

The principles outlined below apply to the new discretionary rate relief schemes being developed to support businesses most affected by the 2017 revaluation. The government announced funding for this scheme in the Spring Budget 2017 but requires local authorities to set their own criteria for distributing this funding to businesses in their areas.

Within the West Midlands, members of the Combined Authority will design their own schemes in accordance with the following principles:

1. Relief will be available to businesses on properties which have a rateable value of less than £200,000 on the 2017 list, subject to the exclusions below.
2. Properties which are empty or which are eligible for charitable or Community Amateur Sports Club relief will not be eligible for relief.
3. Businesses which otherwise meet the eligibility criteria but which are operated by larger entities (e.g. national or multi-national businesses) will not be entitled to relief. This is to protect against accidental breaches of EU State Aid regulations and to ensure support is targeted at smaller enterprises. Properties for which the billing authority or major precepting authorities are liable will also be excluded.
4. Each authority will determine, based on their funding allocation, a threshold for the minimum percentage increase in net business rates bills which will apply to eligible businesses in their area. Each authority will then distribute [95%] of the funding available to them to eligible businesses in their area, in proportion to the amount that a business' net bill (after reliefs) has increased above the locally-determined minimum threshold following the revaluation.
5. The balance of [5%] will be held back to manage the risk of changes or challenges in year which affect the amount of grant that needs to be paid out. If the grant available exceeds the call on the funding, the excess will be retained for allocation in future years if government rules allow.
6. Revised bills reflecting the new lower charge will be reissued to eligible businesses without any requirement for them first to apply for support.
7. The amount of relief awarded will be recalculated in the event of a change of circumstances (e.g. a backdated change to the rateable value). That this may be done should be made clear in the conditions of an award for the relief.
8. Entitlement to relief will be granted for one financial year at a time and will be recalculated annually. This will be made clear in the conditions of an award for the relief.
9. The schemes will run for the financial years from 2017/18 to 2020/21 unless government guidance to the contrary is issued. The parameters of the schemes will be reviewed annually and policies will be revised as necessary.

Notes

In the first instance, grants to compensate for the estimated cost of relief (100% of the cost for the WM pilot authorities) will be paid to billing authorities, but ultimately the funding will need to be shared with the major precepting authorities. This will be done automatically at year end via the NNDR3 return.

It is anticipated that the impact of the relief on the combined authority's share of business rates growth will be neutralised through the gainshare methodology, as is the case with other costs funded through section 31 grants.