

SPRING 2017 BUDGET MEASURES

Supporting Small Businesses Relief Scheme

This relief is to be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief. The transitional relief scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers who lost some or all of their small business or rural rate relief, may have faced very large percentage increases in bills from 1 April 2017.

To support these ratepayers, the Supporting Small Businesses Relief Scheme will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:-

- A percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% from 2017/18 to 2020/21; all plus inflation. Unlike the transitional relief scheme, for the first year of the scheme, the percentage increase is taken against the bill for 31 March 2017 after small business rate relief or rural rate relief; or
- A cash value of £600 per year (£50.00 per month). The cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought in to paying something.

Billing authorities are expected to use their discretionary powers under Section 47 Local Government Finance Act 1988 to grant the relief. In doing so, they will be compensated for the cost of granting the relief through a Section 31 grant from Government.

The number of hereditaments that are likely to benefit from the scheme in the Borough @ 1 April 2017 is as follows:-

- Loss of Small Business Relief: 7
- Loss of Rural Relief: 0

The DCLG advised Chief Finance Officers in a Business Rates Information Letter (2/2017) on the 9 March 2017 that formal guidance, detailing the operation of the scheme, including more complex cases and future years, would follow. Following the announcement of the General Election, the Government advised billing authorities on the 21 April 2017 that whilst the DCLG would continue to work on the Budget measures and associated New Burdens Assessment, they did not expect to publish any documents, or make any further announcements about the Budget measures, before the General Election.

However, a letter was then sent by the DCLG to Chief Financial Officers on the 15 May 2017, which included guidance on how the scheme would operate. Further guidance was issued by the DCLG in a Business Rate Information Letter (4/2017) on the 20 June 2017, which was followed by two further letters sent to Chief Financial Officers on the 22 June 2017; one of which outlined the payment of new burden costs.

Before receipt of the letters in May and June, officers had already identified those ratepayers who would be likely to benefit under the scheme. With software suppliers having confirmed they would be unable to release any software until mid / late August, officers have been applying relief manually to accounts. This has ensured those ratepayers who faced large increases as a result of the loss of small business or rural rate relief, are not left waiting for relief to be awarded.

Support for Pubs Scheme

This relief is for pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1,000 discount on their bill for 2017/18. Billing authorities are expected to use their discretionary powers under Section 47 Local Government Finance Act 1988 to grant the relief. In doing so, they will be compensated for the cost of granting the relief through a Section 31 grant from Government.

The number of hereditaments likely to benefit from the scheme in the Borough @ 1 April 2017 is 65.

The DCLG advised Chief Finance Officers in a Business Rates Information Letter (2/2017) on the 9 March 2017 that it intended to publish a consultation on the operation of the scheme shortly. Following the announcement of the General Election, the Government advised billing authorities on the 21 April 2017 that whilst the DCLG would continue to work on the Budget measures and associated New Burdens Assessment, they did not expect to publish any documents, or make any further announcements about the Budget measures, before the General Election.

However, a letter was then sent by the DCLG to Chief Financial Officers on the 15 May 2017 which included guidance on how the scheme would operate. Further guidance was issued by the DCLG in a Business Rate Information Letter (4/2017) on the 20 June 2017, which was followed by two further letters sent to Chief Financial Officers on the 22 June 2017; one of which outlined the payment of new burden costs. The promised consultation on the operation of the scheme did not materialise.

Before receipt of the letters in May and June, officers had already identified those ratepayers who would be likely to benefit under the scheme. However, it was not until the 20 June 2017, that billing authorities were advised on the criteria that needed to be satisfied for relief to be awarded. Although software suppliers have confirmed they are unable to release any software until mid / late August, officers have identified those ratepayers that may be entitled to relief and sent application forms. By doing so, ratepayers can declare whether any relief awarded would not exceed the state aid limit. Once officers are satisfied relief should be awarded, they are applying relief manually to an account, so ratepayers are not left waiting for it to be awarded.