

City of York Council

Discretionary Business Rate Policy – Spring Budget 2017

OVERVIEW

This policy provides the council's guidance in relation to discretionary business rate discounts under the funding provided in the Spring Budget 2017. It provides the principles upon which the council will deal with any application that may be received.

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Background

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 revaluation. The Chancellor stated 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.
2. The Government's intention is that every billing authority in England will be provided with a share of the £300 million to support their local businesses. This will be administered through the Council's discretionary relief powers under section 47 of the Local Government Act 1988.
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 has allocated the available funding to each billing authority area based on assumptions about how authorities will target their relief scheme.

Business Rate Policy

4. In line with the Government's recommendations following consultation. The council will provide support only to those ratepayers who are facing an increase in their bills following revaluation (this is a condition of the grant). The council's principles will consider that more support will be provided to:
 - ratepayers or localities that face the most significant increases in bills; and
 - ratepayers occupying lower value properties.

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5. Taking into account the Government's principles and assumptions in relation to the distribution of the funding the qualifying criteria for consideration is:
- the rateable property has a rateable value for 2017/18 that is less than £200,000;
 - the increase in the rateable property's 2017/18 bill is more than 12.5% compared to its 2016/17 bill (before reliefs).

Notice Periods

6. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059)¹ require the council 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 of business rates the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. Within the Government 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.
7. Whilst the council could therefore consider changes within the year this is likely to be heavily bureaucratic however it reserves the right to do so. As the funding decreases substantially across the 4 years any award will be for the maximum of one year and it will be made clear to the rate payer that their support will be revoked after a maximum of 12 months.

State Aid

8. 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

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Aid. However the support for ratepayers will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)².

9. 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).
10. To administer De Minimis it is necessary for the council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.
11. Where an eligible property is also eligible for Enterprise Zone relief, then Enterprise Zone relief should be granted and, until the introduction of 100% business rates retention, this will be funded under the rates retention scheme by a deduction from the central share (or, in the case of 100% business rates plots, from a separate s.31 grant). The council will not provide discretionary relief under their schemes for “revaluation support” to properties which would otherwise qualify for Enterprise Zone government funded relief.
12. If a property in an Enterprise Zone is not eligible for Enterprise Zone relief, or that relief has ended, discretionary relief for “revaluation support” may be granted.

Managing the Process

13. To ensure transparency, fairness and consistency any consideration to award a business rate discount under this policy must meet Central Government’s criteria set out at Paragraphs 4 & 5 of this policy. All applications will only be considered after the signing of the State Aid declaration form and there must be some evidence that the increase in business rate liability will cause financial hardship. The financial support drops dramatically across the 4 years that

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the Government is funding. The intention is that any business will be self sustaining by 2018/19 and any business applying will have to evidence how this will be achieved.

14. All applications must use the standard application form with additional supporting information attached. Submissions must be made in an electronic format.
15. This is a discretionary scheme there is no right of appeal on any decision made.

PRINCIPLES

16. The basic principles underpinning this policy are:
 - I. The council wishes to operate in a fair and transparent way ensuring its powers are used sensibly, consistently and coherently to benefit the community as a whole;
 - II. The council wants to deliver its services through a sound and well maintained corporate governance framework that provides clarity on the number and value of awards made;
 - III. The council wants to help develop a consistent process with its neighbouring local authorities in managing this scheme.

DECISIONS

17. All decisions related to the application of this Scheme and resulting awards of discount will be made by the Director of Customer & Corporate Services in consultation with the Executive Member for Finance & Performance. Such decisions will be published on a monthly basis and summarised in an annual report to the council's Executive.