

## REPORT TO CABINET

<b>Open</b>		Would any decisions proposed :		
<b>Any especially affected Wards</b> None	Discretionary	(a) Be entirely within cabinet's powers to decide NO (b) Need to be recommendations to Council YES  (c) Be partly for recommendations to Council NO and partly within Cabinets powers –		
Lead Member: E-mail: Cllr Nick Daubney Cllr.nick.daubney@west-norfolk.gov.uk		Other Cabinet Members consulted:		
		Other Members consulted: -		
Lead Officer: Jo Stanton E-mail: joanne.stanton@west-norfolk.gov.uk Direct Dial:01553 616349		Other Officers consulted: Lorraine Gore		
Financial Implications NO	Policy/Personnel Implications NO	Statutory Implications NO	Equal Impact Assessment YES If YES: Pre-screening	Risk Management Implications NO

Date of meeting: 9 September 2015

### NON-DOMESTIC RATES: EXTENSION OF TRANSITIONAL RELIEF

#### Summary

Government has legislated to allow Councils to adopt a discretionary scheme of Transition Relief for qualifying ratepayers in their area as the statutory scheme ended on 31 March 2015 and the revaluation has been deferred until 2017. The cost will be met in full by Central Government. This report details the proposed discretionary Transitional Relief scheme for the borough.

#### Recommendation

Cabinet recommend to Council to adopt the discretionary Transitional Relief scheme for 2015/2016 and 2016/2017 as detailed in this report and shown in Appendix A

#### Reason for Decision

To ensure a discretionary scheme of Transitional Relief is adopted for 2015/2016 and 2016/2017

## 1. Background

1.1. Transitional Relief (TR) is part of the Non Domestic Rates system and is designed to protect ratepayers from large increases in their bills if their Rateable Value (RV) increases when there is a revaluation. The relief phases in the impact of the increase in RV over the life of the Rating List.

- 1.2. Until 2010 there has been a revaluation and a new Rating List every five years, with the most recent revaluation due to come in to force on 1 April 2015. In October 2012 central government announced they were deferring the 2015 revaluation by two years to 2017. However the current statutory TR scheme still ends on 31 March 2015 and as a result a number of ratepayers who received TR in 2014/2015 have seen a jump in their bills.
- 1.3. To mitigate some of the effect of the revaluation being deferred, central government has extended the TR provisions to 2015/2016 and 2016/2017 as a discretionary discount. Councils can use their discretionary powers under s47 of the Local Government Finance Act 1988 to adopt a local scheme for TR, within the prescribed provisions, and the cost will be met in full by central government.

## **2. Proposals**

- 2.1 The local scheme of TR will operate within the prescribed provisions and only be awarded in the following circumstances:
- The property has a RV up to and including £50,000,
  - The ratepayer has an increase in their bill due to the 2010 revaluation,
  - The ratepayer received TR in 2014/2015, and
  - The ratepayer is entitled to TR in 2015/2016 and 2016/2017
- 2.2 The local scheme will be based on the regulations for the statutory TR scheme that was in force until 31 March 2015, with the necessary amendments for 2015/2016 and 2016/2017. As TR can be complex this ensures the necessary conditions and regulations are included in the local scheme.
- 2.3 The proposed local scheme for TR is shown at Appendix A

## **3. Policy Implications**

- 3.1. This is a new Discretionary Relief policy lasting for 2015/2016 and 2016/2017.

## **4. Financial Implications**

- 4.1. There are no financial implications to the Council as Central Government will fully fund the cost of the relief.
- 4.2. There are 200 ratepayers whose property has a RV of £50,000 or less and who received Transitional Relief in 2014/2015. Approximately half of these will continue to receive relief into 2015/2016. The cost of TR for 2015/2016 is approximately £65,500.
- 4.3. The European Union classes Discretionary Transitional Relief as State Aid. Businesses are limited to receiving €200,000 of State Aid over

three years and will be asked to confirm their State Aid position when the relief is awarded.

## **5. Recommendation**

5.1. Cabinet recommend to Council to adopt the discretionary Transitional Relief scheme for 2015/2016 and 2016/2017 as detailed in this report and shown in Appendix A

## **6. Background Papers**

6.1. DCLG: Business Rates – Extension of Transitional Relief for small and medium properties - Guidance

## **Appendix A**

### **BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK**

#### **LOCAL SCHEME FOR TRANSITIONAL RELIEF 2015/2016 and 2016/2017**

##### **1. Purpose of the relief**

The relief is intended to extend the statutory Transitional Relief scheme which ended on 31 March 2015 to qualifying ratepayers.

The local scheme of Transitional Relief will be effective for 2015/2016 and 2016/2017.

##### **2. Criteria**

Local TR will only apply to properties with a Rateable Value of £50,000 or less where the ratepayer is facing an increase in their bill due to the 2010 revaluation.

It will only apply to ratepayers who were in receipt of Transitional Relief in 2014/2015.

No provision exists for ratepayers whose bill has decreased.

##### **3. Regulations**

The local scheme for TR applies to properties meeting the criteria above and uses the relevant sections of the Non-Domestic Rating (Chargeable Amounts) (England) Regulations 2009 SI 2009/3343 extended into 2015/2016 and 2016/2017, amended as follows:

Regulation 8(1)(b): amend 'is £18,000 or more' to read 'is between £18,000 and £50,000 inclusive'

Regulation 8(2): for the years commencing 1 April 2015 and 1 April 2016, X should be assumed to be 125. Q should be assumed to be 1.019

Regulation 8(3): for the years commencing 1 April 2015 and 1 April 2016, X should be assumed to be 115. Q should be assumed to be 1.019

Regulations 8(4) and (5) do not apply

##### **4. Application of Local TR**

Local TR is a discretionary discount and will be applied to a ratepayer's account after all other discounts and reliefs have been awarded. If there is no remaining liability after all other reliefs are awarded then no TR will apply.

## **5. State Aid**

Transitional Relief is a discretionary relief and is classed as State Aid by the European Union. Businesses are limited to receiving a maximum of €200,000 in State Aid over three years and are required to confirm their position with regard to State Aid when TR is awarded.

## **6. Change of Circumstances / Rateable Value etc.**

The provisions as in the Statutory Instrument will apply where a change of circumstances or a change of RV occurs

## **7. Daily award**

Transitional Relief will be awarded on a daily basis.

## **8. Termination of relief**

TR will terminate if the ratepayer's circumstances or RV change and they no longer meet the statutory criteria to qualify for the relief. TR will also terminate if the ratepayer no longer qualifies when the calculation for a new financial year is performed.

As the extended TR scheme is a discretionary discount it can be terminated at the end of a financial year once 12 months' notice has been given.