

Southwark Council

Non-domestic rates

**Discretionary rate relief policy 2019 for
Revaluation Relief, Supporting Small
Businesses Relief and Retail Discount.**

1.0 Introduction

- 1.1 This policy relates to revaluation relief, supporting small businesses relief and retail discount 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 2019.

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 from 2017/18, this given by Government in yearly allocations with the amount reducing each year.

In 2018/19 we gave businesses £1.95m to help reduce their bills. The budget for 2019/20 is £800k.

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 2019
 - does not qualify for retail discount in 2019
- 2.2 In line with the Council Plan and fairer future commitment to a full employment borough that supports local businesses 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
- 2.4 Businesses that qualify for the retail discount do not qualify for revaluation relief. If a business is awarded revaluation relief but makes a successful appeal to be awarded retail discount then the revaluation relief award will be withdrawn.

How Relief is Calculated

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

RV size	% of 2019 increase capped
Small (0-28,000)	100%
Medium (28,001-100,000)	69%

- 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.
- 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 2019/20. The increase is calculated by the difference in the 2018 net liability before revaluation relief was awarded and the 2019 net liability.
- 2.9 Future rateable value changes, mergers, splits, or new liabilities dated prior to 1 April 2019 will only qualify for relief if confirmation of the change is received before 1 October 2020. After 1 October 2020 no revaluation relief can be claimed for the 2019/20 year.
- 2.10 If the property rateable value changes, and is backdated to 1 April 2019, 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 2019 and 31 March 2020. Total funding available for this period is capped at £0.8m. There is further funding available for years 2020/21, the scheme for which will be available in April or May of that year.

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 and will be reviewed in the second quarter of 2019/20. 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 the year. If any additional funding becomes available 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. .

Retail discount

Introduction

- 4.0 In the 2018 autumn budget the Chancellor of the Exchequer announced a discount that would help high street retail businesses by reducing bills by one third.

Qualifying criteria

- 4.1 This is a centrally prescribed relief, but local authorities are expected to determine themselves who is eligible from guidelines provided by Government.

To qualify for the discount the following criteria must be met:

- the property must have a rateable value of less than £51,000
- the property must be occupied
- the property must be wholly or mainly being used as a shop, restaurant, café, and/or drinking establishment. We consider this to mean;

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets

- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

4.3 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. Southwark Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for an award.

4.4 The list below sets out the types of uses that the Government does not consider to be retail use for the purpose of this discount. Again, Southwark Council will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the discount under the scheme.

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)

- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

How the discount is calculated

- 4.5 Qualifying properties will receive a discount of one third of their bill. This discount will be applied after all other mandatory and discretionary reliefs funded by section 31 grants have been applied. Where a locally funded relief is applied under section 47 (sometimes referred to as hardship relief) this is awarded after the retail discount.
- 4.6 The amount of discount to be granted will be assessed and calculated on a daily basis. The discount will be awarded on the assumption that you remain in the premises for the whole of 2019/20. If there is a change of circumstances e.g. vacated the premises, then the discount will be recalculated on a pro rata basis.
- 4.7 The discount will be recalculated if any circumstances change, such as a backdated change to the rateable value.
- 4.8 Retail discount 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

- 4.9 Discounts will be automatically awarded to businesses that qualify. A notification letter and bill will be sent to the business.
- 4.10 An application process will be made available for businesses that do not receive a discount but feel they meet the qualifying criteria. This application process will be opened once all discounts awarded automatically have been issued.

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.