Elmbridge Borough Council
Local Discretionary Relief Scheme

About the Scheme

This scheme is intended to support local businesses following the 2017 revaluation and is to be known as the ‘Local Discretionary Relief Scheme’.

This document sets out the criteria used to determine properties eligible for the ‘Local Discretionary Relief Scheme’ in Elmbridge. The scheme does not replace any other relief.

The Council may review and amend the scheme (both in eligibility and amount of awards) at any time, especially with a view to the amount awarded and the eligibility criteria each year.

Introduction

At the Spring Budget 2017, the Chancellor announced that the Government would establish a £300 million discretionary business rate relief fund so that local authorities could devise local schemes to assist businesses that are facing rising bills as a result of a national revaluation of all business properties.

The Government published a consultation covering proposed methodology for distributing the available funding between local authorities and subsequently stated that the allocations would be as set out in the consultation.

The funding for the scheme is spread over four years. In Elmbridge the total funding available under our allocation has been confirmed as:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>£827,011</td>
</tr>
<tr>
<td>2018/19</td>
<td>£401,691</td>
</tr>
<tr>
<td>2019/20</td>
<td>£165,402</td>
</tr>
<tr>
<td>2020/21</td>
<td>£23,629</td>
</tr>
</tbody>
</table>

It is for each local authority to design their discretionary relief scheme and determine eligibility.

The only requirement is that the scheme is within the intention of assisting business that are facing rising bills as a result of revaluation and that each authority consults with their major preceptors – for Elmbridge this is Surrey County Council and Surrey Police.

The Council does need to ensure that when it determines a scheme, operationally it can be managed within our existing systems and the resources available.

No new legislation is required to deliver the scheme. Instead, we will use our discretionary relief powers, under section 47 of the Local Government Finance Act 1988 to grant relief. Central
Government will reimburse Elmbridge using grants under section 31 of the Local Government Act 2003, up to the level of our allocation each year.

**Eligibility criteria – year 1 (2017/18)**

This section describes in principle the Local Discretionary Relief Scheme in Elmbridge. Elmbridge Borough Council will use this section to determine eligibility for the relief.

Elmbridge Borough Council will compare a property’s 2016/17 full annual charge (excluding any small business rate relief supplement) based on the rateable value (or certified rateable value) on 31 March 2017 by using the 2017 transitional base liability, compared with the property’s 2017/18 full annual charge (excluding any small business rate relief supplement) based on the rateable value following revaluation in force on 1 April 2017.

This is the same comparison used to determine the Government’s transitional relief scheme and ensures any change is purely as a result of the 2017 revaluation.

In determining the amount of funding to each Council, the Government used formula that only considered cases where the property’s 2017/18 bill (before all reliefs) had increased by more than 12.5% and excluded properties with rateable values of £200,000 and over.

Elmbridge Borough Council’s scheme applies both these elements and hence will only consider awards where the 2017/18 bill has increased (as above) by more than 12.5% and the 1 April 2017 rateable value is less than £200,000.

In considering relief to remaining ratepayers, Elmbridge will also exclude relief to:

- **National companies and companies with multiple premises (where total properties greater than 5, or if under 5, where total rateable value of all properties exceeds £199,999).** The relief is designed to be applied locally and nationally revaluation is neutral, meaning national companies and chains may have seen rate reductions in other parts of the country offsetting increases elsewhere. Ratepayers with multiple properties maybe more resilient and if have business premises in other boroughs would mean any award could benefit more than the Elmbridge locality.

- **Empty Properties.** The Council wants to encourage properties being brought back into use.

- **Charities.** Charities receive 80% mandatory relief under a separate statutory scheme.

- **New ratepayers becoming liable on or after 1 April 2017.** New ratepayers would not have seen an increase in their rate bills at the property.

- **Ratepayers receiving Small Business Rate Relief &/or Supporting Small Business Rate Relief.** Ratepayers losing small business rate relief have limits on increases separately under the supporting small business rate relief scheme.

- **Precepting Authorities & Government Depts.** Section 47 relief cannot be awarded to a precepting authority (e.g. Elmbridge Borough Council/Surrey County Council/Surrey Police/Claygate Parish). Elmbridge will also exclude awards where the precepting authority holds a controlling interest.

The remaining eligible ratepayer accounts will be awarded discretionary relief as a percentage of the increase from the 2016/17 full annual charge (excluding any small business rate relief supplement) based on the rateable value (or certified rateable value) at 31 March 2017 using the
2017 transitional base liability, to the 2017/18 chargeable bill (i.e. after all other reliefs and entitlements) based on an ‘extract date’ (to be on, or after 1 April 2017) taken for this purpose.

Eligibility criteria – Year 2 (2018/19)

Eligible ratepayers for year 2 of the scheme (2018/19) will be ratepayers who were eligible in year 1. The same exclusions will apply. Eligible ratepayers will be awarded discretionary relief as a percentage of the increase from the 2016/17 full annual charge (excluding any small business rate relief supplement) based on the rateable value (or certified rateable value) at 31 March 2017 using the 2017 transitional base liability as used for the year one calculation, to the 2018/19 chargeable bill (i.e. after all other reliefs and entitlements) based on an ‘extract date’ taken for this purpose. Annual awards will only apply where the total award calculated is £10.00 or greater.

Eligibility criteria – Year 3 (2019/20)

Eligible ratepayers for year 3 of the scheme (2019/20) will be ratepayers who were eligible in years 1 and 2. The same exclusions will apply. Eligible ratepayers will be awarded discretionary relief as a percentage of any increase from the 2016/17 full annual charge (excluding any small business rate relief supplement) based on the rateable value (or certified rateable value) at 31 March 2017 using the 2017 transitional base liability, to the 2019/20 chargeable bill after any entitlement to retail discount but after all other reliefs and entitlements, based on an ‘extract date’ taken for this purpose. Annual awards will only apply where the total award calculated is £10.00 or greater.

Eligibility criteria – Year 4 (2020/21)

Eligible ratepayers for year 4 of the scheme (2020/21) will be ratepayers who were eligible in years 1, 2 and 3, but due to the significant drop in funding, with an additional condition that the rateable value as at 12 February 2020 is less than £51,000. The same other exclusions will apply. Eligible ratepayers will be awarded discretionary relief as a percentage of any increase from the 2016/17 full annual charge (excluding any small business rate relief supplement) based on the rateable value (or certified rateable value) at 31 March 2017 using the 2017 transitional base liability, to the 2020/21 chargeable bill after all other reliefs and entitlements, including retail discount, based on an ‘extract date’ taken for this purpose. Annual awards will only apply where the total award calculated is £10.00 or greater.

How much relief will be available?

The percentage of relief will be the same for all qualifying ratepayers and be based on the total funding available for each year. (Total funding available/Total increase in chargeable amount of qualifying ratepayers x100). In the first year of the scheme a minimum 9% of the funding will be held back when making initial awards to account for in year bill changes that may increase the total relief awarded. For year 2 (2018/19), year 3 (2019/20) and year 4 (2020/21) the full funding allowance will be allocated at the initial award. A further award(s) may be made during each year to allocate any funding underspend. This percentage may be reviewed in-year and annually based on experience and available funding.

The award will be made based on the increase calculated as at the date of the extracts. Relief will be calculated on a daily basis and will cease from any date that the eligibility criteria is not met and/or the account is closed. Other changes to the chargeable amount will not generally affect the award but the amount of relief cannot exceed the chargeable bill amount. Later increases solely due to revaluation may lead to the award being reviewed.
The award will apply for the year it is granted in only. The relief will be assessed and calculated on a daily basis (retrospective or otherwise as appropriate) and may be lower or higher than the original award.

If the property is split or merged consideration will be given to how much of the new split or merged hereditament(s) are occupied by the previous eligible ratepayer. In most cases relief will be awarded pro-rata in relation to the original award, but not exceeding that award. Where a property is split or merged effective from before 1 April 2017 any year 2, 3 or 4 award will calculated using the 2017/18 transitional base liability for the reorganised assessments.

Where relief has been found to have been awarded incorrectly or in error the relief will be removed and amended bills issued. If a change in circumstances that would affect the relief is not informed to the Council within 28 days the Council reserves the right to cancel all relief granted and refuse any further application.

Compensation Arrangements

Elmbridge will be granted the full funding allowance in line with the rates retention scheme and be asked to pay back any underspend. The Government have confirmed funding can only be awarded to the year concerned and cannot be moved between years.

State Aid

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However, our Local Discretionary relief scheme will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a rolling three-year period (consisting of the current financial year and the two previous financial years). As our scheme excludes national/chains and properties with a rateable value over £199,999 (£50,999 in year 4) it is unlikely (any) ratepayers will exceed the limit. However, we will request ratepayers inform us if any award exceeds the limit.

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during an implementation period State Aid rules will continue to apply and will be subject to control by the EU Commission as at present. The council will therefore continue to apply State Aid rules, including De Minimis, to this relief in 2020/21.

Other Discretionary Reliefs reimbursed by s.31 grants

If a property is eligible for relief under other schemes for which section 31 grant is payable – relief should be first awarded under those schemes, except for the Pubs Relief and Pubs Discount schemes*, which should be applied after Local Discretionary Relief.

Ratepayers can be eligible for both Local Discretionary Relief and the Pubs Relief Scheme*.

* Pubs Relief and Pubs Discount schemes not applicable in year 3 (2019/20).
Delegated Authority to Award Relief

Delegated to Head of Finance or any officer delegated by the Head of Finance, with appeals to Section 151 Officer, Strategic Director and Deputy Chief Executive.

Application Process

The scheme entitlement is established based on information already held within Elmbridge Borough Council’s Business Rates system. Therefore, awards will be applied automatically where entitlement is found. As the total funding amount is limited and any overspend would be at cost to Elmbridge taxpayers, ratepayers may request we review an application on their account where no automatic award has been made up to the 31 March of the rate year relief the relief is being claimed for (e.g. to 31 March 2018 for 2017/2018).

Appeals Process

There is no statutory right of appeal against a decision regarding discretionary rate relief unless the decision is so unreasonable that no reasonable person could have reached it (‘Wednesbury Rules’).

However, the Council recognises that ratepayers should be entitled to have a discretionary decision reviewed if dissatisfied with the outcome. Only the ratepayer or authorised agent may appeal against the decision not to award relief or the level of relief awarded. Appeals must be made within four weeks of the notification of decision.

Appeals must be in writing specifying reasons why a decision should be amended and supported by relevant new or additional evidence.

An appeal will be deemed to be discontinued if further evidence requested from the ratepayer has not been received within four weeks of the request.

Appeals against decisions made under delegated authority by the Head of Finance will be considered by the Section 151 Officer, Strategic Director and Deputy Chief Executive.