

# Discretionary business rate relief – our proposed scheme for Ashford

The revaluation of business rates by the Valuation Office Agency took effect on 1st April 2017. This has led to some businesses, including some in the Ashford borough, seeing large increases in the rateable value of the premises they occupy.

The Chancellor of the Exchequer has now stated that the government has put in place a £300m fund to enable local authorities to put in place a discretionary rate relief scheme. This is intended to help businesses apply for assistance if they have suffered from the impact of the first revaluation for seven years.

Ashford Borough Council has been allocated a share of the £300m funding pot to cover a four-year period, with £350,000 funding confirmed for year one and £175,000 for year two.

The government has now issued guidance for local authorities and the council has put together a proposed scheme to help those business ratepayers who have seen significant increases following the recalculation of the rateable value of the premise they occupy.

We are now consulting on our proposed scheme and invite you to comment. Please read the information in this summary document and then comment online at:

[www.ashford.gov.uk/your-community/consultations/](http://www.ashford.gov.uk/your-community/consultations/)



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# Our proposed scheme

Government has issued guidance to local authorities on the design of their scheme and following receipt of that guidance, council officers have designed the proposed scheme below:

- Relief will not be granted where mandatory relief is already granted – this is for charitable organisations
- Relief will only be awarded where the revaluation has seen a business receive an increase of more than 12.5%
- Relief will only be awarded to premises that are occupied – there will be no award for unoccupied premises
- Relief will only be awarded where the rateable value of the premises is less than £200,000
- Furthermore, relief will only be granted for premises that were occupied on 31st March 2017 and 1st April 2017
- Relief will not be granted to new businesses taking up ownership of a premises on or after 1st April 2017
- Relief will be awarded to local businesses – ie those with only one or more premises in the borough council area – not national or multi-national businesses with branches elsewhere
- A local business with more than one premises in the borough may receive discretionary rate relief for more than one premises providing that all other criteria are met
- Businesses will need to complete a short form to apply for the discretionary rate relief

*It is also proposed that:*

- In year one of the scheme, given that 12.5% is deemed an acceptable increase, the council will use the discretionary rate relief to bridge the gap between that and the actual increase
- In year two of the scheme, given that the council's funding pot is halved, the council will award half of the rate relief it would have awarded in year one.

# Examples

## **“Company A” is eligible:**

Its 2016 business rates charge was £5,574.65

Its 2017 business rates charge is £7,314.27

This is an increase of £1,739.62. £1,739.62 as a percentage of £5,574.65 this represents a 31.2% increase.

Company A is therefore eligible and entitled to relief because the increase is above 12.5%.

Had the 2016 charge of £5,574.65 increased by 12.5% the business rates charge for 2017 would have been £6,271.48. However, the 2017 charge is £7,314.27.

So Company A receives a discretionary rate relief award of £1,042.79 (£7,314.27 - £6,271.48).

## **“Company B” is ineligible:**

Its 2016 business rates charge was £9,070.25

Its 2017 business rates charge was £10,135.87

This is an increase of £1,065.62. £1,065.62 as a percentage of £9,070.25 this represents an 11.75% increase.

Company B would not therefore be entitled to relief because the increase is below 12.5%

## **“Company C” is ineligible:**

Company C opened a new shop on 1st April 2017. The rateable value for Company C's new shop has actually increased by 13% based on its 2016 business rates charge.

However, Company C is not eligible for discretionary rate relief as the unit was unoccupied on 31st March 2017.

# What we are asking

We want to make sure that our scheme is as fair as possible. We are therefore offering businesses the opportunity to comment on our proposed scheme by answering the following questions online at:

[www.ashford.gov.uk/your-community/consultations/](http://www.ashford.gov.uk/your-community/consultations/)

1. Do you agree that the council is right to only award rate relief to local businesses with premises within the borough?
2. Do you agree that 12.5% is an acceptable increase and that the council will only offer discretionary relief to businesses who have seen an increase above that amount?
3. Do you agree that businesses should complete a small application process to apply for the discretionary relief?
4. Do you agree that given the council has only half the funding available in year two of the scheme that it will award half the amount it would have offered in year one to successful businesses applying for the discretionary relief?
5. Should any business be excluded from receiving rate relief or should it be available to all business that meet the criteria?
6. There is a free-text box for any further comments you may wish to make in response to the council's proposed scheme

## How to comment

You can respond to the council's survey before **Monday 6th November at 11.59pm** online at:

[www.ashford.gov.uk/your-community/consultations/](http://www.ashford.gov.uk/your-community/consultations/)

## Next steps:

The consultation runs until **Monday 6th November at 11.59pm**.

Cabinet will meet on Thursday 7th December and consider the responses to the consultation. Full council will then consider the cabinet's recommendations on 14th December and agree how the scheme will work for the remainder of the 2017-18 and then the 2018-19 financial years.



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