



**COUNCILLOR
JANETTE WILLIAMSON**

**FINANCE AND INCOME
GENERATION**

CABINET

4 SEPTEMBER 2017

NATIONAL NON-DOMESTIC RATES

DISCRETIONARY RELIEF 2017/18

SUPPORTING BUSINESS IN

WIRRAL

Councillor Janette Williamson (Cabinet Member for Finance and Income Generation) said:

“A priority in the Wirral Plan is that we are a place where employers want to invest and businesses are able to thrive. Encouraging small businesses to develop and grow is at the heart of this and as business rates represent a significant cost to them, we are keen to ensure small businesses in particular can access rate relief.

“The council already operates a discretionary rate relief policy, which was approved for 2017/18. With the detail behind the government’s proposals for three other schemes now announced, the council policy is being amended in order to provide support for more than 600 businesses and 100 public houses in Wirral this year.

“This is a real demonstration that Wirral is a welcoming and supportive place to do business, with a local authority that aims to give them the best possible chance to succeed.”

REPORT SUMMARY

The impact of the 2017 Business Rates Revaluation was intended to be fiscally neutral. However this Revaluation resulted in significant variations for some businesses. In recognition of this impact the Government in the Spring Budget 2017 announced the availability of additional funding for businesses affected by the

increase. Since then further details have been announced by the Government on the implementation of the proposals.

This report seeks approval of additions to the Council's National Non Domestic Rates Discretionary Rate Relief Policy effective from 1 April 2017. The changes relate to Government announcements in respect of Supporting Small Businesses, the Discretionary Fund and Support for Public Houses. With the detail behind the initial Government announcement now available the Policy is recommended for amendment to enable the financial benefits to be given to businesses.

This is a key decision and affects all wards within the borough.

RECOMMENDATIONS

- 1 That the National Non-Domestic Rates Discretionary Relief Policy be amended to incorporate the changes in respect of Supporting Small Businesses, the Discretionary Fund and Support for Public Houses.
2. That the National Non-Domestic Rates Discretionary Relief Policy as detailed in the Appendix be approved for 2017/18.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATIONS

- 1.1 The Council must have in place an agreed National Non Domestic Rates Discretionary Rate Relief Policy for the 2017/18 financial year which allows for the awarding of reliefs for the 3 Government sponsored initiatives. The amendments will be wholly funded by Central Government, including administration costs.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Whilst the Council must have a Discretionary Rate Relief Policy there are a range of options as regards the level of assistance and the range of organisations to which support is offered.
- 2.2 The alternative option would be to not make available the reliefs now offered, and funded by, the Government. This option would fail to support businesses or use the funding made available by the Government.

3.0 GOVERNMENT CHANGES

- 3.1 The Government undertook a Revaluation of all Business Rates properties with this Revaluation taking effect from 2017. The intention was to update the rental values for properties rather than raise additional income so was therefore intended to be fiscally neutral. However the impact varied such that some businesses saw significant increases or decreases in the rates payable. As a consequence the Government Spring Budget on 8 March 2017 announced three forms of support following the 2017 Business Rates Revaluation:-

SUPPORTING SMALL BUSINESSES

- 3.2 Further support to small businesses affected by the 2017 Revaluation; known as 'Support to Small Business' Relief. This relief will help those ratepayers who as a result of the change in their Rateable Value at the revaluation are losing some or all of their Small Business Rates Relief and are facing large increases in their bills. For businesses that qualify their increase in rates will be limited to no more than £600 per annum. It is estimated that around 30 businesses will qualify in Wirral.
- 3.3 Small Business Support will be awarded under Section 47 of the Local Government Finance Act 1988; as this is technically a discretionary power the authority needs to formally confirm that it will utilise the power. The authority will be fully reimbursed for the costs of granting this relief under Section 31. This relief will be granted via an automated calculation.

DISCRETIONARY FUND

- 3.4 A national fund of £300 million over 4 years to provide discretionary rate relief to taxpayers facing significant increases in their Business Rates consequential from the 2017 Revaluation.
- 3.5 This assistance will be provided under Section 47 of the Local Government Finance Act 1988; this means that it will use existing legal powers. The authority will be fully reimbursed for the costs of granting this relief under Section 31. This relief will be granted via a manual calculation with revised bills being issued.
- 3.6 The Government has indicated the funding that will be made available to each local authority. Wirral's allocation of £912,000 over 4 years is set out below;

2017/18	2018/19	2019/20	2020/21
£532,000	£259,000	£106,000	£15,000

- 3.7 Whilst the scheme is at the discretion of authorities the Government suggested broad qualifying conditions such as limiting the scheme to Rateable Values under £200,000 and the increase for 2017/18 is 12.5% or more than 2016/17.
- 3.8 From 1 April 2017 those businesses with a Rateable Value below £12,000 receive 100% relief and those businesses above £12,000 and below £15,000 receive tapered relief. These are an increase on the £6,000 Rateable Value for 100% relief and the £6,000 to £12,000 range for tapered relief applicable prior to 1 April 2017. The Government compensates authorities for the reduction in income through payment of Section 31 Grant.
- 3.9 It is recommended that the numbers potentially entitled by the above are reduced by removing Empty Properties, National companies, Public bodies and organisations already in receipt of relief, allowing the relief to be focussed on local small-to-medium businesses. Reducing the increased amount to 5% rather than the Government recommended 12.5% brings relief to 607 small-medium local businesses and allocates 94% of the fund leaving 6% to cover in year adjustments. Indications to date are that the Government will not allow unallocated funding to be rolled forward.

SUPPORT FOR PUBLIC HOUSES

- 3.10 The Public Houses relief scheme is for occupied pubs with a rateable value of £100,000 or less and the total amount of relief available is up to £1,000 for 2017/18. European State Aid de minimis rules apply to pub chains and it is likely they will be asked if they wish to receive the relief whereby individually owned pubs will be granted the relief automatically. This is similar to the way retail relief was previously operated.

3.11 There is no definitive description of a pub or public house. The Government's policy intention is that pubs should:-

- Be open to the general public
- Allow free entry other than when occasional entertainment is provided
- Allow drinking without requiring food to be consumed
- Permit drinks to be purchased at a bar

For these purposes this excludes Restaurants, Cafes, Nightclubs, Hotels, Snack bars, Guest houses, Boarding houses, Sporting venues, Music venues, Festival sites, Theatres, Museums, Exhibition halls, Cinemas, Concert halls and Casinos.

The list is not meant to be exhaustive and the Council can use other criteria to help it reach a decision, such as the planning system. The scheme is only available for 2017/18 and it is anticipated 100 public houses will receive relief under this scheme.

3.12 There is no prescription whether Discretionary Relief is calculated before or after the Support for Public Houses scheme. However it is likely the new software will process Discretionary Relief prior to the Support, the two schemes are not mutually exclusive.

4.0 FINANCIAL IMPLICATIONS

4.1 The Government announced that all the aforementioned reliefs will be met by Central Government by payment of Section 31 Grants. There is also New Burdens funding to cover new software and administration costs, details are to follow from Central Government.

5.0 LEGAL IMPLICATIONS

5.1 Section 47 of the Local Government Finance Act 1988 requires the Council to maintain a Discretionary Rate Relief Policy. These additions to the existing Policy are required to be approved by Council to enable the award of the additional reliefs.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are ICT and staffing implications arising from this report that will be met by Central Government Section 31 Grants.

7.0 RELEVANT RISKS

7.1 The variations to the Policy enhance the previously approved Policy providing support to smaller businesses and public houses (which meet the eligibility criteria).

- 7.2 If the authority awards relief in excess of the Government funding for discretionary support the costs would have to be borne by the Council so close financial monitoring will be used to mitigate this risk.
- 7.3. If a decision is not made to adopt the amended Policy the Council would not have in place the means by which to award of the three additional Discretionary Rate Reliefs, foregoing the Government Grant and being unable to financially support businesses.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 As this is a Government measure consultation was undertaken nationally. The additions to the Policy have been shared with authorities across the Liverpool City Region, the major Precepting authorities and the Chamber of Commerce.

9.0 EQUALITY IMPLICATIONS

- 9.1 The Equality Impact Assessment link for National Non Domestic Rates Relief is shown; <http://www.wirral.gov.uk/my-services/community-and-living/equality-diversitycohesion/equality-impact-assessments/eias-2010/finance>

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APPENDIX

Discretionary Rate Relief Policy 2017/18

REFERENCE MATERIAL

Local Government Finance Act 1988
 NNDR (Discretionary Relief) Regulations 1989
 NNDR (Discretionary Relief) Regulations 1992
 Budget Announcement by Government 8 March 2017
 Business Rates Information Letter (2/2017) Spring Budget Update
 Business Rates Information Letter (4/2017) Spring Budget Update

SUBJECT HISTORY

Council Meeting	Date
Council	24 February 2015
Cabinet	29 June 2015
Cabinet	22 February 2016
Cabinet	20 February 2017

WIRRAL COUNCIL

NATIONAL NON-DOMESTIC RATE DISCRETIONARY RELIEF POLICY 2017/18

1. AWARD

- 1.1. Whereby Mandatory Relief, at 80%, is payable to an organisation the Council may top-up that award with Discretionary Relief of 20% after careful consideration of below.
- 1.2. Where the organisation qualifies for Discretionary Relief utilising the following criteria the maximum (full relief) award under this policy will be 100% of the Business Rates payable after careful consideration of below.

2. ACCESS

- 2.1. Is membership open to all sections of the community? There may be legitimate restrictions placed on membership which relate for example to ability in a sport or the achievement of a standard in the field covered by the organisation or where the capacity of the facility is limited. Clubs or organisations should not be considered if they have membership rates set at such a high level as to exclude the general community. In general, the club or organisation must be prepared to show that the criteria by which it considers applications for membership are consistent with the principle of open access.
- 2.2. Does the organisation actively encourage membership from particular groups in the community e.g. young people, women, older age groups, persons with disability, ethnic minorities, etc.? An organisation which encouraged such membership might expect more sympathetic consideration than one which made no effort to attract members from groups which the Authority considered to be particularly deserving of support.
- 2.3. Are the facilities made available to people other than members, e.g. schools, casual public sessions etc.? The wider use of facilities should be encouraged and rate relief might be one form of recognition that an organisation was promoting its facilities more widely.

3. PROVISION OF FACILITIES

- 3.1. Does the organisation provide training or education for its members? Are there schemes for particular groups to develop their skills e.g. young people, the disabled, retired people? An organisation providing such facilities might deserve more support than one which did not.
- 3.2. Have the facilities available been provided by self-help or grant aid? The fact that a club uses or has used self-help for construction or maintenance or had facilities funded by grant aid might be an indicator.

- 3.3. Does the organisation run a bar? The mere existence of a bar should not in itself be a reason for not granting relief. The Authority should look at the main purpose of the organisation. In sports clubs for example the balance between playing and non-playing members might provide a useful guide as to whether the main purpose of the club is sporting or social activities. A social club whose main aim is to bring together people with similar interests should not be excluded from relief just because of the existence of a licensed bar.
- 3.4. Does the organisation provide facilities which indirectly relieve the Authority of the need to do so, or enhance and supplement those which it does provide? Authorities should not refuse relief on the grounds that an organisation is in competition with the Authority itself, but should look at the broader context of needs of the community as a whole. A new need, not being provided by the Authority itself but identified as a priority for action, might be particularly deserving of support.

4. OTHER CONSIDERATIONS

- 4.1. Is the organisation affiliated to local or national organisations e.g. local sports or arts councils, national representative bodies, i.e. are they actively involved in local/national development of their interests?
- 4.2. If the organisation is a sporting club and its main activities are a recognised eligible sport the club will be encouraged to register with the Inland Revenue as a Community Amateur Sports Club (CASC).
- 4.3. Is the membership drawn from people mainly resident in the charging authority's area? Although authorities will have in mind that 25% of the cost of any relief given will be borne by the Council Taxpayers in their area, particular difficulties may arise with hereditaments which straddle local authorities boundaries and which under Regulation 6 of the Non-Domestic Rating (Miscellaneous Provisions) Regulations 1989 (S.I. 1989 No. 1060) will now fall to be shown in one list. In these cases and in those where hereditaments are situated close to an authority's boundary, a proportion of the membership may come from another charging authority area. Also for geographical reasons, or because of the nature of the terrain, particular facilities may be the only ones available for a wide area. In such cases the joint use of facilities by one or more similar organisations is not uncommon. In most cases there will be a measure of reciprocity between the memberships of organisations from different areas.
- 4.4. Authorities may wish to add further criteria or substitute relevant alternative criteria, which are appropriate to the furthering of their policies and the needs of the community such as development programmes. They should also bear in mind the need to encourage new activities in the wide range of organisations for which relief from rates is available.

- 4.5. The manner in which charities or organisations are funded should also be considered. In cases of full or substantial funding from central government; either directly or through an agency, council or similar body, which is funded or established by central government, consideration should be given to the merit of awarding relief.
- 4.6. Are members paid to participate? The Authority may wish to consider whether to award relief where payments or other significant benefits are provided to players. Exceptions may be the reimbursement of reasonable travel expenses or reasonable provision and maintenance of club owned equipment. The Authority may look favourably on clubs whose paid players contribute more to the club than just playing e.g. by coaching younger members.
- 4.7. The Authority may wish to consider the extent to which the organisation's activities contribute to local community strategies or authority objectives for developing neighbourhood identity, community building or social inclusion.
- 4.8. Housing Associations, universities, further education colleges and independent schools are specifically excluded from receiving discretionary rate relief as per Cabinet decision dated 10 January 2008.
- 4.9. All future discretionary rate relief applications in respect of properties with a rateable value of less than £18,000 are accompanied by a Small Business Rate Relief (SBRR) application to encourage SBRR take up and to continue to reduce the reliance on the Discretionary Rate Relief budget. This will continue until this relief is ended by Central Government.
- 4.10. With effect from 1 April 2014, Community Interest Companies and social welfare organisations that occupy properties with rateable values under £7,000 be entitled to maximum level of discretionary rate relief and those occupying properties of £7,000 or more be considered by Members, on a case by case basis.

5 SUPPORT FOR LOCAL NEWSPAPERS

- 5.1. From 1 April 2017 the Government is providing funding to local authorities to provide a discount of £1,500 per year in 2017/18 and 2018/19 to office space occupied by local newspapers. The relief is specifically for local newspapers and is not available to magazines.
- 5.2. To qualify the property must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters. The amount of relief is limited to a maximum of one discount per newspaper title and per property.
- 5.3. The relief is fully funded by Central Government.

6 SUPPORTING SMALL BUSINESS SCHEME

- 6.1. Within the Spring Budget on 8 March 2017 the Government announced further support to small businesses affected by the 2017 Revaluation; this is to be known as ‘Support to Small Business’ relief. This relief will help those ratepayers who as a result of the change in their rateable value at the revaluation are losing some or all of their Small Business Rates Relief and are facing large increases in their bills. For businesses that qualify their increase in rates will be limited to no more than £600 per annum.
- 6.2. The Council will look to make the award automatically without the completion of an application form. The award is for 5 years or until they reach the level of charges they would have reached without the scheme.
- 6.3. A change of ratepayer will not affect eligibility for the scheme unless the property becomes vacant or occupied by a charity. Normal European State Aid de-minimis rules apply to the award.
- 6.4. Small Business Support will be awarded under Section 47 of the Local Government Finance Act 1988; as this is technically a discretionary power the authority needs to formally confirm that it will utilise the power. The authority will be fully reimbursed for the costs of granting this relief under Section 31. This relief will be granted via an automatic calculation.

7 DISCRETIONARY FUND

- 7.1. Also as part of the Spring Budget on 8 March 2017 the Government announced a national fund of £300M over 4 years to provide discretionary rate relief to taxpayers facing significant increases in their Business Rates consequential from the 2017 revaluation. This assistance will be provided under Section 47 of the Local Government Finance Act 1988; this means that it will use existing legal powers. The authority will be fully reimbursed for the costs of granting this relief under Section 31. This relief will be granted via a calculation with revised bills being issued. There will not be the requirement of a completed application form, a revised bill showing the relief award will be issued. European State Aid de minimis rules apply
- 7.2. The Government has indicated the funding that will be made available to each local authority. Wirral’s allocation of £912,000 over 4 years is set out below;

2017/18	2018/19	2019/20	2020/21
£532,000	£259,000	£106,000	£15,000

- 7.3. The award is at the Council's discretion and it has decided that Empty Properties, National companies, Public bodies and organisations already in receipt of relief are excluded from the scheme. The qualifying criteria is that the award will be given to properties with a Rateable Value of £200,000 and under on the 2017 list and whose increase is in excess of 5% compared to 2010 list. The award will be 50% of the increase over 5% compared to the 2010 list. The award will not require an application and will be awarded automatically.
- 7.4. Although the funding is for 4 years the Council reserves the right to amend the scheme in year and for future years as it sees fit.

8 SUPPORT FOR PUBLIC HOUSES

- 8.1. The Public Houses relief scheme is for occupied pubs with a rateable value of £100,000 or less and the total amount of relief available is up to £1,000 for 2017/18. European State Aid de minimis rules apply to pub chains and they will be asked if they wish to retain the relief award whereby individually owned pubs will be granted the relief automatically, this is similar to the way retail relief was previously operated.
- 8.2. There is no definitive description of a pub or public house. The Government's policy intention is that pubs should:
- Be open to the general public
 - Allow free entry other than when occasional entertainment is provided
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For these purposes this excludes Restaurants, Cafes, Nightclubs, Hotels, Snack bars, Guest houses, Boarding houses, Sporting venues, Music venues, Festival sites, Theatres, Museums, Exhibition halls, Cinemas, Concert halls and Casinos.

The above list is not meant to be exhaustive and the Council can use other criteria to help it reach a decision, such as the planning system. The scheme is only available to public houses for 2017/18.

- 8.3. There is no prescription whether Discretionary Relief is calculated before or after the Support for Public Houses scheme. However it is likely the new software will process Discretionary Relief prior to the Support, the two schemes are not mutually exclusive.