



HERTSMERE BOROUGH COUNCIL

REVENUES UNIT

BUSINESS RATES DISCRETIONARY RELIEF POLICY (REVALUATION SUPPORT) FROM 1 APRIL 2017 TO MARCH 2020

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Discretionary Relief Policy ('Revaluation Support')

1. Introduction

- 1.1 At 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 2017 Rates Revaluation. The Government has decided 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 have been most adversely affected by the 2017 Revaluation.
- 1.2 Every billing authority in England will be provided with a share of the £300 million to support their local businesses. This is administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988.
- 1.3 The Government believes that local authorities are best placed to judge the particular circumstances of local ratepayers and direct the funding where it is most needed to support local economies. The Government will allocate the available funding to each billing authority area based on assumptions about how authorities will target their relief scheme.
- 1.4 To allocate the resource between authorities the Government has assumed that authorities will provide support only to those ratepayers who are facing an increase in their bills following revaluation. It further assumes that, by and large, more support will be provided to:
- ratepayers or localities that face the most significant increases in bills; and
 - ratepayers occupying lower value properties

2. Qualifying Criteria

- 2.1 Revaluation Support will be recommended if:-
- i The aggregate of all Rateable Value as at 1 April 2017 for all business owned locally or nationally by the ratepayer claiming Revaluation Support, is below £200,000.
 - ii The ratepayer has experienced a financial increase, as a direct result of revaluation in the amount they have to pay for 2017-18, compared to their 2016-17 Hertsmere bill (after any other reliefs have been applied) in excess of 12.5%
 - iii The relevant property was occupied on 1 April 2017. For those applicants who occupied during 2016-17 their part liability will be annualised before comparison with their 2017-18 liability to ensure they comply with the 12.5% increase requirement.
 - iv The ratepayer is not already in receipt of either Discretionary Rate Relief or 'Support for Small Businesses Relief' (also announced in the Spring Budget) which limits increases on small properties caused by the loss of Small Business Rates Relief to £600.

- v The award of relief complies with EU law on State Aid:

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 support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).

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). There are certain types of undertaking that are excluded from receiving De Minimis aid. Any aid to be considered De Minimis is required to be converted into Euros.

To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. Note that the threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation).

3. Applications

- 3.1 Completed application forms for 2017/18 will be required from each applicant by no later than 31 December 2017. At that point the value of the award to be made to each successful claimant can be calculated, since the total value of business rate liability for those ratepayers, and the value of the Government's grant allocation to Hertsmere for the financial year in question will both be known.
- 3.2 When making an award for the support for ratepayers, a condition of that award is that the relief can be recalculated in the event of a change to the rating list for the property concerned (retrospective or otherwise). This is so that the relief can be re-calculated if the rateable value changes. Recalculation may also be required should there be other changes to a ratepayer's account, for example if another relief or exemption is claimed and applied which affects liability.
- 3.3 Application forms must be received from the ratepayer or their agent by no later than 31 December 2017.

4 Legal Requirements

- 4.1 The Scheme will be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Act 1988

5 Financial Impact

- 5.1 In each year of the scheme, the Government will make grant payments to billing authorities equivalent to their loss of income under the business rates retention

scheme. Payments will be based on estimates of the relief to be provided to ratepayers, capped at the maximum of that year's allocation.

6 The Decision Making Process

- 6.1 Hertsmere Borough Council will consider completed and received applications within 30 working days of the application and all supporting information being received, and will notify the applicant should there be a delay in processing the application.
- 6.2 Hertsmere Borough Council will notify the applicant of the decision in writing, and where the relief is refused, an explanation of the reasons why will be given.
- 6.3 Hertsmere Borough Council will not consider applications where the customer has failed to provide information within the timescales provided to them, and will notify the customer in writing that the application has been refused.
- 6.4 To ensure there is a fair and consistent approach to the award of Revaluation Support Relief, all applications will be considered within the guidelines of this Policy and a written record will be kept on file of the decisions and factors considered in the process. The decision will be available free of charge to the applicant on request.

7 Period of Relief

- 7.1 Where awarded, Revaluation Support will be granted only to the end of the financial year.
- 7.2 All qualifying applications will need to be renewed annually if relief is to continue into the next financial year to ensure there has been no change in circumstances and to assess that applicants are still eligible.
- 7.3 Businesses and organisations will be required to complete new application forms for the next financial year in accordance with the application process and timescales for that year. When completed forms are returned, they will be checked to ensure entitlement still exists, and, if so, the relief will be awarded for a further year. Where no further application is received, relief will not be awarded, and the business or organisation will be sent a rate bill for the full charge.
- 7.4 In all cases relief will end in accordance with section 12 of this policy (NB where eligibility ends during the financial year the relief will be pro rata to the last day of entitlement).
- 7.5 It is also important to note that under the Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)¹ authorities are required to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can normally only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

8 Calculation of Relief

- 8.1 Completed application forms will be required from each applicant by no later than 31 December 2017. At that point the value of the award to be made to each successful claimant can be calculated, since the total value of relevant business rate liability for those ratepayers, and the value of the Government's grant allocation to Hertsmere for the financial year in question will both be known.
- 8.2 The award will be a percentage relief that will be determined once all qualifying applications have been approved. The formula for determining this percentage will be as follows:

$$(A - B) / C = X\%$$

Where

- A = The overall annual Discretionary Relief grant allocation for Hertsmere from the Department for Communities and Local Government for the financial year in question;
- B = A percentage of A to be held back by Hertsmere Borough Council to mitigate any potential adjustments and/or challenges to scheme eligibility. Residue from this sum to be redistributed before the end of the financial year;
- C = The overall increase in 2017-18 net rates payable, compared to 2016-17 net rates payable, for all qualifying ratepayers (i.e. a grand total).

- 8.3 The amount of financial award will then be calculated for each ratepayer by applying the percentage calculated in paragraph 8.2 above to the individual ratepayer's share of the increase of C above.
- 8.4 The total value of all awards of relief will be limited to the maximum financial allocation to Hertsmere Borough Council during any grant period. No applications can be accepted beyond the closing date.
- 8.5 Financial awards will be pro rata based upon a ratepayer's eligible period of liability.
- 8.6 Should the rateable value reduce leading to a less than 12.5% increase on the 2016/17 liability, then all Revaluation Support will be removed.
- 8.7 Should the rateable value reduce, but a greater than 12.5% increase on the 2016/17 liability remains, then the entitlement will be recalculated based upon the initial allocation percentage.
- 8.8 If the Business Rates bill increases within the period that Relief is granted, i.e. the original 1 April 2017 rateable value is retrospectively increased after the closing date for applications on 31 December 2017, then the amount awarded will not be recalculated, because such an increase would be outside the annual grant award.

9 Authority to process applications and award relief

9.1 In the interests of efficiency, the authority to consider applications is delegated as set out below;

Thresholds – Annual Cost to Local Authority	Position of Authority	Counter Authority
Up to £30,000	Revenues Manager	Head of Finance & Business Services
Over £30,000	Revenues Manager	Corporate Director

10 Notification of Decision

10.1 Applicants will be notified in writing of any decision made in respect of their applications, whether they are successful or not. The notification will include a revised bill where appropriate.

11 Rights of Appeal

11.1 There is no statutory right of appeal against a decision to award relief made by Hertsmere Borough Council because the award is discretionary. However, Hertsmere Borough Council recognises that customers should be entitled to have a decision objectively reviewed if they are dissatisfied with the outcome.

11.2 Unsuccessful applicants should, in the first instance, detail in writing their reasons for not agreeing with any decision, to the Business Rates Team of the Revenues Department, Civic Offices, Hertsmere Borough Council, Elstree Way, Borehamwood, Herts WD6 1WA or by email to revenues@hertsmere.gov.uk. A request for a review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.

11.3 Should they still be aggrieved having received a response to the review they should then write and appeal to the Corporate Director, Mrs S Bijle, Civic Offices, Hertsmere Borough Council, Elstree Way, Borehamwood, Herts WD6 1WA or by email to Sajida.Bijle@hertsmere.gov.uk.

11.4 Appeals must be received no later than 28 February 2018.

11.5 If, following, the referral to the Director the applicant is still aggrieved they would be required to submit the relevant details to the High Court for a Judicial Review, in accordance with Section 138 of the Local Government Act 1988.

12 Termination of Awards

12.1 Awards of rate relief shall end at the earliest occurrence of one of the following (NB where eligibility ends during the financial year the relief will be pro rata to the last day of entitlement):

- a) The end of the statutory period for which relief may be allowed;
- b) The end of the financial year;
- c) The property becoming unoccupied;
- d) The ratepayer ceasing to be the person or organisation liable to pay non-domestic rates in respect of the property;
- e) The commencement of a further award in respect of the property;
- f) The council is unable to verify, following reasonable notice, that the property remains occupied;
- g) A change in rateable value excludes the ratepayer from entitlement.

13 **Policy Review**

- 13.1 All awards are for the financial year in question only. The Hertsmere Business Rates Discretionary Relief (Revaluation Support) Policy will be reviewed and reissued annually to ensure that qualifying criteria, application requirements and deadlines, and all other scheme conditions are updated for subsequent financial years up to and including 2020.