


Agenda Item No:	12	
Committee:	Council	
Date:	13 July 2017	
Report Title:	Rate Relief Policy amendment	

Cover sheet:

1 Purpose / Summary

That as recommended by Cabinet, Council approves amendment of the Council's Rate Relief Policy to take account of initiatives introduced by the Government to further ease the burden on Business Ratepayers; which require an amendment to the Council's rate relief policy.

2 Key issues

- The Government announced in its Spring 2017 Budget that it would make available a £300 million fund to local authorities to help them offer additional rate relief to businesses adversely affected by the 2017 rate revaluation.
- There is no adverse financial impact to the Council as relief granted under these provisions will be fully funded by Central Government through a grant under Section 31 of the Local Government Finance Act 2003.

3 Recommendations

- That as recommended by Cabinet, Council approves revision of the Rate Relief Policy to include the provisions indicated in the guidance below and that the new Policy shown in Appendix A is adopted, backdated to take effect from 1 April 2017.
- That Council gives the Corporate Director and Chief Finance Officer, in consultation with the Leader and Portfolio for Finance, delegated authority to determine the amount of this specific relief for each relevant financial year after 2017-18.

Wards Affected	All
Forward Plan Reference	This item is included in the Council's Forward Plan
Portfolio Holder(s)	Councillor Chris Seaton - Portfolio Holder for Finance
Report Originator(s)	Geoff Kent – Head of Customer Services
Contact Officer(s)	Brendan Arnold - Corporate Director & Chief Finance Officer Geoff Kent – Head of Customer Services
Background Paper(s)	N/a

Report:

1 Background

- 1.1 As part of the Budget on 8 March 2017, the Chancellor 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 bills as a result of the revaluation. The Government believes that local government is best placed to determine how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need.
- 1.2 Every District Council, London Borough and Unitary Authority in England has been provided with a share of the £300 million to support their local businesses. This will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.
- 1.3 The Government has allocated the £300m of available funding to each billing authority, based on certain assumptions. The Government stated that Local authorities may wish to apply the same rules in our allocations. Funding was allocated on the basis of how many properties in the Local Authority area with a rateable value under £200,000 were subject to increases of more than 12.5% before other reliefs.
- 1.4 The appendix to the Government consultation document shows Fenland's allocation of the discretionary pot for the specified four year period as follows:

Year	2017-18	2018-19	2019-20	2020-21
Allocation	£160k	£78k	£32k	£5k

This is "the maximum amount of discretionary relief that billing authorities can award for which they and major precepting authorities will be compensated through Section 31 grant".

- 1.5 For any year, the funding arrangements will ensure that all authorities are compensated for the loss of income they incur capped to their allocation by means of grant payments under Section 31 of the Local Government Act 2003, or transfer payments between authorities.
- 1.6 Prior to the General Election last month, the Government was proposing to introduce a system of 100% rates retention system is introduced everywhere with effect from 2019/20 under which authorities will see their income reduced by the entire value of the relief given. However, plans for rate retention did not feature in the Queen's Speech after the General Election, so it is currently unclear as to whether these proposals will progress. This will not affect the rate relief proposals set out in this report.
- 1.7 Local authorities were invited by Government to design schemes that allocated the Government's funding in such a way as to help those businesses who were most significantly impacted by the 2017 revaluation. In allocating the funding to councils, the Government used an eligibility threshold of £200,000 (i.e. only including businesses with rateable values of less than £200,000) and of 12.5% (i.e. only businesses whose increase in rates was 12.5% or more were included).

- 1.8 In designing the discretionary rate relief scheme for Fenland, we modelled what would be the impact on local businesses if the Government's eligibility criteria were replicated locally. As Fenland has a large number of small businesses that have now been taken out of rating altogether as a result of the Government's extension of Small Business Rate Relief, impact of the revaluation had already been offset to some extent. This meant that more businesses could be brought within the parameters of the scheme, while still remaining affordable in terms of the Government's allocation.
- 1.9 Once the scheme is introduced, eligible businesses would receive relief so as to reduce the increase in their business rates bill to a maximum of 10%. Any remaining funding left over following the allocations to these eligible businesses would be allocated to those businesses experiencing extreme hardship as a result of the revaluation, through a discretionary Hardship Fund.
- 1.10 Modelling suggests that 110 businesses in Fenland will benefit from this relief in 2017-18 with the distribution of relief as follows:-

Range of relief annually	2017-18
Under £100	6
£100 – £199	18
£200 – £299	21
£300 - £499	31
£500 - £999	4
£1,000 - £1,999	19
£2,000 - £4,999	8
£5,000 - £9,999	0
£10,000 - £10,999	0
£11,001 - £11,999	2
£12,000 - £12,999	0
£13,000 - £13,999	1
Average (for those who qualify)	£980
Total	£108k
Balance for Hardship Fund	£52k

- 1.11 Note that the award is subject to these conditions set by the Government in the criteria for the relief and also with regard state aid rules:-
- The Rateable Value of the property is below £200,000.
 - The increase in rates in 2017-18 is greater than 10% compared to 2016-17.
 - The ratepayer must have occupied the property on 31/3/17.
 - The relief is based upon the Rateable Value as at 1/4/17 and rates payable as at 31/3/17.
 - Properties empty on 31/3/17 will not qualify.
 - Where the Rateable Value is reduced retrospectively, the relief may be cancelled.
 - Where the Rateable Value is increased retrospectively, no increase in relief will be awarded.
 - We will not normally give relief to national chains or franchises, subject to State Aid rules.
- 1.12 It is proposed to award this relief initially for one year (2017-18) only. This reflects our understanding of the rates payable this year for Fenland businesses and the effects of setting the relief at the level shown. As the multiplier and increase in rates for 2018-19 are not yet known, it is not possible to model the scheme for 2018-19 and subsequent years. It is proposed therefore to update the Rate Relief Policy annually to reflect these considerations when they are known.

- 1.13 It is currently unclear if the Government will permit Councils to carry over any unallocated relief from 2017-18 to subsequent years. Once this is known, we can consider the effects of this upon our ability to provide more or less generous relief in subsequent years.
- 1.14 The Council is required to consult major precepting authorities and any relevant combined authorities in determining the use of this discretionary rate relief. This has taken place; Cambridgeshire County Council, Cambridgeshire Fire Authority and the Cambridgeshire and Peterborough Combined Authority. None of these bodies have made objections to the proposals.

2 Changes required to the Rate Relief Policy

- 2.1 These changes require our Rate Relief Policy to be updated; a new section as highlighted in it (in yellow) has been inserted into the policy, attached as Appendix A to this report.

3 Costs to the Council

- 3.1 The Government will reimburse Councils for relief granted in section 2 above through a grant under Section 31 of the Local Government Finance Act 2003.

Appendix A

Rate Relief Policy

Policy updated 13 July 2017
Effective from 1 April 2017



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Introduction

This document is our Rate Relief Policy. It tells you:-

- The types of Rate Relief available,
- The qualifying conditions for relief,
- Where to get help and information.

It refers to National Non-Domestic Rates, which is shortened to “NNDR”. NNDR is also called “Business Rates”.

These are payable in respect of all non-domestic properties.

For more information please see www.gov.uk/introduction-to-business-rates/overview

Aims and objectives

This policy serves two purposes:-

- For customers – it explains our approach to debt collection, including how to avoid further recovery action and what to do if you have problems paying.
- For staff – the approach we will take in raising and creating debts, how we will collect them and how to respond to customers who cannot pay or customers who will not pay their debts.

How this policy can help you

It can help you save money off your NNDR bill.

If you have any questions about NNDR, please contact us:-

The quickest way to get further information is to log-onto our website for help and advice (you can also pay your NNDR this way, quickly and easily as well):-

fenland.gov.uk

Other help and advice:-

Ring us on 01842 756568

Email us at ndr@angliarevenues.gov.uk

The one thing anyone with a debt should not do is to ignore it.

Types of relief available

The table below shows the types of reliefs available:-

- Mandatory – relief set by the Government. Once you prove that you are a registered charity to us, we will award this relief.
- Discretionary – relief set by Fenland District Council. We will award this if you complete an application form and provide certain further information.

Is my business a charity?

To find out more about which businesses are charities, how to set up a charity and other useful information about charities:-

charitycommission.gov.uk

Fenland District Council – Discretionary Rate Relief categories

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
CV	<p>VILLAGE HALLS</p> <p>These are a community facility that is available to the public in a particular area for community-related recreational activities.</p> <p>Village Halls are often charitable because they held on trust to be used for purposes set out by the Recreational Charities Act 1958.</p> <p>Note that to qualify for Mandatory Relief, the Village Hall itself must be a registered charity, otherwise we can only grant discretionary relief.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	50%	50%
CY	<p>YOUTH ORGANISATIONS</p> <p>These are organisations that have been set up to cater for people under 18 years old, for the purpose of providing recreation.</p> <p>In all cases, most or all of the people using the facility must be aged under 18 years old.</p> <p>We will need evidence of the size of membership and age distribution.</p>	Registered Charities	80%	20%	100%
		Not Registered Charities	0%	100%	100%
CS	<p>SPORTING CLUBS AND ASSOCIATIONS</p> <p>These are organisations that have been set up to for the purpose of providing recreation.</p> <p>They need to be open to the wider community.</p> <p>They are generally sports clubs such as football clubs, etc.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	50%	50%
CM	<p>MUSEUMS</p> <p>A museum is an institution that cares for (conserves) a collection of artifacts</p>	Registered Charities	80%	20%	100%
		Not	0%	50%	50%

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
	and other objects of scientific, artistic, cultural, or historical importance and makes them available for public viewing through exhibits that may be permanent or temporary. The general public must benefit from the museum.	Registered Charities			
CW	VILLAGE ASSOCIATION OR COMMITTEES A local Association or Committee that has been set up to provide recreational facilities for a local community. This is normally specific to a village or small rural settlement.	Registered Charities Not Registered Charities	80% 0%	0% 50%	80% 50%
CB	CITIZENS ADVICE BUREAU These are always registered charities to be considered as a "CAB".	Registered Charity	80%	20%	100%
CC	REGISTERED CHARITIES There are some charities that the Council offers discretionary relief to, to top up the 80% mandatory relief given. They are specific charities that provide a voluntary service to the public without charge either locally, nationally or internationally They can also provide a service to the public without charge which directly contributes to the economic development of the area and/or which contributes to the achievement of the Fenland District Council Corporate Plan. These charities are:- (a) Samaritans, St John Ambulance, Red Cross, WRVS, St Raphael Club etc. (b) Richmond Fellowship Workschemes (QEST), Papworth Trust etc.	Registered Charity	80%	20%	100%
CD	OTHER REGISTERED CHARITIES NOT INCLUDED ELSEWHERE These are all other registered charities not already covered specifically.	Registered Charities	80%	0%	80%
CP	PLAY GROUPS	Registered Charities	80%	0%	80%

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
	<p>Preschools generally fall into two categories, preschool playgroups and nursery schools. Preschool playgroups accept children aged between two and five, and are short sessions where children stay and play with other children their age.</p> <p>Nursery classes and schools (not to be confused with day nurseries) take children aged 3 and 4 years old, usually for the year before they start the first school year. They are sometimes attached to a primary school. Both types intend to provide a grounding for the child to start school, offering a range of structured educational experiences based on learning through play.</p>	Not Registered Charities	0%	50%	50%
CT	<p>THEATRES</p> <p>Places where broadly defined, performances of plays and musicals, ballets, operas and various other forms take place.</p>	Registered Charities	80%	20%	100%
		Not Registered Charities	0%	50%	50%
CE	<p>CHARITABLE ORGANISATIONS</p> <p>Organisations that carry out charitable work in the community. This can include food banks, shops that may exist solely to collect goods for donating money taken to charity, etc.</p> <p>This list is not exhaustive; the business will need to demonstrate that it is charitable in nature and non-profit making.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	50%	50%
CX	<p>CHRISTMAS LIGHTING COMMITTEES</p> <p>These are specifically premises used for storing Christmas lighting equipment.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	80%	80%
CR	<p>COMMUNITY AMATEUR SPORTS CLUBS</p> <p>These must be registered as thus with HMRC, which publishes a list of these on its website.</p> <p>The Council will grant this relief only to organisations specifically registered with HMRC.</p>	Registered Charities	80%	0%	80%

Fenland District Council – Discretionary Rural Rate Relief categories

These reliefs only apply to rural areas where there are small populations. The areas are specified. These reliefs are not available for properties that are in towns; i.e. Chatteris, March, Whittlesey and Wisbech.

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
1	Rural Rate Relief This applies for one property in the settlement only, that is the sole Post Office or sole combined Post Office/ General store.	Rateable Value under £8,500	100%	Nil	100%
2	Rural Rate Relief This applies for one property in the settlement only, that is the sole Post Office or sole combined Post Office/ General store.	Rateable Value between £8,500 and £16,500	Nil	50%	50%
3	Rural Rate Relief This applies for one property in the settlement only that is the sole General store.	Rateable Value under £8,500	50%	50%	100%
4	Rural Rate Relief This applies for one property in the settlement only that is the sole General store.	Rateable Value between £8,500 and £16,500	Nil	50%	50%
5	Rural Rate Relief This applies to all examples of the below that are in each settlement. Food Stores (wholly or mainly selling food on a retail basis, excluding confectionary and excluding supply of food in the course of catering).	Rateable Value under £8,500 and that that qualify for Mandatory Relief	50%	50%	100%
6	Rural Rate Relief This applies to all examples of the below that are in each settlement. Other General Stores or Food Stores (includes confectionists and takeaways).	Rateable Value under £8,500	Nil	50%	50%

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
7	Rural Rate Relief This applies to all examples of the below that are in each settlement. Other General Stores or Food Stores	Rateable Value between £8,500 and £16,500	Nil	30%	30%
8	Rural Rate Relief This applies for one property in the settlement only, that is the sole Public House	Rateable Value under £12,500	100%	Nil	100%
9	Rural Rate Relief This applies for one property in the settlement only, that is the sole Petrol Filling Station	Rateable Value under £12,500	100%	Nil	100%
10	Rural Rate Relief This applies to all examples of the below that are in each settlement. Farm Diversification Enterprise	Rateable Value under £8,500	50%	50%	100%
11	Rural Rate Relief Other businesses in a Rural Settlement	Rateable Value under £16,500	Nil	100%	100%

Note: For the types of Rural Rate Relief listed above, where a property falls into more than one category, they will be entitled to the highest relief amount shown for any of the qualifying categories.

Fenland District Council – Additional Rate Relief categories

These are additional circumstances where we can grant Discretionary Rate Relief that have been prescribed by the Government to take effect as indicated.

Type	Type of property	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
RLN	<p>Relief for local newspapers</p> <p>The Government has issued guidance on the operation of this relief – see page 11 of this policy</p>	<p>For 2 years, effective between 1 April 2017 and 31 March 2019 inclusive.</p> <p>Subject to State Aid limit (see note)</p>	Nil	Calculated in accordance with the guidance on page14 of this policy	£1,500
---	<p>Discretionary Rate Relief Following Revaluation</p> <p>The Government has issued guidance on the operation of this relief – see page 12 of this policy</p>	<p>For four years, effective between 1 April 2017 and 31 March 2021 inclusive.</p>	Nil	Calculated in accordance with the guidance on page12 of this policy	See page 12

State Aid conditions

State Aid conditions apply to these reliefs. These are European Union regulations that regulate state funded aid to businesses. It is the Government's view that these reliefs constitute state aid. State aid can be given provided that it does not exceed €200,000 in any three year period (about £165,000 overall or £55,000 per year).

In deciding if State Aid limits apply, we need to bear in mind ratepayers who have more than one property, whether in Fenland or elsewhere. This will obviously mean that national retail chains will not qualify for these reliefs. In each case, Officers will need to satisfy themselves of these limits and therefore ratepayers will need to complete a "De Minimis declaration" to enable this.

Relief for local newspapers

Qualifying properties:

- Properties that are office space occupied by local newspapers. This is up to a maximum of one discount per newspaper title and per hereditament, up to state aid limits. It will apply for two years from 1 April 2017.

Government guidance for administration of this relief:

- The relief is to be specifically for local newspapers and by that we mean what would be considered to be a “traditional local newspaper.” The relief will not be available to magazines.
- The hereditament must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.
- The amount of relief is limited to a maximum of one discount:
 - per newspaper title (e.g. per newspaper name), and
 - per hereditament
- The total amount of government-funded relief available for each newspaper title and hereditament for 2017-18 and 2018-19 under this scheme is £1,500. The amount does not vary with rateable value.
- The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament:

Amount of relief to be granted = £1500 x A/B

Where:

A is the number of days in the financial year that the hereditament is eligible for relief; and

B is the number of days in the financial year.

Discretionary Rate Relief Following Revaluation

Qualifying properties:

Relief will be available to properties that meet all of these criteria:-

- The Rateable Value of the property as at 1/4/17 is below £200,000.
- The increase in rates in 2017-18 is greater than 10% compared to 2016-17.
- The ratepayer must have occupied the property on 31/3/17.
- The relief is based upon the Rateable Value as at 1/4/17 and rates payable as at 31/3/17.
- Properties empty on 31/3/17 will not qualify.
- Where the Rateable Value is reduced retrospectively, the relief may be cancelled.
- Where the Rateable Value is increased retrospectively, no increase in relief will be awarded.
- We will not normally give relief to national chains or franchises, subject to State Aid rules.

Determination of the relief awarded:

The 10% relief will apply to the 2017-18 rates bill. Subject to the conditions above, relief will be automatically granted in 2018-19, 2019-20 and 2020-21 without the need for a further application.

The level of relief for years after 2017-18 will be determined before the start of the relevant financial year.

Further information

Please contact us if you have any questions about this policy, or NNDR in general.

Here are the ways to contact us.

fenland.gov.uk

Our website is always open! Check this out first; it will often save you a phone-call or visit.

E-mail us

nndr@angliarevenues.gov.uk

National Non-Domestic Rates queries

Phone us

01842 756568

Payments can also be made at any time using our automated service on 01354 654321 for payments by Debit Card.

Visit us

We have Fenland @ your service Shops in March, Whittlesey and Wisbech and at the Community Hub in Chatteris.

Please see **fenland.gov.uk** for details of where we are, and our opening hours.

Write to us

Fenland District Council, Fenland Hall, County Road, March,
Cambs, PE15 8NQ