

Gedling Borough Council

Local Discretionary Relief | Guidance | Phase 2

1. Introduction

In the spring budget 2017, the Chancellor announced that the Government will provide a relief from business rates to businesses facing the steepest increase as a result of the 2017 revaluation. This scheme is to be administered at the discretion of the Council up to certain funding limits. Any such relief would be granted from 2017/18 until 2020/21 on a scale steadily decreasing each year.

The Government's express intention is to support *"those businesses that face the steepest increases in their business rates bills as a result of the 2017 revaluation"*.

"The intention is that every billing authority in England will be provided with a share of the £300m to support their local businesses. Billing authorities will be expected to use their share of the funding to develop their own discretionary relief schemes to deliver targeted support to the most hard-pressed ratepayers. The £300m will cover the four years from 2017/18".

This relief is known as "local discretionary relief".

Any reference to "the Council" means Gedling Borough Council.

2. Delegation

The authority to determine applications in the first instance for local discretionary relief only is delegated to the Director responsible for Revenues & Welfare Support services.

3. Relief provision and funding

Of the £300 million funding, Gedling Borough Council has been allocated funds as per the table below:

Amount of Government Grant (£000s)				
2017-18	2018-19	2019-20	2020-21	Total
213	103	43	6	365

These figures were announced as part of the Government's consultation published on 9th March 2017 which consulted on options for English local authorities to design local schemes for discretionary relief to support businesses.

The Government's consultation can be found at:

<https://www.gov.uk/government/consultations/discretionary-business-rates-relief-scheme>

4. Who is eligible for the relief and how much relief will be available?

All calculations will be undertaken using the net charge for 2016/17 and the net charge for 2017/18. The proposed criteria which must be satisfied before a consideration for granting relief can be made are as follows:

1. The account for which relief may be granted must have been in existence on 31st March 2017.
2. The RV of the account for which relief may be granted must have increased in the 2017 revaluation.
3. The property relating to the account for which relief may be granted must be occupied in 2017/18.
4. The RV of the account for which relief may be granted must be less than £200,000 in 2017/18.
5. The net charge (rates payable) for the account for which relief may be granted must be at least 9% greater in 2017/18 than it was in 2016/17.
6. The net charge (rates payable) for the account for which relief may be granted must be at least £399.99 greater in 2017/18 than it was in 2016/17.
7. The ratepayer (rateable occupier) for the account for which relief may be granted must be considered to be free from state aid restrictions.

Based on the available funding as set out under paragraph 2 above, relief will be granted in each remaining case as a percentage of the actual increase in the rates payable. The following percentage increases will be used:

Percentage Relief on Increase in Rates Payable (%)			
2017-18	2018-19	2019-20	2020-21
98.86	47.81	19.97	2.79

Where a qualifying ratepayer's 2017/18 and/or 2016/17 rates bill is reduced for any of the following reasons, the amount of their discretionary relief will be reduced or removed accordingly:

- A reduction in rateable value in the 2010 and, or 2017 rating lists
- The provision of a certified value for the 2010 rating list or historical change
- The application of any additional rate relief or exemption
- Vacation and reoccupation of the property

This scheme ensures that the value of the extra relief given is proportional to the amount of a business's bill increase. Those local businesses facing the most significant increases in their bills following the revaluation will receive the most support under the scheme.

The scheme ensures that the extra relief available supports different types and sizes of business across the whole borough, rather than being concentrated on a very small number of businesses or any one particular geographical area or business / industry sector.

The scheme provides for a consistent method of calculating how much relief to award any one business, ensuring that the relief scheme is transparent and that businesses are treated fairly against clearly defined criteria.

5. 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 local discretionary relief scheme 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 rolling three year period (consisting of the current financial year and the two previous financial years).

The Council will seek to ensure that each business requesting local discretionary relief has not exceeded its threshold through all sources of state funding.

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. This 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).

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Last Review: N/a

Next Review Due: c.31st December 2018