

DISCRETIONARY NON-DOMESTIC RATES REVALUATION SUPPORT SCHEME

Relevant Portfolio Holder	Cllr John Fisher
Portfolio Holder Consulted	Yes
Relevant Head of Service	Amanda Singleton, Head of Customer Access and Financial Support
Ward(s) Affected	All
Ward Councillor(s) Consulted	None Specific
Key Decision / Non-Key Decision	Key Decision

1. SUMMARY OF PROPOSALS

- 1.1 Non-Domestic Rating law provides for periodic revaluations of the Rateable Values from which a ratepayer's liability for rates are calculated. Revaluations can lead to significant increases in the rates payable by some ratepayers. Relief from the effects of revaluation are provided for through transitional relief under which large increases in rates are phased in over a number of years.
- 1.2 The last revaluation took place in April 2010 and therefore the 2017 revaluation resulted in a number of businesses at a national level facing large increase in their rates liability.
- 1.3 The Government has provided local authorities with funding so that they may design their own local schemes to support ratepayers facing significant increases in their bills. The report asks for agreement on the criteria for allocating this additional relief.

2. RECOMMENDATIONS

- 2.1 **The Committee is asked to RECOMMEND that:**
 - 2.1.1 **The criteria for allocation of Discretionary Revaluation Support as appended to this report in Appendix 1 are adopted.**
 - 2.1.2 **The Executive Director of Finance is provided with delegated authority, after consultation with the relevant portfolio holder, to adjust the percentage relief awarded in years 2018/19 and onwards in order to ensure that the maximum level of support is provided to businesses and that the Government funding meets the overall costs of the relief.**

3. KEY ISSUES

Financial Implications

- 3.1 The Government has provided funding for the award of Discretionary Revaluation Support. The amount of funding available to Redditch Borough Council for the award of the scheme will be:

Amount of Discretionary Funding awarded (£000s)			
2017/18	2018/19	2019/20	2020/21
124	60	25	4

- 3.2 The level of funding available to the authority for award of the relief has been fixed and will not be adjusted should the costs of the scheme exceed Government funding. Therefore if the overall costs of Revaluation Support exceeds funding the authority would be required to meet a proportion of the costs.
- 3.3 The availability of Government funding could not be used as criteria to refuse relief. The scheme has been designed to ensure that the costs of relief remain within the allocated funding whilst maximising support for eligible ratepayers. Projections for the costs of relief are contained within Appendix 2.
- 3.4 Authorities are required to consult their major precepting authorities on the scheme as a condition of funding. The authority is mindful of the condition for relief and precepting authorities have been provided with a copy of the proposed Revaluation Support Scheme. The precepting authorities provided comments on the scheme indicating their agreement with the principles and distribution of relief.
- 3.5 The rules for varying an award of Discretionary Relief require one year's notice prior to the removal of the relief. The award of relief then continues to the end of the year in which removal would take effect. This requirement for notice provides a risk that adjustments to awards cannot be made should circumstances change and potentially limit the authority's ability to control the costs of the relief.

Legal Implications

- 3.6 Billing authorities have the power to award discretionary relief under Section 47 of the Local Government Finance Act 1988. Section 47 prevents the award of relief to any billing authority or precepting authority.
- 3.7 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (The Regulations) provide the requirements for notifying ratepayers of their entitlement to relief, and limiting the authorities powers to vary or alter the decision.

- 3.8 The criteria for the award of relief have been designed to account for the legal requirements of the act and regulations. All relief will be conditional upon eligibility criteria and rules for calculating relief.

State Aid

- 3.9 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 Revaluation Support Scheme for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)2.
- 3.10 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). It is necessary for the authority to establish that the award of relief will not result in a business receiving more than €200,000 of De Minimis aid.
- 3.11 The Revaluation Support Scheme is designed to be state aid compliant. Undertakings receiving relief will be required to declare that the total of any relief that they have received is De Minimis as a condition of the receipt of relief.

Service / Operational Implications

- 3.12 The operation of the Revaluation Support Scheme will provide the Customer Access and Financial Support Service with an additional administrative and operational requirement. To minimise the impact on the service the Revaluation Support Scheme is designed to ensure that relief is calculated automatically and will not require a manual recalculation on changes in circumstances.
- 3.13 The software used for the administration does not - at the point at which the Scheme has been designed - provide the functionality for the award of relief. The Scheme has therefore been designed on the basis of discussions with the Council's software provider as to how the functionality will be developed.

Customer / Equalities and Diversity Implications

- 3.14 None

4. RISK MANAGEMENT

- 4.1 The criteria for the award of the relief have been designed to limit the financial risks to the authority and to ensure that the overall cost of the relief remains within the level of Government Funding.

- 4.2 Reporting on the costs of Non-Domestic Rates relief are produced on a monthly basis and these reports will be used to highlight any financial risks associated with the costs of the relief.

5. APPENDICES

Appendix 1 - Discretionary Revaluation Support Criteria

Appendix 2 - Projected Costs of Discretionary Revaluation Support

6. BACKGROUND PAPERS

None

7. KEY

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