



**NON DOMESTIC RATES
DISCRETIONARY RATE RELIEF POLICY FOR REVALUATION SUPPORT**

Lead Directorate and service:	Corporate Resources, Finance
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1.0 Background

- 1.1 Non domestic rates (usually referred to as business rates) are collected by local authorities, and are the way that those who occupy non domestic property contribute towards the cost of local services. The non domestic rate liability of a property is determined by its rateable value (RV) and RVs are set by the Valuation Office Agency (VOA). The VOA conducted a national revaluation exercise of all RVs in 2016 and the RVs determined through this exercise came into force on 1 April 2017.
- 1.2 In the Spring Budget 2017, the Chancellor of the Exchequer acknowledged the revaluation exercise had created some hardship and 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 bill as a result of the revaluation.
- 1.3 The policy will be administered through billing authorities discretionary relief powers under section 47 of the Local Government Act 1988, and local authorities will be compensated for the amount of discretionary revaluation support awarded, through a Section 31 grant up to the allocation, with any unspent grant recovered by Government.

2.0 Definitions for the purpose of this Policy

- **Non domestic rates** - are the way that those who occupy non domestic properties contribute to the cost of local services. Commonly known and referred to as business rates, they are charged on most non domestic properties, for example:
 - Shops
 - Offices
 - Public houses
 - Warehouses
 - Factories
- **Discretionary rate relief** - a discretionary scheme maintained by the local authority which allows rate relief to be awarded to non-domestic properties to reduce their business rates liability.
- **Business rate payer** – the liability to pay business rates will generally fall to the occupier of a non-domestic property. Usually this is the owner-occupier, leaseholder or subtenant and may be in the name of the sole trader, partnership or a company, or, in the case of empty properties, the person entitled to occupy it.
- **Revaluation** - is where the Valuation Office Agency adjusts the rateable value of business properties to reflect changes in the property market. This is usually carried out every five years. The most recent revaluation came into effect on 1 April 2017.

3.0 Policy Statement

- 3.1 This policy has been produced to ensure that the Council operates its discretionary rate relief policy in a fair, transparent and consistent manner, and that it is compliant with all current legislation and the guidance issued by the Department for Communities and Local Government (DCLG).
- 3.2 In line with Government funding intentions, the Council will provide support only to those ratepayers who are facing an increase in their bills following revaluation. The Council will target support towards ratepayers that face the most significant increases in bills and ratepayers occupying lower value properties
- 3.3 The Council has discretion to make any award, and applications are invited from any ratepayers that have had an increase in their business rates following the revaluation.
- 3.4 The funding provided by the Government is a limited amount, and relief will only be awarded under this policy where the Council will be compensated in full.
- 3.5 As the funding decreases substantially across the four years, any award will be for a maximum of one year and a new application will need to be made each financial year up to 2020/21.
- 3.6 The amount of relief awarded to any ratepayer may be recalculated in the event of a change to the rating list for the property concerned.
- 3.7 In order for relief to be considered, the Council require an application form to be completed.
- 3.8 Awards under this policy will be determined after all other eligible reliefs have been applied.

- 3.9 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)¹ require the Council 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 of business rates the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. Within the Government 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.
- 3.10 Discretionary relief may be awarded by the Council's Head of Finance (Section 151 Officer) where it is deemed that the circumstances are appropriate. In all cases, the interests of the council tax payer and the wider community within the authority will be taken into consideration.
- 3.11 If a ratepayer disagrees with a decision not to award discretionary relief, they may request that their application is reconsidered. Any request for reconsideration must be made within one calendar month of the original decision letter being issued. All applications for reconsideration must be made in writing or via email and must outline the reasons the applicant is disputing the decision. The applicant will be notified in writing of the outcome of the reconsideration and the reasons for the decision.

4.0 Corporate Requirements

- 4.1 This policy supports the Council's corporate priority of maximising our potential.
- 4.2 The Council is fully committed to being fair, independent and objective. In particular, all officers will serve the community equally and fairly, irrespective of the ethnic or national origins, sex, religious beliefs, political views, sexual orientation or disabilities of the duty holder, offender, witness or individual.
- 4.3 The Council is a public authority for the Human Rights Act 1998 and will apply the principles of the European Convention on Human Rights under the Act.

5.0 State Aid and Enterprise Zone Relief

- 5.1 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)².
- 5.2 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).
- 5.3 To administer De Minimis, it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.
- 5.4 Where an eligible property is also eligible for Enterprise Zone relief, then Enterprise Zone relief should be granted. The Council will not provide discretionary relief under this policy for revaluation support to properties which would otherwise qualify for Enterprise Zone government funded relief.
- 5.5 If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, discretionary relief for revaluation support may be granted.

6.0 Links with other Policies

None

7.0 Outcomes and impacts

7.1 The purpose of this policy is to specify how the Council will operate its discretionary rate relief policy for revaluation support.

The main objectives relating to the policy are as follows:

- That all decisions in respect of applications for discretionary relief are taken in accordance with statutory requirements and give due consideration to any guidance issued by the Secretary of State.
- That decisions are taken in accordance with the Council's Constitution.
- That an equitable discretionary relief scheme is accessible to all business ratepayers who have had an increase in their bill as a result of the revaluation and that each application is considered on its individual merit.
- If a property is eligible for discretionary relief under other schemes for which a section 31 grant is payable, the Council will first award relief under those schemes. Only having awarded relief under those schemes, will additional relief be considered for revaluation support.
- That supports small businesses who may be financially disadvantaged as a result of an increase in their business rates bill as a result of the revaluation which in turn supports local employment and the East Riding economy.

8.0 Policy Implementation

8.1 The Council may request such supporting evidence as it considers necessary to properly assess the merits of the application.

8.2 Awards will be made for a specified time period. Ratepayers will be notified of the length of any discretionary relief when it is awarded. All time limits are at the discretion of the Council and will vary, depending on the circumstances of the ratepayer.

8.3 The burden of proof for any discretionary relief, in all cases, at all times and for all purposes, lies with the ratepayer.

9.0 References

9.1 This policy has been written with reference to Section 43 of LGFA 1988; and Section 47-49 of the LGFA 1988, as amended by the Localism Act 2011.

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