BABERGH and MID SUFFOLK DISTRICT COUNCILS

To: Joint Scrutiny Committee	**Report Number: JSC/19/14**
From: Head of Corporate Resources	**Date of meeting: 26 November 2014**

BUSINESS RATES AND POOLING

1. Purpose of Report

1.1 The report sets out information relating to the business rates retention system and Countywide Business Rates Pool. There will be a presentation by officers on the key aspects.

1.2 The report covers the following (as requested by Members):

- Information about the pooling arrangement – how does it work, timeframe, when does money come out of the pool, how is it used, how it is split?
- As pooling is only on new growth, what was the baseline?
- Impact of getting new businesses and of losing existing businesses
- What growth has there been, and how is it made up, what type of businesses – small/ large, specific sector?
- How business rates are set and reliefs available and how applied, who picks up the bill for rate reliefs?
- Reason for surplus on business rates in 2013/14
- Predictions for future.

2. Recommendations

2.1 That the information provided in the report on the operation of the business rates retention system and the Countywide Business Rates Pooling arrangements be noted.

The Committee can resolve the above.

3. Financial Implications

3.1 These are detailed in the report.

4. Risk Management

4.1 The risks and uncertainties relating to business rates income were set out in the Budget report approved by Members in February 2014. Key aspects are summarised in the table below:

Risk Description	Likelihood	Impact	Mitigation Measures
Business Rate appeals that exceed the baseline/ financial provision made	Probable	Noticeable/ Bad	Reviewed with valuation office and data regularly updated.
Other unfavourable variations arise e.g. reliefs, decline in RV's/growth	Possible	Noticeable/ Bad	Growth is one of the Council's key strategic priorities
Collection Rates fall	Possible	Noticeable	Varied recovery action and clear processes/targets

5. Consultations

5.1 With officers from the Shared Revenues Partnership (SRP).

6. Equality Analysis

6.1 An equality analysis has not been completed because there is no action to be taken on service delivery as a result of this report.

7. Shared Service / Partnership Implications

7.1 Both Babergh and Mid Suffolk are subject to the business rates retention scheme and are in the Business Rates Pool.

7.2 Day to day operations and application of Council policies are undertaken by the SRP. The Business Rates Pool is operated by Suffolk County Council with a Policy Agreement that has been endorsed by each council.

8. Key Information

8.1 A new business rates retention scheme was introduced by the Government in April 2013. All of the Suffolk Councils agreed to set up a Countywide pooling arrangement from this date to maximise rates income retention within Suffolk. These arrangements have, therefore, been operating for around 18 months.

8.2 Key points are summarised below. More information is provided in the subsequent sections of the report and the various appendices. This will be covered in the presentation by officers:

- Business rates pooling is producing additional income for Suffolk and individual districts
- The amounts involved for districts were small in 2013/14, as was expected in the first year, and also because a safety net of £1m was set aside from the pool. More significant sums are anticipated in 2014/15 and 2015/16

- The pooling benefit is estimated at £160k for Babergh and £140k for Mid Suffolk this year
- There is no particular pattern of growth in business rates in the 2 districts - see section 8.10 for key areas that have resulted in additional income over the last 18 months
- Further information on how much additional income is coming from actual growth in BDC/MSDC as opposed to pooling will be provided in the presentation, although this is a complex picture in terms of reliefs etc. and the Government's rates baseline that has been set
- The pooling arrangement is working well and the Suffolk Councils (other than Suffolk Coastal) are remaining in the pool for 2015/16.

8.3 Further key information on the business rates retention scheme and pooling arrangements:

(a) The income that is collected is shared as follows:

	Share	**2013/14 Baseline £000**
Mid Suffolk:		
Government	50%	10,375
Mid Suffolk	40%	8,301
Suffolk County Council	10%	2,075
Total		**20,751**
Babergh:		
Government	50%	11,007
Babergh	40%	8,805
Suffolk County Council	10%	2,201
Total		**22,013**

(b) These amounts are then subject to the fairly complex ways in which the rates retention system and pooling scheme works (Tariffs, top-ups, levies, safety nets and Section 31 grant).

A copy of the Policy Agreement for the Pool (which includes minor updates for 2015/16 but largely the same in earlier years) is attached at Appendix A, which sets out the benefits of the pool and how income is split.

The various components of the Countywide pooling outturn for 2013/14 and the estimated amounts for each council in 2014/15 are summarised in Appendix B.

Members should note that all income is pooled, not just growth, however, growth compared to the Government's baseline is relevant in terms of additional income compared to the Budget and the amount of pooling benefit (conversely, rates reductions and lower income is shared in the pool but there is protection against this in terms of the safety net).

(c) Rates baseline – This is the amount that the government assumed in the formula grant settlement that individual councils would collect/receive under the new system and this will be increased by CPI until 2020. The amount showing as the spending baseline in Appendix B was used for the 2013/14 and 2014/15 Budgets, with additional income of £150k assumed for Babergh in 2014/15.

8.4 The basic premise of the pool and the main advantages are:

- By pooling, less of the business rates goes to the Government as a result of the Tariffs, top-ups and levies system, thus retaining more money within the County to support initiatives and Budgets
- The Pool provides resources for any drop in business rate income beyond the safety net (£1m set aside in 2013/14)
- All councils have the same protection as if they were not in the pool to ensure no council is worse off than if the pool did not exist.

8.5 Further key aspects of the new business rates retention scheme are:

- All monies collected are shared in the proportions set out in 8.1 above, subject to the pooling arrangement
- Increases and reductions (appeals and bad debts being the most significant and, in the case of the former, are very uncertain) are shared in the same way
- The benefit or cost to Babergh & Mid Suffolk of all variations is therefore 40% of the total rates collected
- This proportion applies to everything, including changes in mandatory and discretionary reliefs.

8.6 The Government has extended the reliefs to business such as the Small Business Rate Relief (SBRR) scheme. They give councils a Section 31 (New Burdens) grant to cover all of the additional cost. This is shown in the table in Appendix B. In addition, they extended reliefs further in April 2014 with the cost of this also funded 100% by the Government.

8.7 Further information on how business rates are charged and what reliefs are available are explained in Appendix C. Further details on the reliefs granted by each council in the current year are contained in Appendix D.

8.8 Collection Rates are summarised below and these have remained very good, despite the difficult economic conditions:

Year	Babergh	Mid Suffolk
2012/13 (full year)	98.3%	97.7%
2013/14 (full year)	98.3%	97.9%
2013/14 (to Sept)	58.7%	61.8%
2014/15 (to Sept)	57.9%	61.7%

Babergh's collection rates are lower than at the same time last year. However, the move to 12 instalments instead of 10 affects the figures and some outstanding bills have been paid since the end of September. Total income for the year, when allowing for appeals, could be lower though than allowed for in the Budget.

8.9 In terms of growth in rateable values, the following table indicates how this has changed over the last year or so:

Rateable Value Growth / Decline		
BDC		
	Rateable Value (£)	**No of properties**
28/02/2013	58,373,141	3,090
31/03/2013	58,438,666	3,088
30/09/2013	60,580,656	3,110
31/03/2014	60,469,351	3,127
30/09/2014	59,462,179 (+1.9%)	3,140 (+50 or 1.6%)
MSDC		
	Rateable Value (£)	**No of properties**
28/02/2013	53,525,409	3,202
31/03/2013	53,556,829	3,197
30/09/2013	53,898,848	3,221
31/03/2014	53,919,842	3,257
30/09/2014	53,763,307 (+0.4%)	3,256 (+54 or 1.7%)

8.10 Main growth areas include:

- Advertising rights (SRP had a campaign to find these)
- Offices, increase in properties but decrease in RV
- Superstores – Sainsbury's and Morrison's
- Commercial unclassified – ATM's (SRP has been undertaking a campaign to pick these up)

8.11 The year ending 31 March 2014 was the first year of the new business rates income sharing arrangements. Key points on the financial outturn compared to Budget are summarised below:

- Mid Suffolk

  Following discussions with the external auditors, an additional provision was made for future appeals of £175k and an adjustment to the bad debts provision. This resulted in a final financial outturn for business rates income last year of £1,944k, compared to the Budget of £1,987k – a deficit of £43k (provisional outturn before the above adjustments was £2,011k, a surplus of £24k). This was offset though by £40k that was received in relation to renewable energy schemes, where the income is retained 100% by the District Council i.e. not part of the pool

  One of the changes of the new system is that Mid Suffolk's share of the cost of discretionary rate relief, which was previously met directly by the General Fund, is now part of the overall rates retention and pooling system. The 2013/14 Budget of £164k was not therefore needed, resulting in a saving.

- Babergh

  The final financial outturn for business rates income last year was £2,083k, compared to the Budget of £1,868k – a surplus of £215k (similar to the provisional outturn of £201k).

  A further saving arose on the cost of discretionary rate relief of £60k that was allowed for in the 2013/14 General Fund Budget.

8.12 It is very difficult to make predictions on the future levels of business rates income. Historic growth has been around 1% a year although the Councils' growth agenda is aimed at increasing economic growth in the two districts. There are also risks that reduce income though, as explained earlier in the report.

8.13 Annual growth of 1% for each council, based on the complex calculations relating to tariffs, levies, safety nets and the operation of the pool amounts to around £35k a year. So, significant annual growth would be needed to achieve large increases in business rates income for individual councils.

8.14 However, across the Countywide pool and subject to the way that tariffs, top-ups and safety nets work, 1% growth in total business rates income could equate to over £0.5m a year for Suffolk as a whole - so doubling or tripling historic growth would provide a very valuable income stream for the county. Also, the cumulative impact of year-on-year growth over several years would result in significant additional income.

8.15 Members should note that Suffolk Coastal has withdrawn from the Pool in 2015/16 due to an imminent large rating appeal that would have a very significant impact on the pool and other Councils if successful (other similar appeals have been in favour of the applicant).

8.16 Although this reduces the overall estimated benefit of the pool to around £2.5m, compared to over £4m in 2014/15, the impact on the pool would be far worse than this if Suffolk Coastal stayed in the pool. In any event, the Policy Agreement states that 'Any council that believes it will be in a safety net position for a future year will be expected to withdraw from the pool, and therefore give notice by 30 September'.

9. Appendices

Title	**Location**
APPENDIX A – Business Rates Pool: Policy Agreement	Attached
APPENDIX B - Business Rates Pool: 2013/14 outturn and 2014/15 estimates	Attached
APPENDIX C - How business rates are charged and what reliefs are available	Attached
APPENDIX D - Further details on the reliefs granted	Attached

10. Background Documents

None.

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Appendix A

Business Rates Pool: Policy Agreement

BUSINESS RATES RETENTION SCHEME
SUFFOLK BUSINESS RATES POOL

THIS POLICY AGREEMENT IS MADE BETWEEN

(1) Ipswich Borough Council
(2) Waveney District Council
(3) Babergh District Council
(4) Mid Suffolk District Council
(5) Forest Heath District Council
(6) St Edmundsbury Borough Council
(7) Suffolk County Council (SCC)

The members of the Suffolk Pool, 2015-2016

Introduction and Purpose

The Suffolk pool is established from April 2015 under the business rates retention scheme. Central government allows authorities to ‘pool’ and retain a higher level of growth of business rates than if each authority acts individually.

In July 2014 CLG issued a revised pooling prospectus for 2015/16 which should be read in conjunction with this agreement.

Suffolk intends to use additional resources made available through growth in the business rates yield to benefit the wider communities within Suffolk led by the Suffolk Leaders’ group vision for a “Better Suffolk”, be it countywide or in more specific locations to:

- support infrastructure development;
- encourage further business development;
- facilitate additional housing; and / or,
- supplement resources from the LEP for previously identified projects and aspirations to bring them to fruition more quickly.

The development of this proposal is based on the premise that:

- each of the districts would retain more of the benefit of growth associated with its area;
- it will provide resources for any drop in business rate income beyond the safety net;
- Suffolk County Council will retain some of the benefit of growth across Suffolk; and
- it will create a pool of money, derived from a reduction in the monies to be paid to Government for growth, for Suffolk Leaders’ to determine how that might be best spent across Suffolk in accordance with an economic development strategy and criteria to be agreed over the coming year and an approved project list for Suffolk (to be agreed).

Governance arrangements

The policy agreement acts as the governance policy and is signed by each authority Chief Executive and S151 Officer. Central Government no longer require confirmation of a continuing Pool. If anyone of the members of the Pool wish to remove themselves then it is the responsibility of that authority, in conjunction with the lead authority, to notify Communities and Local Government (CLG) by 31 October at which point the pool dissolves.

Pool members have approved this policy agreement in advance of the Secretary of State designating the Pool for the purpose of the Business Rates Retention Scheme.

Termination of Policy

In any year, any Council must inform the other pool members by 30 September, if they wish to leave the pool for the following financial year. This would enable the remaining pool members to submit a new pooling application should they wish.

The pool would dissolve at 31 March and monies would be transferred as per the existing pooling arrangement.

Any council that believes it will be in a safety net position for a future year will be expected to withdraw from the pool, and therefore give notice by 30 September. This will ensure that the maximum benefit is gained by the pool, and the expected safety net payments are funded by central government. The monthly business rates monitoring template produced by ARP and SRP will provide the basis for this.

Roles and Responsibilities of Lead Authority

- Suffolk County Council is the lead authority and banker.
- SCC will be responsible for all pooling financial records and returns as may be required by CLG within agreed timescales.
- SCC receives payments (monthly) from the districts/boroughs as per the CLG schedule of dates and amounts stated in demand letters issued by SCC to the billing authorities in March each year.
- SCC holds the safety net reserve (set at £1m in 13/14) and the funds for Suffolk Public Leaders.
- SCC provides the pool members with a quarterly update on the forecast following receipt of monitoring data from the districts/boroughs.
- SCC to coordinate the annual review and refresh the policy agreement if required.

Roles and Responsibilities of Pool Members (Borough & District Councils)

- Borough and Districts are responsible for the completion of NNDR1 & 3 forms within timescales set by CLG and make these available to SCC.
- Making payments of rates to SCC Pool bank account, on scheduled dates, as stated in demand letters received annually in March.
- Monitoring rates collection, forecasting and submitting quarterly data to the lead authority.
- Complete the business rates CIPFA model at year end and make available to SCC in a timely manner, to allow for the correct accounting in the lead authorities accounts.

Accounting

The pool will operate at each individual council level as though the pool does not exist. This will result in:-

a. Each council will receive and make the same payments as though they had not pooled. This includes the treatment of growth in enterprise zones and new renewable energy schemes.
b. Should a Borough / District experience a fall in business rates, they have to absorb that fall, up to the level of the Government's safety net (based on a fixed percentage of the council's spending baseline). This mirrors the Government's scheme.
c. The banker will receive the money from the Boroughs / Districts. The retained balance will represent the net benefit of pooling.

The financial benefit gained through pooling would be split on the following bases:-

i. £1m from the original pool will be retained in a reserve to fund potential future safety net payments. This level will be maintained in future years.
ii. The first £1m per annum will be split 50% to Borough / District Councils and 50% to Suffolk Public Sector leaders.
iii. Any benefit above (i) and (ii) will be split 40% to Borough/District Councils, 40% to Suffolk Public Sector leaders, and 20% to Suffolk County Council.
iv. Suffolk Public Sector Leaders will agree how the money allocated to them should be spent. Each council agrees that the final decision will be delegated to their Chief Executive in consultation with their Leader or equivalent. Each Council to arrange for this delegation to be put in place.
v. In the unlikely event that agreement cannot be reached in (iv) above any unspent money in the pool will be divided 60% to Borough/District Councils and 40% to Suffolk County Council.
vi. Where money is distributed to Borough / District Councils (under (ii), (iii) and (v)), this will be done on the basis of 50% of their spending baseline and 50% of their share of growth. This ensures that every Borough / District will be in better position by pooling.
vii. In the event that one or more Boroughs/Districts leave the pool, the committed/unspent balance of the Public Sector Leader's money remains in the pool but if the pool is totally dissolved the remaining balance is shared out as in (v) above. Any deficit on the pool is also shared as in (v) above.
viii. In the event that one or more Boroughs/Districts leave the pool, the balance of money remains within the safety net reserve for the benefit of the continuing pool but if the pool is totally dissolved the remaining balance is shared out as in (v) above.
ix. SCC to calculate on an annual basis interest on balances held and retain those in the balance with the Public Leaders. The average rate of interest of the lead authority for the financial year will be applied.

Summary - Annual calendar of events and actions

April – District/Borough authorities to submit to SCC completed CIPFA model so that the pool can be accounted for within SCC statement of accounts.

May - submission of NNDR3 by District/Borough authorities to CLG and make a copy available to SCC

July - District/Borough authorities to submit quarterly monitoring to SCC and SCC to provide an updated forecast to all members of the pool.

September **–** submission of amended (if applicable) NNDR3 by billing authorities to CLG and make a copy available to SCC

October – Each authority to provide written confirmation to remain in the pool on an annual basis.

October **–** Deadline for a new pool to be submitted to central government (required if original pool collapses and new one proposed)

October - District/Borough authorities to submit quarterly monitoring to SCC and SCC to provide an updated forecast to all members of the pool.

January **–** submission of NNDR1 by billing authorities to CLG and make a copy available to SCC

January - District/Borough authorities to submit quarterly monitoring to SCC and SCC to provide an updated forecast to all members of the pool.

March **–** SCC to issue schedule of dates and demand letters to Districts/Boroughs

Appendix B

Business Rates Pool summary: 2013/14 outturn and 2014/15 estimates

2013/14 outturn

	Rates Baseline	Spending Baseline	Tariff (-) / Top Up	Individual Levy Rate	Forecast Business Rates	Safety Net Threshold	Small Business Rates Relief	Unpooled Levy	Safety Net Payment	Total Funding Excluding S31 Grant	Pooling Benefit Split	Revised Total with Pooling Excluding S31 Grant	S31 Grant	Revised Total with Pooling and S31 Grant
Suffolk CC	23.322	89.723	66.401	0%	23.282	82.994	0.769	-	-	89.683	-	89.683	0.769	90.452
Babergh	8.805	1.868	- 6.937	50%	8.810	1.728	0.401	0.203	-	1.670	0.012	1.682	0.401	2.083
Forest Heath	8.455	1.751	- 6.704	50%	8.268	1.620	0.246	0.030	-	1.535	0.006	1.540	0.246	1.786
Ipswich	21.061	3.807	- 17.254	50%	20.996	3.521	0.429	0.182	-	3.560	0.016	3.576	0.429	4.005
Mid Suffolk	8.301	1.987	- 6.314	50%	7.894	1.838	0.359	-	-	1.580	0.005	1.585	0.359	1.944
St Edmundsbury	17.520	2.201	- 15.319	50%	17.426	2.036	0.373	0.139	-	1.968	0.011	1.978	0.373	2.351
Suffolk Coastal	18.855	2.517	- 16.338	50%	19.528	2.328	0.672	0.673	-	2.517	0.029	2.546	0.672	3.218
Waveney	10.292	3.533	- 6.759	50%	10.206	3.268	0.597	0.256	-	3.192	0.018	3.209	0.597	3.806
Safety Net Reserve											1.000	1.000		1.000
Public Sector Leaders											0.097	0.097		0.097
Suffolk Pool	116.611	107.387	-9.224	7.91%	116.409	99.333	3.846	1.482	0.000	105.703	1.194	106.896	3.846	110.743
					Suffolk Pool Levy Payment			0.288						
					Suffolk Pool Benefit			1.194						

2014/15 Estimates

2014-15	Rates Baseline	Spending Baseline	Tariff (-) / Top Up	Individual Levy Rate	Forecast Business Rates	Safety Net Threshold	Small Business Rates Relief	Localism Act Relief	Unpooled Levy	Total Funding Excluding S31 Grant	Pooling Benefit Split	Revised Total with Pooling Excluding S31 Grant	S31 Grant	Revised Total with Pooling and S31 Grant
	A	B	C	D	E	F	G	H	I	K	L	M	N	O
Suffolk CC	23.777	91.469	67.692	0%	25.498	84.609	0.778		-	93.190	0.698	93.888	1.360	95.248
Babergh	8.977	1.905	- 7.072	50%	9.179	1.762	0.407	0.084	0.346	1.760	0.160	1.920	0.602	2.522
Forest Heath	8.620	1.785	- 6.835	50%	8.675	1.651	0.249	0.131	0.217	1.622	0.131	1.754	0.476	2.230
Ipswich	21.472	3.881	- 17.591	50%	22.355	3.590	0.435	0.180	0.749	4.015	0.333	4.348	0.865	5.213
Mid Suffolk	8.463	2.025	- 6.438	50%	8.448	1.873	0.360	0.045	0.195	1.815	0.140	1.956	0.506	2.461
St Edmundsbury	17.862	2.244	- 15.618	50%	18.410	2.076	0.377	0.276	0.601	2.192	0.221	2.413	0.854	3.267
Suffolk Coastal	19.223	2.566	- 16.657	50%	24.499	2.374	0.680	0.256	3.106	4.736	0.665	5.401	1.210	6.611
Waveney	10.493	3.602	- 6.891	50%	10.426	3.332	0.603	0.218	0.377	3.158	0.255	3.413	0.943	4.356
Safety Net Reserve											-	-		-
Public Sector Leaders											1.906	1.906		1.906
Total	118.885	109.477	-9.408	7.91%	127.490	101.266	3.889	1.190	5.593	112.490	4.510	117.000	6.815	123.815

Suffolk Pool Levy Payment	1.083
Suffolk Pool Benefit	4.510

Appendix C

How business rates are charged and what reliefs are available

Non-Domestic Rates

Non-Domestic Rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, authorities keep a proportion of the business rates paid locally (40% District Council, 10% County Council).

Rateable Value

Apart from properties that are exempt from business rates, each non-domestic property has a rateable value which is set by the valuation officers of the Valuation Office Agency (VOA), an agency of Her Majesty's Revenue and Customs. They draw up and maintain a full list of all rateable values. This broadly represents the yearly rent the property could have been let for on the open market on a particular date. For the revaluation that came into effect on 1st April 2010, this date was set as 1st April 2008.

The valuation officer may alter the value if circumstances change. The ratepayer (and certain others who have an interest in the property) can appeal against the value shown in the list if they believe it is wrong.

National Non-Domestic Rating Multiplier

The local authority works out the business rates bill by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers: the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The former is higher to pay for small business rate relief. Except in the City of London where special arrangements apply, the Government sets the multipliers for each financial year for the whole of England according to formulae set by legislation, generally, the multipliers increase in line with inflation according to the Retail Price Index in September of the preceding year. For the 2014-15 financial year, the Government has capped the increase in the multipliers at 2%.

Between revaluations, the multipliers change each year in line with inflation and to take account of the cost of small business rate relief. In the year of revaluation the multipliers are rebased to account for overall changes to total rateable value and to ensure that the revaluation does not raise extra money for Government. Similarly, the change in the revaluation date to 2017 has no effect on the total amount of revenue raised from business rates.

Business Rates Instalments

Payment of business rate bills is automatically set on a 10-monthly cycle. However, the put in place regulations that will for the 2014-15 financial year, allow businesses to pay over 12 monthly instalments.

Revaluation 2010 and Transitional Arrangements

All rateable values are generally reassessed every five years at a general revaluation to ensure bills paid by any one ratepayer reflect changes over time in the value of their property relative to others. The current rating list is based on the 2010 revaluation. The Government has confirmed that the next revaluation has been postponed until 2017. Five yearly revaluations will continue from 2017.

For those ratepayers who would otherwise have seen significant increases in their rates liability, the Government has put in place a transitional relief scheme to limit and phase in changes in rate bills as a result of the 2010 revaluation. To help pay for the limits on increases in bills, there were also limits on reductions in bills. Under the transition scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the appropriate multiplier). The scheme applies only to the bill based on a property at the time of the revaluation. If there are any changes to the property after 1st April 2010, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Changes to your bill as a result of other reasons (such as because of changes to the amount of small business rate relief) are not covered by the transitional arrangements.

Charity and Community Amateur Sports Club Relief

Charities and registered Community Amateur Sports Clubs are entitled to 80% relief where the property is occupied by the charity or the club, and is wholly or mainly used for the charitable purposes of the charity (or of that and other charities), or for the purposes of the club (or of that and other clubs).

Discretionary Rate Relief

The Council has the power to grant discretionary rate relief to any organisation where the following conditions are satisfied:

- It is not established or conducted for profit and, its main aims are charitable, philanthropic or religious, or are concerned with social welfare, education, science, literature or the fine arts, or

- The premises are occupied wholly or mainly for recreation by a “not for profit” club or society and are used for the purpose of the organisation.

- It is a charity already receiving mandatory rate relief.

Both Babergh and Mid Suffolk have a discretionary rate relief scheme in place.

Local Discounts

The Localism Act gives councils more freedom to offer business rate discounts - to help attract firms, investment and jobs. Whilst councils would need to meet the cost of any discount from local resources (50/50 with Central Government), they may decide that the immediate cost of the discount is outweighed by the long-term benefit of attracting growth and jobs to their area. This has not been used by Babergh or Mid Suffolk.

Retail Discounts

The Government is giving funding to local authorities so that they can provide a discount worth up to £1,000 a year - in both 2014-15 and 2015-16 - to retail premises with a rateable value of up to £50,000. This will provide support to premises including pubs, cafes, restaurants and shops.

Small Business Rate Relief

Ratepayers who are not entitled to another mandatory relief or are liable for unoccupied property rates and occupy a property with a rateable value which does not exceed £17,999 outside London or £25,499 in London will have their bill calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, generally, if the sole or main property is shown on the rating list with a rateable value which does not exceed £12,000, the ratepayer will receive a percentage reduction in their rates bill for this property of up to a maximum of 50% for a property with a rateable value of not more than £6,000. However, until 31st March 2015, the Government has doubled the usual level of relief.

Generally, this percentage reduction (relief) is only available to ratepayers who occupy either-

- (a) one property, or (b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed £2,599.
- The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £17,999 outside London or £25,499 in London on each day for which relief is being sought. If the rateable value, or aggregate rateable value, increases above those levels, relief will cease from the day of the increase.

However, the Government has introduced additional support to small businesses. For those businesses that take on an additional property which would normally have meant the loss of small business rate relief, the Government has confirmed that they will be allowed to keep that relief for a period of 12 months.

Certain changes in circumstances will need to be notified to the local authority by a ratepayer who is in receipt of relief (other changes will be picked up by the local authority). The changes which should be notified are-

(a) the ratepayer taking up occupation of an additional property, and
(b) an increase in the rateable value of a property occupied by the ratepayer in an area other than the area of the local authority which granted the relief.

The award of such discounts is considered likely to amount to state aid. However it will be state aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013). The De Minimis Regulations allow an undertaking to receive up to €200,000 'de minimis' aid over a rolling three year period.

Hardship Relief

The Council has the power to award up to 100% rate relief to prevent or alleviate hardship which would otherwise occur if relief were not granted and granting relief is in interests of Council Taxpayers. Applications are considered on a case by case basis by Babergh Strategy committee and Mid Suffolk's Executive committee.

Rate relief for businesses in rural areas

Certain types of properties in a rural settlement with a population below 3,000 may be entitled to relief. The property must be the only general store, the only post office or a food shop and have a rateable value of less than £8,500, or the only public house or the only petrol station and have a rateable value of less than £12,500. The property has to be occupied. An eligible ratepayer is entitled to relief at 50% of the full charge.

Babergh and Mid Suffolk also have discretion to give further relief on the remaining bill. Both Council's have policies in place to award discretionary relief.

Unoccupied Property Rating

Business rates will not be payable in the first three months that a property is empty. This is extended to six months in the case of certain industrial properties. After this period rates are payable in full unless the unoccupied property rate has been reduced by the Government by order. In most cases the unoccupied property rate is zero for properties owned by charities and community amateur sports clubs. In addition, there are a number of exemptions from the unoccupied property rate.

The Government has introduced a new temporary measure for unoccupied new builds from October 2013. Unoccupied new builds will be exempt from unoccupied property rates for up to 18 months (up to state aid limits) where the property comes on to the list between 1st October 2013 and 30th September 2016. The 18 month period includes the initial 3 or 6 month exemption and so properties may, if unoccupied, be exempt from non-domestic rates for up to an extra 15 or 12 months.

Reoccupation Relief

The Government announced in the Autumn Statement on 5 December 2013 that it will provide a 50% business rates discount for 18 months for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016, up to State Aid De Minimis limits. Properties which will benefit from the relief will be

- Occupied
- Business premises
- ▪ That
- When previously in use , were wholly or mainly used for retail, please see below for definition of retail
- Were empty for 12 months or more immediately before their reoccupation
- Become reoccupied between 1 April 2014 and 31 March 2016
- Are being used for any use (i.e. not just retail) except those being used as betting shops, payday loan shops or pawn brokers

Partly Occupied Property Relief

A ratepayer is liable for the full non-domestic rate whether a property is wholly occupied or only partly occupied. Where a property is partly occupied for a short time, the council has discretion in certain cases to award relief in respect of the unoccupied part.

Funding of reliefs

In general reliefs are shared 50/50 between Central and Local Government. However some of the recently introduced reliefs are funded by Central Government through Section 31 Grant. These are:

- 2% cap on 2014 – 15 small business rates multiplier
- Small Business Rate Relief - cost to authorities of temporary doubling in 2014-15
- Small Business Rate Relief - cost to authorities of maintaining relief on "first" property
- New Empty Property Relief - cost to authorities of giving relief to newly-built empty property
- Reoccupation Relief - cost to authorities of giving relief to reoccupation of "long-term empty" property
- Retail Relief - cost to authorities of giving relief to retail premises.

Appendix D

Further details on the reliefs granted

Babergh

Type	Current Cases	Amount Granted for current year £
Small Business Rate Relief Extension	1	521.52
Small Business Relief	1294	2,088,915.18
Retail Relief	161	149,578.49
Reoccupation Relief	1	6,849.68
New Build Property Relief	0	-
Mandatory Relief Petrol Filling Station	5	11,001.65
Mandatory Relief Post Office	16	12,460.49
Mandatory Relief Public House	29	49,720.69
Mandatory Relief Village Store	4	4,297.88
Mandatory Relief Food Shop	14	12,934.85
Empty Premises	299	716,433.52
Mandatory Charitable Relief	198	1,729,969.02
Mandatory Community Amateur Sports Club	26	51,159.48
Partly Occupied Premises (Section 44a)	0	-
Flood Relief	0	-
Discretionary Top-Up Relief	133	44,014.57
Discretionary Only Rural Rate Relief	5	15,367.89
Discretionary Relief Non Profit Making Bodies	4	10,017.48
Discretionary Top-Up Petrol Filling Station	5	8,801.32
Discretionary Top-Up Post Office	16	12,460.49
Discretionary Top-Up Public House	29	39,776.54
Hardship Relief	0	
Discretionary Top-Up General Store	4	3,438.30
Discretionary Top-Up Food Shop	14	10,347.87
Discretionary Community Amateur Sports Clubs	27	6,737.18

Mid Suffolk

Type	Current Cases	Amount Granted for current year £
Small Business Rate Relief Extension	1	947.38
Small Business Rates Relief	1240	1,931,478.28
Retail Relief	74	67,877.26
Reoccupation Relief	0	-
New Build Property Relief	0	-
Mandatory Relief Post Office	16	13,398.04
Mandatory Relief Public House	25	42,344.64
Mandatory Petrol Filling Station	5	10,435.30
Mandatory Relief Village Store	5	4,223.53
Mandatory Relief Food Shop	18	18,025.60
Empty Premises	332	581,803.23
Mandatory Charitable Relief	230	893,843.76
Mandatory Community Amateur Sports Club	9	37,177.62
Partly Occupied Premises (Section 44a)	0	-
Discretionary Top-Up Relief	203	157,950.25
Discretionary Only Rural Rate Relief	18	76,494.01
Discretionary Relief Non Profit Making Bodies	45	98,518.26
Discretionary Top-Up Petrol Filling Station	5	10,435.30
Discretionary Top-Up Post Office	16	13,397.99
Discretionary Top-Up Public House	25	42,344.62
Hardship Relief	0	
Discretionary Top-Up General Store	5	4,223.52
Discretionary Top-Up Food Shop	18	18,025.59
Discretionary Community Amateur Sports Clubs	7	6,633.77

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