

Discretionary rate relief (business rate) policy framework

Author: Business rates

Contact: revenuesNNDR@luton.gov.uk

Version: 1.0 (published)

Last updated: December 2017

Contents

Introduction	2
Exceptions to this policy framework	2
Operation	3
The interest of Luton Council's taxpayers.....	3
Requirements for applications	3
Timescale for decisions	3
Requirement to make payment of amounts falling due	3
Awards for retrospective periods	3
State aid	3
Duration of awards	4
Award qualification criteria.....	4
Relationship to other forms of rate relief.....	5
Reviews and appeals	5

Introduction

- 1.1 If Luton is to continue to prosper the council needs to remove barriers to business growth, enable disadvantaged communities to share the benefits of sustainable economic growth and offer a pleasant and safe place to live and work. The business rate discretionary relief policy framework supports this statement; enabling the council to use its discretionary powers to award temporary relief from payment of non-domestic rates.
- 1.2 The Business Rate Discretionary Relief Policy Framework supports the council's economic policy to move towards a high value, low carbon economy and is a key element in the promotional package to attract new businesses to Luton.
- 1.3 The relief will be available to all eligible small and medium sized businesses in all geographical areas of the council that are facing a steep year on year increase in their bills arising from the revaluation. It will only be applied after adjustments for all other relief scheme eligibilities have been factored in, including supporting small business rate and transitional relief.
- 1.4 The Business Rate Discretionary Relief Policy Framework supports the council's economic policy to move towards a high value, low carbon economy and is a key element in the promotional package to attract new businesses to Luton.
- 1.5 Section 69 of the Localism Act 2011 amends the 1988 Act to allow local authorities the discretion to award rate relief to all types of businesses.
- 1.6 The Localism Act gives the council freedom to award business rate discounts – to help attract firms, investment and jobs.
- 1.7 The powers came into effect on 1 April 2012.
- 1.8 This policy applies to all applications made in respect of rate liabilities incurred from the date the application for relief is received by the council.
- 1.9 Applications for rate relief from charities, not-for-profit organisations shall be considered under the separate Charitable Discretionary Relief Policy agreed by executive.
- 1.10 Each application for Business Rate Discretionary Relief shall be considered on its individual merit but in making a decision on the award the decision maker will give due consideration to the requirements of this policy.

Exceptions to this policy framework

- 1.11 In accordance with the Council's Constitution the portfolio holder with responsibility for Finance may consider discretionary rate relief applications which fall outside the scope of this approved Policy and make recommendations to the Executive

Operation

- 2.1 All decisions in respect of applications for Business Rate Discretionary Relief must be taken in accordance with statutory requirements and give due consideration to any guidance issued by the secretary of state.
- 2.2 Decisions shall be taken in accordance with the council's constitution.
- 2.3 In addition to these requirements the following shall apply in respect of all requests for Business Rate Discretionary Relief under the powers set out above.

The interest of Luton Council's taxpayers

- 2.4 Applications for rate relief will only be considered favourably where the council is satisfied that an award will result in tangible benefits to local residents.

Requirements for applications

- 2.5 It is proposed that the relief will be applied automatically under the agreed criteria so that no application process is required (conditional upon completion of state aid declaration).
- 2.6 Although there is no statutory right of appeal in respect of any non-award, it is good practice to allow re-consideration of any decision in exceptional circumstances only.

Timescale for decisions

- 2.7 The council will aim to make an award of this relief at the start of each financial year starting in 2017/18 and ending in year four in 2020/21

Requirement to make payment of amounts falling due

- 2.8 Ratepayers must continue to pay any amount of rates that falls due whilst an award is pending. In the events that the payments are not received as due the council may continue with its normal procedures to secure payment.

Awards for retrospective periods

- 2.9 Business Rate Discretionary Relief will not be awarded in respect of any day prior to the 1 April 2017.

State aid

- 2.10 Business Rate Discretionary Relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the current de minimis level (currently 200,000 euro over three years).

Each award must be have a statement signed by the appropriate person representing the business setting out the amount of state aid, including but not limited to rate relief, which the

ratepayer has received within the previous three years. Awards shall not be considered until this statement is received.

Duration of awards

2.14 All awards shall terminate at the end of the financial year. An award will be for a fixed period of time which may be less, but not more, than 12 months. New award will be made for each of the financial years up to and including 2020/21.

Award qualification criteria

2.15 The following factors must be met:

- an award will be given to premises with a rateable value not exceeding £200,000 on or after the 1 April 2017 and where the increase in business rates between 2016/17 and 2017/18 is equal to or greater than four per cent
- the amount paid will be 45 per cent of the increase in business rates between the two years
- relief will be given to businesses that were located in the borough prior to 31 March 2017 (as they only suffer the financial impact of moving between the two rating lists if they were in occupation last year)
- the level of discount given will be reviewed in years two to four of the operation of this scheme to match the funding available from central government, funding awarded by central government is:
 - 2017/18 is £296,000
 - 2018/19 is £144,000
 - 2019/20 is £59,000
 - 2020/21 is £8,000
 - Total of all four financial years above is £507,000

2.16 In the interests of diversifying the towns offer, some businesses will not be eligible to access the Business Rate Discretionary Relief Policy. As an example these include:

- multi-national and national chain companies, including franchises
- financial services – banks, building societies, cash points, payday lenders, betting shops, amusement arcades, pawn brokers, etc
- any liability of Luton Council
- premises with a rateable value in excess of £200,000

- premises with a rate rise below four per cent
- premises with a rate rise of less than £600
- unoccupied premises
- no relief will be given to businesses that were not located in the borough prior to 31 March 2017 (as they would not have suffered the financial impact of moving between the two rating lists)
- no relief will be given to any business under investigation by a regulator
- no relief will be given where there are arrears outstanding from the previous year and there is no arrangement to pay in place

2.17 This list is not exclusive and we retain the right to add to it as the balance of the town changes over time.

2.18 Businesses will be asked to commit to paying business rates by direct debit to ensure a streamlined process.

2.19 In cases of insolvency the council will seek to reclaim any award made.

Relationship to other forms of rate relief

2.20 Awards will only be granted after consideration of any other forms of rate relief to which the applicant may be eligible.

Reviews and appeals

2.21 Decisions on the award or otherwise of Business Rate Discretionary Relief will be taken by the delegated officer and the decision will be final. There will be no automatic right to appeal. An applicant may make a request to the decision maker to review a decision but only where either;

- a) additional information that is relevant to the application and that was not available at the time the decision was made becomes available
- b) there are good grounds to believe the award was not correctly made at the time the decision was taken

2.22 A request for review must be made within four weeks of notification of the decision and must set out the reasons for the request and any supporting information.