

City of Wolverhampton Council

Business Rates Discretionary Relief (Supporting Small Businesses) Policy

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1. Introduction

- 1.1. This policy sets out circumstances in which a discount can be awarded to ratepayers receiving small business rate relief at 31 March 2017 but due to the business rates revaluation have seen an increase in their rateable value and therefore will lose some or all of their small business rate relief. The business rates revaluation took effect from 1 April 2017.
- 1.2. For 2016/17, eligible ratepayers with a rateable value less than or equal to £6,000 are entitled to 100% small business rate relief. Those with a rateable value of between £6,000 and £12,000 receive tapered relief from 100% to 0%. From 1 April 2017 these thresholds increased to £12,000 for 100% relief and £15,000 for tapered relief.
- 1.3. The transitional relief scheme does not provide support in respect of changes in reliefs. Therefore, those ratepayers losing some or all of their small business rate relief may have faced large percentage increases in bills from 1 April 2017.
- 1.4. In the Spring Budget the Chancellor announced that a new scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business due to the revaluation. The Government advised councils to use discretionary powers under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) to develop a scheme for relief and agreed that provided government guidance is followed, councils would be reimbursed with the full cost of any relief granted.
- 1.5. To support these ratepayers, supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:
 - a percentage increase per year of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 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
 - a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something
- 1.6. This policy will continue for the period of reimbursement by the Government, which is currently 2017/18 to 2021/22.

2. Purpose and principles of the policy

- 2.1. The purpose of this policy is to
 - Ensure that all considerations for awards are dealt with in a fair, consistent and equal manner
 - Set a framework for how the council will make the award
 - Make clear the limited criteria under which relief will be awarded.

- 2.2. The council will identify those ratepayers who are eligible for supporting small businesses relief under this policy framework.
- 2.3. This policy has been written in line with government guidance and awards will only be considered where the conditions to receive full reimbursement from Government are met. Any amendments to government guidance that further restrict the scope of awards qualifying for full reimbursement will take precedence over this policy.

3. Requirements for applications

- 3.1. Applications will not be required as eligibility can be determined from data held by the Council.
- 3.2. The Council will request any supporting evidence it considers necessary to properly assess the award.
- 3.3. Ratepayers must continue to pay any amount of rates that falls due whilst an award is under consideration.

4. Eligibility for the scheme and decision making

- 4.1. All ratepayers in receipt of small business rate relief on 31 March 2017 that have lost some or all of that relief on 1 April 2017 due to an increase in rateable value as result of the revaluation will be considered for the relief.
- 4.2. The amount of relief to be granted will ensure that the increase in the rates bill is limited to the greater of:
 - a percentage increase per year of 5%, 7.5%, 10%, 15% and 15% 2017/18 to 2021/22 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
 - a cash value of £600 per year (£50 per month). This cash minimum increase ensures that those ratepayers paying nothing or very small amounts in 2016/17 after small business rate relief are brought into paying something
- 4.3. Ratepayers who were paying nothing under small business rate relief and are losing all of their entitlement from 1 April 2017 will be paying at least £3000 in 2021/22.
- 4.4. Those on the supporting small businesses relief scheme whose 2017 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for supporting small businesses relief.
- 4.5. Ratepayers remain in the supporting small businesses relief scheme for either 5 years or until they reach the bill they would have paid without the scheme, whichever is the sooner.

- 4.6. A change of ratepayers will not affect eligibility for supporting small businesses relief but the relief will be lost if the property falls vacant or if it becomes occupied by a charity or Community Amateur Sports Club.
- 4.7. There is no 2nd property test for eligibility for the supporting small businesses relief scheme. However, those ratepayers who during 2016/17 lost entitlement to small business rate relief because they failed the 2nd property test but have, under the rules for small business rate relief, been given a 12-month period of grace before their relief ended (and therefore were still entitled to small business rate relief on 31 March 2017) can continue on the supporting small businesses relief scheme for the remainder of their 12-month period of grace.

5. Recalculation of reliefs

- 5.1. The amount of relief awarded under the supporting small businesses relief scheme will be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value or to the property due to a split or merger.
- 5.2. A recalculation could happen in any year of the scheme provided the qualifying conditions are met.

6. Other reliefs

- 6.1. Properties eligible for charity or Community Amateur Sports Club relief are not eligible for supporting small businesses relief.
- 6.2. Properties that are unoccupied are not eligible for supporting small businesses relief.
- 6.3. Ratepayers will still be entitled to apply for relief under section 44A Local Government Finance Act 1988 (partly occupied relief) but will receive no further reduction in their rates bill than that calculated by the supporting small business relief scheme
- 6.4. All other discretionary reliefs will be considered after the application of supporting small businesses relief.

7. Duration of awards

- 7.1. Relief will be applied from 1 April 2017.
- 7.2. A revised bill will be issued reflecting any relief granted.
- 7.3. If a business moves out of a property, the relief will be apportioned to the date of leaving.
- 7.4. The maximum period of award will be for the financial years 2017/18 to 2021/22.

- 7.5. The period of the relief may be extended if the Government extends the period for which it will reimburse the Council for the cost of the relief.
- 7.6. Ratepayers are required to notify the Council immediately of any change in circumstances that may affect their entitlement to relief.

8. State aid

- 8.1. Relief will not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the De Minimis level. Each ratepayer will be required to complete a statement signed by the appropriate person representing the business setting the amount of state aid, including but not limited to discretionary rate relief, which the ratepayer has received within the previous three years.

9. Review process

- 9.1. There is no statutory right of appeal against a decision made by the Council regarding discretionary rate relief. However, the Council recognises that ratepayers should be entitled to have a decision reviewed if they are dissatisfied with the outcome.
- 9.2. The Council will accept a written request for a review of its decision. The request should include the reasons for requesting a review and any supporting information.
- 9.3. A request for review must be made within one calendar month of the date of the decision letter.
- 9.4. Reviews will be considered by an officer independent of the original decision maker.
- 9.5. The applicant will be notified of the outcome of the review in writing.
- 9.6. This review process does not affect a ratepayer's legal right to seek leave to challenge a decision by way of a Judicial Review.

10. Background papers

- 10.1 <https://www.gov.uk/government/publications/42017-spring-budget-update>.