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Members of Scrutiny Committee

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**Date 9<sup>th</sup> January 2019**

Dear Member

## **Scrutiny Committee – 14<sup>th</sup> January 2019**

I am now able to enclose, for consideration at the next meeting of the **Scrutiny Committee**, the following reports that were unavailable when the agenda was printed.

### **Agenda.No. Item 15**

To add to your agenda for the meeting on **14<sup>th</sup> January 2019**

15 **BUSINESS RATES REBATES** *(Pages 3 - 10)*

To receive a report on the business rates rebates from the Deputy Chief Executive (S151). – Papers to follow

Yours sincerely

**Carole Oliphant**  
Committee Clerk

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## **Briefing Note for Scrutiny 14 January 2019**

### **Business Rates Revaluation Relief**

#### **Background**

The Chancellor in his budget statement on the 8 March 2017 announced a national fund of £300m to offset Rateable Value (RV) increases experienced by businesses after the 2017 Revaluation process conducted by the Valuation Office. This would be a transitional fund based on £175m in 2017/18, £85m in 2018/19, £35m in 2019/20 and £5m in 2020/21 – compensated through a Section 31 grant payment (paid via the NNDR3 return). A consultation process on this change began on the 9 March 2017, finishing on the 7 April 2017.

During this process the Govt. gave councils some initial guidance to consider when awarding this additional relief – e.g. to focus on small and medium sized businesses with RV increases of between X and Y% - subject to the 200,000 euro state aid de minimus level. But, ultimately, made it clear that it was for the local Councils to determine the precise nature of how this relief would be applied and administered.

Within the guidance the Govt. also made it clear that any relief granted in excess of the annual limit, which was specified for each individual council, would have to be met by the Council. There was also no ability to over or under spend and then make an adjustment in the following year. They also gave businesses until the 30/9 of the following year to claim this specific relief. Clearly both of these parameters gave Councils a challenge when trying to ensure the maximum level of relief would be awarded. It should also be noted at the current time that the Govt. have introduced a number of Business Rate Reliefs that may well be causing some confusion to charge payers.

#### **The Mid Devon context**

After the Revaluation exercise, Mid Devon businesses experienced an aggregate increase in RV of £1.003m or circa 2.3% on our annual business rate RV of £42.7m. We were informed that our Revaluation Relief grant figures were: £118k in 2017/18, £57k in 2018/19, £24k in 2019/20 and £3k in 2020/21.

In the early months of 2017/18 all of the Devon Councils got together to agree a generic policy of how this transitional grant would be applied – after conducting some basic modelling on the business rate profiles in all of the respective areas. Following this work a generic criteria was agreed as follows: Revaluation relief would be awarded based on - 2% RV increase or more, £1,000 cap per business, £100 minimum award, upto a maximum of £200k RV. This criterion was agreed by all of

the Devon Council S151 officers and was formally recommended at a Cabinet meeting on the 28 September 2017 – copy attached.

Once this policy was agreed the Council wrote to the 177 businesses that met the criteria in November 2017 (enclosing an application form – which included a State Aid disclosure) and sent chaser letters to all non-responders in January 2018.

Against the overall grant award of £118k for 2017/18 a total of £75,475 (64%) was granted and so far in 2018/19 we have granted £25,282 against an award of £57k (44%).

## **Locally Administered Discretionary Rate Relief**

**Cabinet Member(s):** Cllr Peter Hare-Scott  
**Responsible Officer:** Andrew Jarrett, Director of Finance, Assets & Resources

**Reason for Report:** To introduce a new Discretionary Rate Relief policy.

**RECOMMENDATION:** That the content of this report and the policy document in Appendix 1 be adopted by Mid Devon District Council.

**Relationship to Corporate Plan:** To aid and assist the local business community in the light of the 2017 Revaluation process.

**Financial Implications:** Fully Section 31 funded. Our scheme will maximise the financial benefit to the District's ratepayers, whilst attempting to keep within the financial boundary of the scheme's overall national funding package. It should be noted that any overspend will have to be met by the District Council, whilst any underspend will have to be returned to central government.

### **1 Introduction**

- 1.1 The Government, in the Spring Budget of 2017, announced funding to local authorities to help those ratepayers who have had an increase in their rate bills due to the 2017 revaluation.
- 1.2 The Government has allocated £300 million nationally over the next four years.
- 1.3 Mid Devon District Council has been allocated the following funding to provide support under the scheme as follows:
- 2017/18 - £118,000  
2018/19 - £57,000\*  
2019/20 - £24,000\*  
2020/21 - £3,000\*
- \*The above projections are contained in the policy document Appendix 1 pages 7 and 8.
- 1.4 The Government will fund Mid Devon District Council and the major precepting authorities their share of lost income from the awards under this policy by way of a Section 31 grant.
- 1.5 Mid Devon District Council has been working together within a Devon-wide group to devise a suitable policy tailored to meet the financial and business needs of this authority's area. The Council has consulted with the major preceptors, Devon County Council, Police and Crime Commissioner for

Devon and Cornwall and the Devon and Somerset Fire and Rescue Service in relation to this scheme and has taken their comments into account when determining the eligibility criteria. This is in line with the grant determination issued by the Department of Communities and Local Government (DCLG) No.31/3071.

1.6 Each Council has modelled their scheme based on their own changes to the 2017 revaluation within their district to reduce and avoid the risk of overspending the Section 31 funding available.

1.7 The grant will have conditions attached to it as follows:

- Any relief awarded above the allocated grant amount will not receive full government funding.
- The grant must only be used to support ratepayers facing an increase in their bills following the 2017 revaluation.

## **2 The Council's policy**

### **Introduction**

2.1 Mid Devon District Council's policy is to ensure that support is provided to those businesses that have seen an increase in their bill due to the 2017 revaluation by way of a payment to reduce their business rates.

### **Initial lump sum payment**

2.2 The Council will make an award of up to £1,000 maximum to those ratepayers who have had a 2% increase or more in rates payable in 2017 from the 2016 charge due to the revaluation process. Only those ratepayers who have had to pay more than £50.00 will receive Discretionary Rate Relief in accordance with this scheme.

### **Other qualifying criteria**

2.3 Only occupied properties, occupied by the same ratepayer on 31<sup>st</sup> March 2017 and 1<sup>st</sup> April 2017, will be eligible.

2.4 Preceptors and other government bodies will be excluded.

2.5 The rateable value of each individual assessment must not be more than £200,000.

2.6 Non-local businesses (those businesses that predominantly have properties outside of the County of Devon) will not be eligible.

2.7 No schools will be eligible.

2.8 Medical premises such as doctors' surgeries or Health Service properties, private or public, will not be eligible.

- 2.9 The ratepayer must not be in receipt of Mandatory Rate Relief.
- 2.10 The qualifying ratepayer has to be paying more rates as specified above after taking account of all other relief entitlement.
- 2.11 The Section 31 payment will be adjusted based on an apportioned daily charge.
- 2.12 If there is a change to the ratepayers circumstances, where the property is vacated or the ratepayer ceases to be liable, or leaves the property empty, or if the ratepayer subsequently receives a reduction (such as small business rates relief), that reduces their bill.

|   |   |            |
|---|---|------------|
| Possible claimants                              |   | 177        |
| Maximum £1,000 paid to 69 properties            | £ | 69,000.00  |
| Plus a further 108 applicants paid up to £1,000 | £ | 42,301.48  |
| Total Discretionary Relief to be applied        | £ | 111,301.48 |

### **Discretionary Applications**

- 2.13 The Council will make available a proportion of the government funding for applications from any ratepayer where there has been an increase in the rateable value of the property on 1<sup>st</sup> April 2017 compared to 31<sup>st</sup> March 2017. These applications will go before the Section 151 Officer/Director of Finance, Assets and Resources for consideration on recommendation of the Revenues Manager.
- 2.14 Whilst any application will be considered, it must meet the criteria above and it must be shown that granting this relief will be of benefit to local council taxpayers.
- 2.15 The ratepayer must provide goods or services to the benefit of Mid Devon residents.
- 2.16 The ratepayer is suffering due to the increase in the rates payable or it will affect their ability to provide goods or services to the residents of Mid Devon.
- 2.17 The ratepayer must supply any documentation to support their application that the Revenues Manager and/or Section 151 Officer decide is required for them to make a decision.

### **Changes of Circumstances**

- 2.18 Where a ratepayer has received a reduction under this policy, they will be required to notify the Council within 21 days of a change to their circumstances that will affect the amount of reduction they receive. A change would include, but is not limited to, a reduction in the 2017 rateable value of the property; vacating the property or leaving it empty; opening businesses outside of the Mid Devon area.

- 2.19 Failure to notify the Council of such a change may result in the amount of relief paid out under this policy being removed completely.

### **Award Period**

- 2.20 The award of relief under this policy will be for a maximum of one year and only for the 2017/18 financial year (period 1.04.2017 – 31.03.2018).

### **Review of local scheme**

- 2.26 The 2017/18 scheme will be reviewed by the Revenues Manager by the end of December 2017 and the Section 151 Officer reserves the right to vary the amount of any award as he sees appropriate so to do.
- 2.27 The eligibility criteria for year two will also be identified as part of the above review to ensure that it still best meets the needs of local ratepayers.
- 2.28 The funding from central government reduces each year based on the allocation shown in paragraph 1.3 of this report. Therefore future reliefs awarded to businesses meeting the criteria of the Council's scheme will be reduced accordingly.

## **3 Administering the scheme**

- 3.1 Locally Administered Business Rates Relief awards must be applied for in writing by the ratepayer or an authorised employee where the ratepayer is a company. Applications will not be accepted from an agent or third party. There is no requirement to pay a fee to make an application.
- 3.2 The Council will identify entitlement to a lump sum payment and an application form will automatically be sent to those who may qualify. They will be required to confirm that they are in occupation of the premises and that they are a business wholly or predominantly based in Devon.
- 3.3 In order to qualify for relief each applicant will have to satisfy the current EU State Aid rules by signing a declaration stating that they are not in receipt of funding of more than 200,000 euros.
- 3.4 Applicants must notify the Council within 21 days of any change in their circumstances.
- 3.5 Discretionary payment awards under this policy will be referred to the Section 151 Officer on recommendation of the Revenues Manager for a decision whether to award any relief and if so, what amount.
- 3.6 Once the application is assessed the entitlement will be awarded by an officer of the Revenues section. There is no need to refer back to the Revenues Manager or the Section 151 Officer for confirmation of entitlement.
- 3.7 A revised business rates bill will then be issued.

- 3.8 Should the eligibility for relief change due to change in circumstances, an officer of the Council will be responsible for calculating a reduction in the award.

#### **Publicity of reductions and reliefs**

- 3.9 The Council will publicise this type of relief and all other reliefs through its website and other media to ensure ratepayers are aware of all the reliefs that they may be entitled to claim.

#### **Right to appeal**

- 3.10 If the ratepayer is not satisfied with the award decision they may request that their application be reviewed by the Section 151 Officer by writing, or e-mailing Revenues, stating their reasons for appeal.
- 3.11 Initially, appeals will be reviewed by the Revenues Manager so that any clerical errors can be corrected. Where an error has occurred this will automatically be corrected and a revised bill issued.
- 3.12 All appeals that have been determined correctly will be referred to the Section 151 Officer for review and a decision. The ratepayer will then be notified of the Section 151 Officer's decision.
- 3.13 There will be no further review of the decision by the Council once the Section 151 Officer has reconsidered the decision under point 3.12.

### **4 Equality impact assessment considerations:**

#### **Low risk**

- 4.1 This equality impact assessment considers the impact of this policy on the relevant protected characteristics, as defined by the Equality Duty, which are:
- Age (including children and young people)
  - Disability
  - Gender reassignment
  - Pregnancy and maternity
  - Race
  - Religion or belief
  - Sex
  - Sexual orientation
  - Marriage or civil partnership status (in respect of the requirement to have due regard to eliminate discrimination)
- 4.2 This policy has a positive or neutral impact on all protected characteristics.
- 4.3 The protected characteristics which are positively impacted are local factor of community considerations; this is because the policy will reduce the outgoings through the rates bill of local businesses. When considering

discretionary applications, the Section 151 Officer will have the interests of local taxpayers and ratepayers in mind.

## **5 Related Policies/Strategies, Procedures and Legislation**

### **5.1 Related policies**

None

### **5.2 Legal Implications**

Local Government Act 1988 – Section 47 as amended

## **6 Policy date for review**

- 6.1 This policy will be reviewed by the Revenues Manager by 31<sup>st</sup> December 2017 to review its effectiveness in meeting the needs of local businesses who have suffered an increase in their rates bills, and also to decide the award eligibility criteria for 2018/19 financial year.

**Contact for more Information: John Chumbley Revenues Manager (01884 234301 / [jchumbley@middevon.gov.uk](mailto:jchumbley@middevon.gov.uk))**

**Circulation of the Report:** Cllr Peter Hare-Scott, Section 151 Officer, Leadership Team, Legal and Audit