1 PURPOSE

1.1 To update members of the progress made regarding Business Rate relief schemes announced by the Chancellor in his budget on Wednesday 16 March 2017.

2 BACKGROUND

2.1 Business Rates are periodically revalued to take into account changes to business activity across the country. The latest revaluation came into effect on 1 April 2017.

2.2 The purpose of the revaluation is to ensure that business contribute their fair share of tax in different parts of the country and sectors of business activity.

2.3 In the run up to the March budget a number of groups made representations to the Government about the impact that the revaluation would have, in particular on those seeing the greatest increases in their rates payable.

3 MARCH 2017 BUDGET ANNOUNCEMENT

3.1 In his budget the Chancellor announced that he had listened to the representations made by the various bodies and had decided to provide additional relief to those businesses who had been most impacted by the revaluation.

3.2 Additional Relief would be made available in three instances:

- **Small Businesses**

  As a result of the revaluation some small businesses, who currently receive Small Business Rate Relief (SBRR) or Rural Rate Relief (RRR) would experience significant increases in the amount of rates payable if as a result of the revaluation they no longer qualified for SBRR or RRR. Therefore the Chancellor announced that Local Authorities would be able to grant discretionary rates relief in such cases to ensure that those businesses losing SBRR or RRR would experience an increase in rates payable of no more than £600 per year or the matching cap on increases for small properties in the transitional relief scheme, whichever is greater. Detailed guidance was only issued in late May 2017 and we are awaiting further clarification.

- **Pubs**

  Pubs with a rateable value of below £100,000 will receive a £1,000 discount on their bill. NB The Government stated that it would publish a consultation on the operation of the scheme shortly which will determine eligibility, but to date nothing has been forthcoming.

- **Discretionary Relief Scheme**

  The Chancellor announced that he would make £300 million available to local authorities to support those businesses that face the steepest increases as a result of the revaluation. It will cover four years from 2017/18 as follows:
£175m in 2017/18
£85m in 2018/19
£35m in 2019/20
£5m in 2020/21

A consultation paper was published on 9 March 2017 about how this scheme will be implemented along with the proposed distribution of the £300 million. NB Ribble Valley Borough Council’s proposed allocation is £179,000 i.e. £104,000 in 2017/18, £51,000 in 2018/19, £21,000 in 2019/20 and £3,000 in 2020/12. NB This consultation closed on 7 April 2017.

4 ISSUES

4.1 You recommended at your meeting on 28 March 2017 to delegate to the Director of Resources to devise and implement the new relief schemes to prevent any delay in their introduction.

4.2 However the announcement of the General Election on 8 June 2017 has resulted in a delay in any detailed guidance from Government that was originally expected in order to progress development of these new reliefs.

4.3 We have estimated that approximately 20 businesses will benefit from the SBRR/RRR additional relief, approximately 50 businesses will benefit from the Pubs relief (this will depend on the definition used to determine eligibility) and at this time without further detail we are unable to estimate how many business may benefit for the additional Discretionary Relief.

4.4 Once further detail is known we will contact those affected and invite them to apply for the SBRR/RRR and Pub schemes and publish our scheme inviting applications for the additional Discretionary Relief Scheme.

5 FINANCIAL IMPLICATIONS

5.1 The additional relief schemes for small businesses and pubs will not have a financial impact on this Council as the Government will compensate local authorities by a Section 31 grant for the additional relief granted.

5.2 As the additional Discretionary Relief Scheme will have a limited allocation it is important that we do not design a scheme that will result in more relief being granted than our allocation.

6 RECOMMEND THAT COMMITTEE

6.1 Note the information contained in this report.

HEAD OF REVENUES AND BENEFITS  DIRECTOR OF RESOURCES

PF26-17/ME/AC
15 June 2017