Ratepayer pays at least the same amount of Rates as they did in the previous financial year, adjusted for annualisation for any properties occupied part way through 2016/2017
- vi The award of relief complies with EU law on State Aid:

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However the support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). There are certain types of undertaking that are excluded from receiving De Minimis aid. Any aid to be considered De Minimis is required to be converted into Euros.

To administer De Minimis 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 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

3. Applications

- 3.1 Completed application forms for 2017/18 will be required from each applicant by no later than 24 September 2017. At that point the value of the award to be made to each successful claimant can be calculated, since the total value of business rate liability for those ratepayers will be known.
- 3.2 When making an award for the support for ratepayers, a condition of that award is that the relief can be recalculated in the event of a change to the rating list for the property concerned (retrospective or otherwise). This is so that the relief can be recalculated if the rateable value changes. Recalculation may also be required should there be other changes to a ratepayer's account, for example if another relief is claimed and applied which affects liability.
- 3.3 Application forms must be received from the ratepayer or their agent by no later than 24 September 2017.

4 Legal Requirements

- 4.1 The Scheme will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988

5 Financial Impact

- 5.1 In each year of the scheme, the Government will make grant payments to billing authorities equivalent to their loss of income under the business rates discretionary scheme up to the maximum amount detailed in 1.5 above.

6 The Decision Making Process

- 6.1 The Council will consider completed and received applications as soon as possible and in any case within 30 working days of the application and all supporting information being received, and will notify the applicant should there be a delay in processing the application.
- 6.2 The Council will notify the applicant of the decision in writing, and where the relief is refused, an explanation of the reasons why will be given.
- 6.3 The Council will not consider applications where the customer has failed to provide information within the timescales provided to them, and will notify the customer in writing that the application has been refused.
- 6.4 To ensure there is a fair and consistent approach to the award of Relief under the scheme, all applications will be considered within the guidelines of this Policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

7 Period of Relief

- 7.1 Where awarded, support under this scheme will be granted only to the end of the relevant financial year.
- 7.2 To ease the administrative burden on businesses, the Council will not require new application forms to be completed for the three years of the scheme after the first year.
- 7.3 The Council will instead use its own records to ensure that each business continues to qualify and make the award accordingly for each year. The award for each year is an award for that year only and will end on 31 March of each year.
- 7.4 The only qualifying criterion which the Council cannot check from its own records is that on compliance with the State Aid Rules. Consequently, businesses should notify the Council immediately should the level of State Aid exceed the amount in the De Minimis Regulations.
- 7.5 In all cases relief will end in the following circumstances (NB where eligibility ends during the financial year the relief will be pro rata to the last day of entitlement):
- a) The end of the statutory period for which relief may be allowed;
 - b) The end of the financial year;

- c) The property becoming unoccupied;
- d) The ratepayer ceasing to be the person or organisation liable to pay non-domestic rates in respect of the property;
- e) The commencement of a further award in respect of the property;
- f) The council is unable to verify, following reasonable notice, that the property remains occupied;
- g) A change in rateable value excludes the ratepayer from entitlement.

7.6 It is also important to note that under the Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)¹ authorities are required to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can normally only take effect at the end of a financial year. However within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

8 Calculation of Relief

- 8.1 Completed application forms will be required from each applicant by no later than 24 September 2017. At that point the value of the award to be made to each successful claimant can be calculated, since the total value of business rate liability for those ratepayers will be known. The award will be a percentage of the available funds in relation to the percentage increase in rates payable applicable to each qualifying property. Relief that will be determined once all qualifying applicants have been approved.
- 8.2 The total value of all awards of relief will be limited to the maximum financial allocation to the Council during any grant period.
- 8.3 Should the rateable value reduce leading to a less than 12.5% increase on the 2016/17 liability, then all support under the scheme will be removed.
- 8.4 Should the rateable value reduce, but a greater than 12.5% increase on the 2016/17 liability remains, then the entitlement will be recalculated based upon the initial allocation percentage.
- 8.5 If the Business Rates bill increases within the period that Relief is granted, i.e. the original 1 April 2017 rateable value is retrospectively increased, then the amount awarded will not be recalculated. Such an increase would be outside the annual grant award. In such cases, the Council, upon request of the ratepayer, may consider a backdated claim which will be dependent on whether there are funds available within the allocated amount detailed at 1.5 above.
- 8.6 Because some awards may be capped in accordance with 2.1v above and there will almost certainly be some successful appeals against rateable values within each financial year, it is likely that not all available funds will be awarded. The Council therefore proposes to reallocate any surplus funding in a second tranche of awards later in each financial year in accordance with the same criteria as the first awards.

9 Notification of Decision

- 9.1 Successful applicants will be notified by means of a revised Business Rates bill. Unsuccessful applicants will be notified in writing, including an explanation of why the application was unsuccessful.

10 Rights of Appeal

- 10.1 There is no statutory right of appeal against a decision to award relief under this scheme made by the Council because the award is discretionary. However, the Council recognises that customers should be entitled to have a decision objectively reviewed if they are dissatisfied with the outcome.
- 10.2 Unsuccessful applicants should, in the first instance detail in writing their reasons for not agreeing with any decision, to the Systems & Technical Manager in the Revenues, Benefits & IT Service, Town Lodge, Gernon Road, Letchworth Garden City, Herts SG6 3HN or by email to revenues@north-herts.gov.uk. (NB the Council's address will revert to Council Offices, Gernon Road, Letchworth Garden City, Herts SG6 3JF from 1 March 2018). A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.
- 10.3 Should the applicant still be aggrieved having received a response to the first "review" they should then write to the Head of Revenues, Benefits & IT, at the same address(es) as in 10.2 above within a further two weeks of receiving the first review decision.

11 Policy Review

- 11.1 All awards are for the financial year in question only. The scheme will be reviewed and reissued should there be any legislative or other changes before 31 March 2021, which affect the scheme.