



DECISION ITEM

REPORT OF	MEETING	DATE	ITEM NO
RESOURCES DIRECTORATE	FINANCE AND DEMOCRACY COMMITTEE	25 SEPTEMBER 2017	5
BUSINESS RATES – NEW RELIEFS ARISING FROM THE 2017 BUDGET ANNOUNCEMENTS			

PUBLIC ITEM

This item is for consideration in the public part of the meeting.

SUMMARY

In respect of both Council Tax and Business Rates, national schemes of discounts and exemptions have been in place since the introduction of those arrangements for local taxation. Fylde BC, in line with all local authorities, has implemented the schemes of discounts and exemptions as directed by central government in the form of an approved Council Tax and Business Rates Discretionary Discount Policy.

From time-to-time it is necessary to revise the Council Tax and Business Rates Discretionary Discount Policy in order to reflect changes in reliefs or new relief schemes that are introduced by central government, and any changes in the application of the policy due to changes in local circumstances, or to provide clarification.

As part of the March 2017 Budget statement the Chancellor announced three new business rate reliefs aimed at helping businesses most affected by the revaluation that took effect from April 2017. These were:

- Supporting small businesses – aimed at ensuring that no business losing small business rates relief or rural rate relief as a result of the revaluation faced excessive increases in bills;
- Relief for pubs – a £1,000 rebate for all pubs with a rateable value of under £100,000;
- Local discretionary fund – a £300 million national fund to be distributed to the hardest hit businesses under locally designed criteria.

The 'Supporting small businesses' relief is a mandatory relief which Councils are required to apply. The other two reliefs are categorised as 'discretionary reliefs' and therefore it is necessary to amend the existing Council Tax and Business Rates Discretionary Discount Policy in order to reflect these new relief schemes.

As funding for all of the additional reliefs will be met from specific government grants for this purpose there will be no impact on the financial position of Fylde Council arising from the implementation of the new reliefs.

This report proposes an update to the Discretionary Discount Policy with effect from 2017/18 to reflect the new discretionary reliefs that came into effect in April 2017.

RECOMMENDATIONS

The Finance and Democracy Committee is recommended to:

1. Approve the additional Council Tax and Business Rates Discretionary Discount Policy for 2017/18 to reflect the new discretionary Business Rate reliefs that came into effect in April 2017.

SUMMARY OF PREVIOUS DECISIONS

Finance and Democracy Committee 20th March 2017 – resolved to ‘Approve and adopt the Council Tax and Business Rates Discretionary Discount Policy (2017/18 update).’

CORPORATE PRIORITIES

Spending your money in the most efficient way to achieve excellent services (Value for Money)	√
Delivering the services that customers expect of an excellent council (Clean and Green)	
Working with all partners (Vibrant Economy)	√
To make sure Fylde continues to be one of the most desirable places to live (A Great Place to Live)	
Promoting Fylde as a great destination to visit (A Great Place to Visit)	

REPORT

1. As part of the March 2017 Budget statement the Chancellor announced three new business rate reliefs aimed at helping businesses most affected by the revaluation that took effect from April 2017. These were:

- Supporting small businesses;
- Relief for pubs;
- A Local discretionary Fund.

The ‘Supporting small businesses’ relief is a mandatory relief which Councils are required to apply. The other two reliefs are categorised as ‘discretionary reliefs’ and therefore it is necessary to amend the existing Council Tax and Business Rates Discretionary Discount Policy in order to reflect these new relief schemes.

2. Supporting Small Businesses

This is a relief scheme aimed at those ratepayers facing large increases in their Business Rate bills as a result of the loss of small business or rural rate relief. As the pre-existing transitional relief scheme does not provide support in respect of changes in reliefs, those ratepayers who are losing some or all of their small business or rural rate relief may be facing large percentage increases in bills from 1 April 2017.

The supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- a cash value of £600 per year (£50 per month), or
- the matching cap on increases for small properties in the transitional relief scheme - 5%, 7.5%, 10%, 15% and 15% for each year from 2017/18 to 2021/22 (all plus inflation).

3. Support for Pubs

This is a new discretionary relief scheme for pubs with a rateable value below £100,000. Eligible pubs will receive a £1,000 discount on their bill.

Local authorities will be expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988, as amended) to grant the relief in line with the relevant eligibility criteria.

4. Local Discretionary Fund

The Local Discretionary Fund will provide £300 million nationally 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 2017 Business Rate revaluation. The Government has assumed that support will be provided to:

- ratepayers or localities that face the most significant increases in bills; and
- ratepayers occupying lower value properties

Summary Local Discretionary Fund Scheme for Fylde Council

In order to qualify for the Discretionary Relief, qualifying ratepayers must:

- have a rateable value below £500,000, **and**
- have been in occupation of the premises continuously since 31st March 2017, **and**
- have had an increase in net rates payable of more than 10% when comparing the 2017/18 net rates payable against the former 2016/17 financial year, **and**
- not be in receipt of mandatory relief, **and**
- not be in receipt of the Supporting Small Business Relief, **and**
- not be in the Business Rates Relief area of a designated Enterprise Zone.

However, Fylde Borough Council will **exclude** payment of relief for all of the above qualifying ratepayers where the valuation office property description includes:

- hospitals, health centres or doctors/GP surgeries, **or**
- banks and building societies, including separately rated cash machines and ATM's, **or**
- telecommunications network facilities.

Note: Fylde Council is excluded from making payment of relief to itself as a ratepayer or Lancashire County Council, or the Lancashire Fire Service, as these are precepting authorities.

For 2017/18 Fylde Council intends to offer relief of **5%** of the net rates payable, after payment of any other discretionary relief.

For 2017/18 the Fylde Council share of the discretionary pot is £125,915. Based on the above qualifying criteria it is estimated that around 85 ratepayers will be eligible for the relief based on the rating list as at April 2017. After these awards of relief are granted there would be a balance of £17,500 (14%) of year 1 funding allocation available to allow for further awards to be made during the year for new businesses or existing businesses that fall within the eligibility criteria due to changes in circumstance.

The additional guidance document in respect of the two new discretionary reliefs is shown at Appendix 1 to this report.

5. Consultation

The grant determination for revaluation relief requires that local authorities consult with 'relevant authorities' in the design of their local scheme. Relevant authorities for the purpose of this scheme means Lancashire County Council and Lancashire Fire and Rescue Authority.

The Council has consulted with its major preceptors in relation to its Revaluation Relief Scheme and has taken their comments into account when determining the eligibility criteria.

6. Conclusion

The Committee is requested to note the new Business Rate reliefs introduced as part of the 2017 Budget and approve the additional Council Tax and Business Rates Discretionary Discount Policy for 2017/18 to reflect the new reliefs.

As funding for all of the additional reliefs will be met from specific government grants for this purpose there will be no impact on the financial position of Fylde Council arising from the implementation of the new reliefs.

IMPLICATIONS	
Finance	Funding for all of the additional reliefs will be met from specific government grants for this purpose. Consequently there will be no impact on the financial position of Fylde Council arising from the implementation of the new reliefs.
Legal	Section 76 of the Local Government Act 2003 (as amended by section 13A of the Local Government Finance Act 2012) empowers a billing authority to reduce the amount of tax payable as it thinks fit.
Community Safety	None
Human Rights and Equalities	None
Sustainability and Environmental Impact	None
Health & Safety and Risk Management	None

LEAD AUTHOR	CONTACT DETAILS	DATE
Paul O'Donoghue, Chief Financial Officer	01253 658566	September 2017

BACKGROUND PAPERS		
Name of document	Date	Where available for inspection
n/a	n/a	n/a

Attached documents

Appendix 1 – Further Discretionary Business Rate Relief Schemes 2017/18