

Southwark Council

Non-domestic rates

**Discretionary rate relief policy 2018 for
Revaluation relief, Supporting Small
Businesses relief and Pub relief.**

1.0 Introduction

- 1.1 This policy relates to revaluation relief, supporting small businesses relief and pub relief that the Council has a discretionary power to award under Section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011 and is effective from 1 April 2018.

Revaluation relief

Introduction

- 2.0 The 2017 revaluation led to many businesses facing large increases in their bills. In the spring 2017 budget the government announced an extra £300 million for councils to pay for relief for businesses whose bills have gone up following the 2017 revaluation. Councils are responsible for allocating their share of this money to local businesses. Southwark has been given £6.9m to be awarded over four years commencing 2017/18.

In 2017/18 we gave businesses over £4m to help reduce their bills.

Qualifying Criteria

- 2.1 To qualify the following criteria must be met:
- a rateable value of 100,000 or under
 - the business has to have been liable from 1 September 2016
 - the occupier must not be liable for more than one property in Southwark
 - must have had an increased bill of at least £50.00 in 2018
- 2.2 In line with the Council's fairer future principles and Council Plan commitment to promote a strong local economy the following businesses are excluded from claiming:
- betting shops
 - financial institutions (banks, payday lenders, pawn shops etc.)
 - national and multinational companies
- 2.3 In addition to this the following excepted hereditaments are also excluded:
- Southwark Council
 - other local authorities
 - central government
 - NHS property
 - businesses with more than one liability in Southwark

How Relief is Calculated

- 2.4 The amount of relief granted depends on the rateable value and the amount the bill has increased.

RV size	2018 Increase capped %
Small (0-28,000)	100%
Medium (28,001-100,000)	52%

- 2.5 The amount of relief to be granted will be assessed and calculated on a daily basis. If a business vacates a premises then the relief will be calculated on a pro-rata basis and a new bill issued.
- 2.6 The relief will be applied against the net bill after all other reliefs including the supporting small businesses relief. However, any business receiving pub relief will have that deducted after revaluation relief.
- 2.7 Where the net rate liability for the day after all other reliefs but before revaluation relief is less than the revaluation relief, the maximum amount of this relief will be no more than the value of the net rate liability.
- 2.8 When calculating the increase in bills, we will assume that the business has been in occupation for all of 2018/19, and will remain in the property for all of 2018/19.
- 2.9 Future rateable value changes, mergers, splits, or new liabilities dated prior to 1 April 2018 will only qualify for relief if confirmation of the change is received before 1 October 2019. After 1 October 2019 no revaluation relief can be claimed for the 2018/19 year.
- 2.10 If the property rateable value changes, and is backdated to 1 April 2018, we will recalculate the amount of relief based on the new rateable value start date.
- 2.11 Revaluation rate relief is subject to State Aid de Minimis limits. If a business received more than €200,000 in state aid over 3 years then it is their responsibility to inform us.
- 2.12 This relief will only be available between 1 April 2018 and 31 March 2019. Total funding available for this period is capped at £1.95m. There is further funding available for years 2019/20 and 2020/21, the scheme for which will be available in April or May of those years.

Notification of Award

- 2.13 Relief will be automatically awarded to businesses that qualify. A notification letter and bill will be sent to the business.

Additional revaluation relief

- 2.14 Some businesses may be experiencing hardship due to the revaluation but do not qualify for this scheme because they occupy more than one property.
- 2.15 Funding will be available to help businesses that fail to automatically qualify for the main scheme because they occupy more than one premises, but have seen an increase in their bills due to revaluation.
- 2.16 This additional scheme is discretionary. The level of awards is dependent on the level of funding available after all reliefs have been awarded under the main scheme.
- 2.17 The Council will review the level of awards throughout 2018/19. If any additional funding becomes available throughout the year as a result of liability changes which reduces the total

amount of relief awarded across all qualifying accounts, then the levels of awards set out in 2.4 may be increased.

Supporting small businesses relief

Introduction

- 3.0 At the 2017 Spring Budget, the Chancellor announced that a scheme of relief would be made available to those ratepayers facing large increases as a result of the loss of small business or rural rate relief. The scheme is intended to cap any increase in bills.

Qualifying Criteria

- 3.1 To qualify for relief the following criteria must be met:
- must have lost some or all of their small business rate relief due to the 2017 revaluation and had an increase of more than £600 on their new bill
 - must be in occupation of the property
 - Charities and Community Amateur Sports Clubs receiving mandatory charity relief will **not** qualify
- 3.2 The relief will be available from 2017/18 to 2021/22, subject to the property being occupied continuously

How Relief is calculated

- 3.3 To support affected ratepayers, the supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:
- a. a percentage increase p.a. of 7.5%, 10%, 15% and 15% 2018/19 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 2018 after small business rate relief,
- or
- b. 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.

- 3.4 Businesses that received small business rates relief in 2016/17 but now have a rateable value of over £51,000 or more will not be liable to pay the supplement (1.3p) whilst they are eligible for the supporting small businesses relief scheme.

- 3.5 Ratepayers remain in the supporting small businesses relief scheme for either 4 years or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the supporting small businesses relief scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.

- 3.6 Supporting small businesses relief will be recalculated in the event of a change of circumstances, retrospective or otherwise. This could include, for example, a

backdated change to the rateable value.

3.7 Businesses who receive supporting small businesses relief will also qualify for revaluation relief. The revaluation relief will be applied to the net balance on bills after the supporting small businesses relief has been awarded.

3.8 Supporting small businesses relief is subject to State Aid de Minimis limits. If you have received more than €200,000 over 3 years then you must tell us.

Notification of award

3.9 Relief has been awarded automatically to qualifying accounts. .

Pub relief

Introduction

4.0 At the 2017 Spring Budget, the Government announced a new relief scheme for pubs that have a rateable value of below £100,000. Under the scheme, eligible pubs will receive a £1000 discount on their bill. This relief was originally for the 2017/18 year only but has been extended for an additional year. The relief scheme will end on the 31 March 2019.

Qualifying Criteria

4.1 To qualify for pub relief the following criteria must be met:

- A rateable value of less than £100,000
- The pub should:
 - be open to the general public
 - allow free entry other than when occasional entertainment is provided
 - allow drinking without requiring food to be consumed
 - permit drinks to be purchased at a bar

The Valuations Office Agency official description of the property will be used to determine which premises are pubs.

The following premises will **not** qualify for the relief:

restaurants	music venues	snack bars	exhibition halls
cafes	festival sites	guesthouses	cinemas
nightclubs	theatres	boarding houses	concert halls
hotels	museums	sporting venues	casinos

4.2 Pubs that are part of a chain can receive relief but this is subject to meeting State Aid requirements.

How relief is calculated

4.3 All eligible pubs will receive £1000 discount on their yearly bill.

4.4 The relief will be calculated on a daily basis. If you vacate the premises before the end of the financial year we will calculate how many days you have been in the property and reduce the amount you have been awarded.

4.5 Where the net rate liability after all other reliefs but before pub relief is less than £1000, the maximum amount of this relief will be no more than the value of the net rate liability. For example, if your net bill is £600 then you will only receive £600 pub relief.

4.6 The relief is only available for the period 1 April 2017 to 31 March 2019.

Notification of award

4.7 The relief has been automatically awarded to qualifying accounts.

Appeals

5.0 Where an application for discretionary rate relief is refused, any appeal against this decision must be made in writing, together with evidence to support the reasons for the appeal

5.1 The appeal will be considered by a manager who has not previously considered the application. The decision reached will be notified in writing within 30 days

5.2 If an appeal is unsuccessful, then judicial review is the means by which a decision of a billing authority under its power to grant discretionary rate relief may be challenged. Independent legal advice must be sought if this course of action is taken.