



North Tyneside Council

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Local Discretionary Business Rate Policy 2018 /2019

(Chancellor's Spring Budget Funding 2017)

Background

At the Budget on 8 March 2017, the Chancellor announced the availability of a discretionary fund of £300 million over four years from 2017/2018 to support those businesses that faced increases in their business rate bills as a result of the revaluation. This was made available to local authorities to determine how this funding should be targeted and administered to support those businesses and locations within their area that are in greatest need.

This will be administered through the Council's discretionary relief powers contained in section 47 of the Local Government Finance Act 1988.

Qualifying Criteria

The 2018/19 Local Discretionary Business Rate Relief Scheme will apply for the financial year 1 April 2018 to 31 March 2019 only. Under the scheme, the relief will only be provided where a qualifying ratepayer's 2018/19 business rate bill has increased by a given percentage in comparison to their 2017/18 bill as a result of the 2017 revaluation.

For 2018/19 only, North Tyneside Council's funding under this scheme means that an amount of relief will be awarded to ratepayers meeting the qualifying criteria, so that the qualifying ratepayer will see the percentage increase in their 2018/19 bill in comparison to the 2017/18 bill limited to the following:

- For properties with a rateable value of £20,000 or less, the % increase in net liability will be limited to no more than 6%
- For properties with a rateable value greater than £20,000 (up to £100,000), the % increase in net liability will be limited to no more than 17%
- Ratepayers who qualified for "supporting small business relief" as at 1/4/2017 will be awarded a flat rate of a further £300 in discretionary relief.

In order to qualify for the 2018/19 scheme, the ratepayer must have been a qualifier for North Tyneside Council's 2017/18 scheme.

The assistance the Council is able to offer under this scheme is limited to the funding provided by Government which is £151,000 for the financial year 2018/19.

However, if any amendments are deemed necessary within the financial year due to a change in rateable value, then the maximum pay-out of relief to an individual business property will be capped at £10,000.

North Tyneside Council reserves the right to recalculate any actual or proposed relief if there is a change in rateable value (actual, or certified for 31/3/17 or 1/4/17) or a change to gross liability for 2018/19 due to the granting or implementation of other reliefs, exemptions or the ending of liability.

Exclusions to our scheme

Relief will not be paid to ratepayers / properties under the following circumstances.

- Charitable organisations or CASCs who are already in receipt of 80% mandatory relief.
- Sports clubs that already qualify for 50% discretionary relief (or indeed 100% sbr)
- Properties which are unoccupied
- Ratepayers occupying properties on or after 1 April 2017
- Properties which were not in the rating list at 1 April 2017 (Relief will not apply where properties are entered into the rating list retrospectively)
- National companies/chains which have multiple hereditaments (40+) : the award of any relief would potentially not comply with EU law on State Aid anyway
- Properties with a rateable value of over £100,000
- Properties where the ratepayer is North Tyneside Council (or any other billing/precepting authority) or whereby North Tyneside Council defrays any rates due
- Surgeries, health centres and hospitals
- Betting shops

Notice Periods

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require the Council to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount of business rates the ratepayer has to pay takes effect. Within the Government regulations, local authorities 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 a change in circumstances.

It will be made clear to the ratepayer that any award of relief is for the financial year 2018/19 only and will be terminated on 31 March 2019.

State Aid Law

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 support to ratepayers remains compliant if 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 Euros aid in a three year rolling period.

As part of awarding any relief under this policy the Council will ask for a declaration if the business has previously received any other forms of De Minimis aid.

Decisions

All decisions in the granting of any relief under this policy will be made under the approval of the Cabinet Member for Finance, in accordance with the Council's scheme of delegated powers.