



HERTSMERE BOROUGH COUNCIL

REVENUES UNIT

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

CONTENTS

Section

1	Introduction
2	Qualifying Criteria
3	Applications
4	Legal Requirements
5	Financial Impact
6	The Decision Making Process
7	Period of Relief
8	Calculation of Relief
9	Authority to Process Applications and Award relief
10	Notification of Decisions
11	Rights of Appeal
12	Termination of Awards
13	Policy Review

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 decided that Local Government was 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 is being 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 allocates 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 Application forms for the first year of the Scheme were issued from October 2017 and the process closed 31 December 2017. At that point the value of the award to be made to each successful claimant was 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 were both known.
- 3.2 Since the qualifying ratepayer base for Revaluation Support in 2017/18 will remain the same for subsequent years (the Scheme is based upon awarding to those who were in occupation as at 1 April 2017 and whose bills increased substantially as a direct result of the 2017 Revaluation) then ratepayers who have received awards in 2017/18 will be awarded relief out of the corresponding grant allocations for years 2 to 4 of the Scheme assuming they are still eligible.
- 3.3 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.

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 considered completed and received applications within 30 working days of the applications made between October and December 2017.

6.2 Applicants were notified of the decision in writing, and where the relief was refused, an explanation of the reasons why was given.

6.3 The council could not consider applications where the customer failed to provide information within the timescales provided to them and notified the customer in writing that the application had been refused.

6.4 To ensure there was a fair and consistent approach to the award of Revaluation Support Relief, all applications were considered within the guidelines of this Policy and a written record kept on file of the decisions and factors considered in the process. The decisions are 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 reviewed 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 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).

7.4 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 Calculations to arrive at the value of the award to be made to each successful claimant will be made once 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 are both known.
- 8.2 The award will be a percentage relief and the formula for determining this percentage will be as follows:

$$A / B = X\%$$

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 = The overall increase in 2018-19 net rates payable (after all reliefs) compared to 2017/18 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 net rates payable (after all reliefs) for the financial year.
- 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 in the liability, then all Revaluation Support will be removed.
- 8.7 Should the rateable value reduce, but a greater than 12.5% increase in the 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), 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 were be notified in writing of any decision made in respect of their applications, whether they were successful or not. The notification included 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 recognised that customers should be entitled to have a decision objectively reviewed if they were dissatisfied with the outcome.

11.2 Unsuccessful applicants were, in the first instance, encouraged to 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 have been made within four weeks of notification of the decision and needed to set out the reasons for the request and any supporting information.

11.3 Should they still have been aggrieved having received a response to the review they should then have written and appealed 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 have been received no later than 28 February 2018.

11.5 If, following, the referral to the Director the applicant had still felt aggrieved they would have been 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.