

This Report will be made
public on 2 October 2017

Folkestone

Hythe & Romney Marsh
Shepway District Council



Report Number **C/17/45**

To: Cabinet
Date: 11 October 2017
Status: Key Decision
Head of service: Charlotte Spendley
Cabinet Member: Councillor Malcolm Dearden, Finance

SUBJECT: NATIONAL NON DOMESTIC RATES
LOCALLY-ADMINISTERED RELIEF SCHEME

SUMMARY: The purpose of this report is to present the detailed policy for implementation of the locally-administered National Non Domestic Rates relief scheme, as announced in the Chancellor's Spring Budget on 8 March 2017.

REASONS FOR RECOMMENDATION: Cabinet members asked to have sight of the final policy when available.

RECOMMENDATIONS:

1. To receive and note report C/17/45.

1. BACKGROUND

- 1.1 On 1 April 2017 the latest revaluation of National Non Domestic Rates (NNDR) came into effect. The effect is to adjust the rateable value of non domestic properties to reflect changes in the property market and consequently can lead to changes in the NNDR charges payable by ratepayers.
- 1.2 Across Shepway district the overall increase in NNDR payable is 6.8%; however some ratepayers have seen much more significant increases which are only partially assisted by the standard Transitional Relief that is awarded to ratepayers as part of the revaluation process.
- 1.3 In his Budget on 8 March 2017, the Chancellor announced that the Government would also make available a discretionary fund of £300 million over four years from 2017/2018 to support those businesses that face the steepest increases in their NNDR bill as a result of the revaluation.
- 1.4 Each local authority will be provided with a share of the £300 million to support local businesses. Relief will be administered through the discretionary powers of billing authorities under section 47 of the Local Government Act 1988. No new legislation is required.
- 1.5 A proportion (expected to be 50%) of the cost will be borne directly by Central Government and the remainder will be funded through the council's Section 31 grant.
- 1.6 Shepway's discretionary relief funding allocation comprises:

| | £ |
|---------|-----------------|
| 2017/18 | 213,000 |
| 2018/19 | 103,000 |
| 2019/20 | 43,000 |
| 2020/21 | 6,000 |
| Total | <u>£365,000</u> |

The decision of the Council to award discretionary relief cannot take account of the value of the funding allocation. It is possible for councils to grant more relief than the funding allocation; when the maximum grant level has been reached any additional costs are borne 40% by the Council, 10% by the major preceptors and 50% by Government.

- 1.7 It is for local authorities to design their discretionary relief schemes and determine the eligibility of local ratepayers for support. The scheme must state the criteria that ratepayers across the authority, or in specific locations within the area, must meet in order to qualify for discretionary relief.
- 1.8 Reliefs will be awarded from 1 April 2017. The Government have advised that there is no formal deadline with regard to making a decision on the scheme but, in respect of providing an efficient service to ratepayers and projecting and collecting revenue, it is in the interest of each local authority for this to be done promptly.

- 1.9 The Government requires local authorities to offer more support to ratepayers/localities that face the most significant increases in their bills (specified as being greater than a 12.5% increase when compared to 2016/2017) and ratepayers that occupy lower value properties (less than £200,000 rateable value).

2. SCHEME CRITERIA

- 2.1 The Policy is at appendix 1 detailing full requirements.
- 2.2 The Government has specified that locally-administered schemes must include the following eligibility criteria:
- Properties with a rateable value of property below £200,000.
- 2.3 In addition the local discretionary criteria for inclusion in the Shepway locally-administered relief scheme are as follows:
- The ratepayer occupied the premises on 31 March 2017
 - Relief will be adjusted when rates increase or decrease.
 - Rates increased by at least 12.5% comparing 2016/2017 after reliefs and reductions to 2017/2018 after transitional relief and discretionary reliefs

3. SCHEME DEVELOPMENT

- 3.1 Along with other Kent districts, Shepway District Council has engaged the Services of an independent consultant to assist developing the locally-administered scheme. This service will include:
- Defining eligibility criteria, taking into account the specified and discretionary criteria
 - Designing the processes for applications, revisions and cancellations
 - Confirming the relationship with other NNDR reliefs
 - Process for making awards and award adjustments
 - Process for revision of decisions
 - Appeals process
 - State aid considerations
 - Any other locally-administered scheme requirements.
- 3.2 The scheme will be managed by the Business Rates and Corporate Debt Team in Finance, overseen by the Chief Finance Officer.
- 3.3 There is a requirement for each local authority to rebill ratepayers following locally defined discretionary rate relief being applied to eligible accounts as soon as practicable.
- 3.4 The Government has advised that no flexibility can be allowed on the annual funding sums to be spread across the financial years.
- 3.5 The Council has consulted with the major precepting authorities.

- 3.6 Following approval of the scheme the next step will be to contact businesses directly who may be eligible to receive the support and invite them to apply. This will require ratepayers to confirm that they are eligible under state aid rules. Full details and an application form will be available on the Council's website. Those qualifying for relief will have it applied to their business rates account as soon as possible.

4. RISK MANAGEMENT ISSUES

- 4.1 There are no significant risks relating to this proposal.

| Perceived risk | Seriousness | Likelihood | Preventative action |
|--|--------------------|-------------------|---|
| Insufficient funds to administer the relief scheme | Medium | Low | Recommended criteria will not result in applications that exceed the funding allocation. |
| High volume of appeals from ineligible ratepayers | Low | Medium | The recommended criteria will be clearly defined and the scheme will include a transparent and effective appeals procedure. |

5. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

Legal Officer's Comments (DK)

There are no legal implications arising directly out of this report to the extent the Council follows the guidelines and requirements contained in the Spring Budget for 2017.

Finance Officer's Comments (DC)

The Council will receive funding through the s31 Grant process to cover the cost (lost income) of this initiative. The overall effect on income should be neutral over the period of the scheme, which will be monitored accordingly.

Diversities and Equalities Implications (PM)

The locally-administered relief scheme will be administered in line with Government guidance and the Council's local equalities policies.

6. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

Jo Robinson, Business Rates and Corporate Debt Manager
Telephone: 01303 853350
Email: jo.robinson@shepway.gov.uk

The following background documents have been relied upon in the preparation of this report:

Government consultation on proposals on the design and implementation of the locally-administered NNDR relief scheme

<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>

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