



## CHICHESTER DISTRICT COUNCIL

### Non Domestic Rates Discretionary Scheme

2017 – 2021

## 1) Introduction

In March 2017, Central Government announced that it would make available a discretionary fund of £300 million over 4 years from 2017/18 to support those businesses that faced increases in their business rates as a result of the revaluation.

Each authority within England has been provided with a share of the £300 million fund to support local businesses. This is to be administered through billing authorities' discretionary relief powers under section 47 of the Local Government Finance Act 1988.

The funding is not provided equally over the four-year period but in the following percentage terms:

Year 1	Year 2	Year 3	Year 4
58%	28%	12%	2%

Councils will be compensated for any relief granted under section 31 of the Local Government Act 2003. However key criteria of this reimbursement will be that all Billing Authorities will consult with major precepting authorities when designing their scheme.

Chichester District Council's allocation of the Government funding for discretionary relief is set out below.

<b>Amount of discretionary fund awarded (£000s) – Chichester District Council</b>				
2017-18	2018-19	2019-20	2020-21	Total
458	223	92	13	786

The funding is front loaded for 2017/18 and will be reconciled as part of the closedown for the financial year in order to determine whether any unallocated grant should be returned.

## 2) Discretionary Business Rate Relief Scheme 2017 to 2021

That relief under the scheme will be awarded using the following criteria:

- a) The scheme is designed to assist ratepayers who have suffered increases in rate liability due to the revaluation and the subsequent increase to their Rateable Value;
- b) In assessing potential entitlement to an award under this scheme, the Council will compare the following:
  - i. The rate liability of the ratepayer at 31<sup>st</sup> March 2017 after any reliefs and reductions (**A**); and
  - ii. The rate liability of the ratepayer at 1<sup>st</sup> April 2017 taking into account any transitional, mandatory or discretionary relief (**B**);
- d) Relief will be awarded where the calculation **A – B** would result in an increase above a level determined in section 5;
- e) Relief will only be given to premises which are liable for occupied rates. No relief within this scheme will be granted to unoccupied premises.
- f) Relief will only be granted to ratepayers who were in occupation at 31<sup>st</sup> March 2017 and in occupation on the 1<sup>st</sup> April and for each day subsequently.
- g) Ratepayers taking up occupation after the 1<sup>st</sup> April 2017 will **not** eligible for relief on the basis that new ratepayers would have not suffered from increases due to valuation.
- h) Relief may be awarded for more than one premises as long as all other criteria are met;
- i) Relief will **not** be awarded where:
  - Where the ratepayer has been awarded a reduction under S44a of the Local Government Finance Act 1988.
  - Hereditaments with a Rateable Value in excess of £100,000.
- j) Relief will **not** be awarded to hereditaments who are wholly or mainly used for:
  - Public Bodies such as the NHS or Local Government;
  - Public Utilities such as Water and Power Companies
  - Where the award of relief would not comply with EU law on State Aid;

## 3) State Aid

State Aid is the means by which the EU regulates state funded support to businesses. Providing discretionary relief would fall within the definition and in order to be compliant with the De Minimis Regulations, they must demonstrate that the award of relief is within the threshold of €200,000

received over a rolling 3 year period. Businesses will be required to declare to the Council if they exceed this threshold as part of the application process.

#### **4) Applications for relief under this scheme.**

The Council will look to simplify the application process where possible, but will expect any ratepayer to provide such information as is required by the Council to support their application. Due to the funding restrictions put in place by Government, entitlement to relief will only commence from the beginning of the financial year (1 April) that the application is received in.

#### **5) Calculation of relief**

For **2017/18** financial year, the proposed relief will be granted as follows;

- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is £20,000 or less relief will be granted to limit the increase calculated in 2b to a maximum of 4 %
- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is greater than £20,000 but less or equal to £100,000 relief will be granted to limit the increase calculated in paragraph 2b to a maximum of 5%

<b>Size of Property</b>	<b>Rateable Value (£s)</b>	<b>Restriction on increases</b>
Small	Up to 20,000	4%
Medium	20,001 to 100,000	5%

For **2018/19** financial year, the proposed relief will be granted as follows;

- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is less or equal to £20,000 the relief awarded in 2017/18 x 50%
- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is more than £20,000 but less than or equal to £100,000 the relief awarded in 2017/18 x 50%

For **2019/20** financial year, the proposed relief will be granted as follows;

- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is less or equal to £20,000 the relief awarded in 2018/19 x 40%
- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is more than £20,000 but less or equal to £100,000 the relief awarded in 2018/19 x 40%

For **2020/21** financial year, the proposed relief will be granted as follows;

- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is less or equal to £20,000 the relief awarded in 2019/20 x10%

- Where the Rateable Value of the hereditament at 1<sup>st</sup> April 2017 is more than £20,000 but less or equal to £100,000 the relief awarded in 2019/20 x10%

#### **6) Variation and amendment of relief under the scheme**

As with all reliefs, the amount of relief awarded under the Discretionary Business Rates relief scheme will be recalculated in the event of a change of circumstances. This will include, for example, a backdated change in rateable value or the hereditament. This change of circumstances could arise during the year in question or during a later year. The Non-Domestic Rating Regulations 1989 (SI 1989/1059) requires the Council to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect from at the end of a financial year. But within these regulations, the Council may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.