

CLLR JANETTE WILLIAMSON	CABINET MEMBER DECISION
CABINET MEMBER –	29 NOVEMBER 2017
FINANCE & INCOME GENERATION	NATIONAL NON-DOMESTIC RATES DISCRETIONARY RELIEF 2017/18 – SUPPORTING BUSINESS IN WIRRAL

REPORT SUMMARY

This report seeks approval for two amendments to Wirral Council's Non-Domestic Rates Discretionary Relief Policy 2017/18 as follows:.

Section 7 DISCRETIONARY FUND

Section 7.3. Amend the award of support from 50% to 100%. The award following the 2017 Revaluation will be 100% of the increase over 5% compared to the 2010 list.

Section 7.4. Allow any further amendments to the scheme for 2017/18 to be approved by the Section 151 Officer in conjunction with the Executive Member (Finance and Income Generation) to ensure maximum spend of the Government Grant.

The discount is awarded in accordance with Section 47 of the Local Government Act 1988. The discount is funded by the government using Section 31 Grants, Local Government Act 2003.

This report is not a Key Decision but could apply to businesses in all wards.

RECOMMENDATIONS

- 1 The discount currently received by 400 ratepayers, the qualifying criteria being their current Rateable Value is under £200,000 and their increase in rates payable from 2016/17 is in excess of 5%, receive a discount of 100% on the increase payable thus leaving their 2017/18 bill at the 2016/17 level.
- 2 The discount scheme for all other intents and purposes remains unchanged.
- 3 Any further amendments to the scheme for 2017/2018 be approved by the Section 151 Officer in conjunction with the Executive Member (Finance and Income Generation) to ensure maximum spend of the Government Grant.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATIONS

- 1.1 The Spring Budget awarded £300 million to local authorities for discretionary schemes for businesses affected by the 2017 Revaluation and suggested eligibility criteria. Wirral's allocation for year 1 being £532,000. Government has now indicated it will not allow any underspend to be carried forward. The Council revised its Discretionary Relief Policy in September 2017 to cover 70% of the increase and in view of the spend to date of £317,000 on 400 businesses it is recommended that 100% of the increase is awarded for 2017/18.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The original guidance from the government was to award the discount to cases whose increase was 12.5% or more and had a rateable value under £200,000; Wirral chose to reduce the percentage to 5% to include more small/medium ratepayers in its scheme.

3.0 BACKGROUND

- 3.1 As part of the Spring Budget on 8 March 2017 the Government announced 3 schemes Supporting Small Business Scheme, Local Pub Scheme and a Local Discretionary Scheme covered by 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. This assistance was to be provided under Section 47 of the Local Government Finance Act 1988; this meant that it used existing legal powers. The authority will be fully reimbursed for the costs of granting this relief under Section 31 grant of the Local Government Act 2003. This relief and the other reliefs mentioned were granted by a manual calculation with revised bills being issued.

- 3.2 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	2020/20
£532,000	£259,000	£106,000	£15,000

- 3.3 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 higher than the 2016/17 Rates payable.

3.4 Wirral decided that the numbers potentially entitled by the above criteria were 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% brought relief to more ratepayers, totalling 400 small and medium hard pressed local businesses. This allocated 60% of the 2017/18 fund. The award covers 70% of the increase payable over the 2016/17 rates leaving 40% of Wirral's allocation to cover in-year adjustments and to transfer some of the funds to the following year as funding is to be reduced by over 50% for 2018/19. However the Government will not allow unallocated funding to be rolled forward with this reinforced by the Autumn Budget on 22 November 2017.

3.5 In conjunction with the above it should be remembered that the Rateable Value level increased from £6,000 to £12,000 from 1 April 2017 before Rates became payable, removing many small businesses from paying rates.

4.0 FINANCIAL IMPLICATIONS

4.1 The cost of the scheme is reimbursed in full from government by the Local Government Act 2003 Section 31 Grants.

5.0 LEGAL IMPLICATIONS

5.1 The discount is awarded in accordance with Section 47 Local Government Act 1988, which allows Council's exercise their discretion to reduce liability for Business Ratepayers in relation to individual cases or classes of cases that it may determine.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 ICT software has been amended as a result of this scheme. There are no, Staffing or Asset implications arising from this report.

7.0 RELEVANT RISKS

7.1 Adoption of this discount will support small to medium local businesses, there are no risks arising from this report. If the Government allocated funding is not spent during 2017/18 any unspent sums will be repaid to the Government.

8.0 ENGAGEMENT/CONSULTATION

8.1 Representations have been received from Wirral Chamber of Commerce and the Federation of Small Businesses encouraging focus on small to medium businesses and maximum spend.

9.0 EQUALITY IMPLICATIONS

- 9.1 The Equality Impact Assessment link for the Discretionary Relief Scheme 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

National Non-Domestic Rate Discretionary Relief Policy 2017/18

REFERENCE MATERIAL

Local Government Finance Act 1988
NNDR Discretionary Relief Regulations 1989 and 1992
Local Government Act 2003
Spring Budget Announcement by the Government 8 March 2017
Business Rates Information Letter – Spring Budget Updates 2/2017 and 4/2107

SUBJECT HISTORY

Council Meeting	Date
Cabinet	29 June 2015
Cabinet	22 February 2016
Cabinet	20 February 2017
Cabinet	4 September 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 £300 million 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 100% 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. Any in year amendments to the scheme for 2017/18 will be approved by the Section 151 Officer in conjunction with the Executive Member (Finance and Income Generation) to ensure maximum spend of the Government Grant.

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.
- 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 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.

