

Report of the Strategic Director Corporate Services to the meeting of Corporate Overview & Scrutiny Committee to be held on 26 April 2017

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Subject:

Business Rates

Summary statement:

This report sets out the Council's performance in, and the challenges for, the collection of Business Rates. The report also examines the impact on the Council and businesses of the revaluation of rateable values; and considers the future of Business Rates retention

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Overview & Scrutiny Area:

Corporate



1. SUMMARY

- 1.1. This report sets out the Council's performance in, and the challenges for, the collection of Business Rates.
- 1.2. The report also examines the impact on the Council and businesses of the revaluation of rateable values which came into effect 1 April 2017; and considers the future of Business Rates as the move to 100% retention is progressed.

2. BACKGROUND

- 2.1. Business Rates have always been an important source of income for local authorities, but this importance increased in 2013 when the government partially localised the system. Their importance will grow again in a few years time when the system is completely localised.
- 2.2. The Valuation Office Agency (VOA) is an Executive Agency of Her Majesty's Revenue and Customs and is responsible for maintaining the Rating List; a list of the rateable values of each property as assessed by the VOA. Business Rates payable are then calculated based on the rateable values of each property and a multiplier, set by central government.
- 2.3. The rateable value is an assessment of the likely rental a property would attract on the open market
- 2.4. The Council is responsible for issuing the Business Rate Bills, and for the collection. The Council also provides the VOA with information about changes to properties and information in relation to new developments to ensure that the Rating List remains current and accurate.
- 2.5. The rateable values for 2016-17 are based on property rental values at 1 April 2008. These are held in the 2010 Rating List.
- 2.6. The VOA has recently completed a revaluation of all Non Domestic properties and the new rateable values, based on rental values at 1 April 2015, are effective from 1 April 2017. The revaluation will affect the amount of business rates many businesses across the Bradford District will have to pay.
- 2.7. Currently, the Council retains 49% of business rates collected, 50% is paid to central government, and 1% is paid to the West Yorkshire Fire Authority. A system of top-up grants and tariffs also forms part of the retention scheme.
- 2.8. The maximum income from business rates that the Council receives is determined by an assessment of local need undertaken by Government - the Relative Needs



Assessment. For authorities, such as Bradford, that are not able to generate sufficient business rate income to meet the Relative Needs Assessment, Government provides additional funding through top-up grants and tariffs provided for in the Business Rates Retention scheme, to equalise between the Relative Needs Assessment and the retained income.

- 2.9. Business Rate Bills are issued to all businesses included in the Rating List. A number of support schemes are in place which can provide eligible businesses with partial or full relief from their Business Rates, and briefly comprises;
- Small business rate relief
 - Mandatory rate relief
 - Rural rate relief
 - Relief for partly occupied properties
 - Exempt properties - unoccupied
- 2.10. These relief schemes are described more fully in Appendix 1. There are approximately 18,500 Business Rate bills issued, and once exemptions and reliefs are applied, there are around 11,000 accounts will be require payment in the coming year.
- 2.11. This report sets out the Council's performance in, and the challenges for, the collection of Business Rates. It also examines the impact on the Council and businesses of the revaluation of rateable values; and finally considers the future of Business Rates retention.

3. OTHER CONSIDERATIONS

COLLECTION

- 3.1. Table 1 shows the amount collected and the in-year collection rate for the last five years.

	Business Rates to be collected £'000	Amount collected in year £'000	In year collection rate
2012/13	£140,297	£135,799	96.8%
2013/14	£142,546	£139,358	97.8%
2014/15	£139,576	£136,711	97.95%
2015/16	£142,981	£138,330	96.94%
2016/17	£149,970	£144,229	95.73%

Table 1

- 3.2. Following the economic recession, the Government introduced a number of business rate support schemes that helped the Council achieve a higher level of collection than would otherwise have been the case. However, those schemes have reduced or ended, making annual comparison of collection rates difficult.
- 3.3. At the end of the financial year the arrears outstanding are added to arrears from

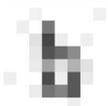


previous years. The amount of arrears for all years as at 31 March 2017 is £10m. Annual analysis of outstanding debt is difficult because of the factors that affect historical collection figures; in particular entries in the rating list are constantly changing with appeals being settled by the VOA and backdated to the start of the Rating List. Overpayments have to be repaid, often going back several years. Consequently, it is very difficult to determine how much of the originally billed debt is collected.

- 3.4. Most businesses pay their business rates as stated on their bill. However, some do not for a variety of reasons. Some businesses simply have difficulty in paying their bill, while others either employ avoidance techniques to remove or minimise their liability, or seek to evade paying their business rate bill. Using the 'system' to avoid or minimise business rate liability is not illegal, but it does reduce the amount of business rates the Council is able to collect.
- 3.5. Business rate avoidance is a growing problem nationally. There are companies that contact owners specifically to arrange for avoidance schemes to take place on their premises. Increasingly, rating agents and property management companies are also using avoidance techniques to save their clients money.
- 3.6. A lot of time is spent on these cases, including site visits, challenging leases and establishing who is responsible for payment. In many instances these matters only come to our attention when legal proceedings have commenced or we are at the final stages of court action and considerably large sums are outstanding.
- 3.7. For those businesses that do not pay in a timely manner, or at all, the Council has a collection procedure that is designed to maximise income, but is flexible enough to assist those businesses with short term difficulties. Details of the Council's collection procedures are provided in Appendix 2.
- 3.8. There are between 2,000 and 2,300 accounts that go beyond a liability order stage over the course of a year. It should be emphasised that a business can halt recovery proceedings at any stage by either paying the debt or by making an acceptable payment arrangement.

REVALUATION

- 3.9. The introduction of the 2017 rating list will not affect the overall amount of income the Council derives from business rates, but it will affect the amount that the Council has to collect directly from businesses.
- 3.10. Overall, the rateable value for the Bradford District has risen from £388,615 to £393,633; a 1.3% increase. This is the highest increase in West Yorkshire as shown in Appendix 3.
- 3.11. Appendix 3 also shows how various sectors in the District have been affected by the revaluation.



- 3.12. A requirement of the 2017 revaluation was that it be fiscally neutral at a national level.
- 3.13. The Government will set the multiplier at a figure that will limit the increase in business rate income to the increase in the Retail Price Index. This change in the multiplier has the effect of reducing the amount of Business Rates to be collected for the Bradford District. This means that, to maintain fiscal neutrality, Bradford will receive additional top up grant from central government.
- 3.14. However, businesses across the Bradford district will be affected, to a greater or lesser extent, by individual changes in the rateable value of their property; i.e. increases or reductions by class will not necessarily result in a corresponding, or representative, change for individual businesses. Further, some businesses could see a significant increase in the business rates they have to pay while others could see a significant reduction.
- 3.15. The government has introduced schemes to mitigate the adverse impact, and limit the extent of any beneficial changes, arising from the revaluation. The first of these is already in place, but the others are still the subject of Government consultation.
- Transitional Support** - To ensure no business see a significant change in their liability between the two lists, a scheme of upwards and downwards caps has been introduced.
- Supporting Small Businesses** - For Rate Payers who have lost some or all of their Small Business Rate relief or Rural Rate Relief as a result of the rateable value changes
- Those facing large increases will be supported to the following by which ever is greater; £50 per month or the matching cap on increases for small properties in the Transitional Relief scheme (5%)
- Support for Pubs** - £1,000 discount for properties with a rateable value under £100,000
- Discretionary Rate Relief Scheme** – the scheme is still being consulted upon (nationally) but it is expected that it will be up to each LA to design their discretionary relief scheme and determine eligibility of ratepayers to support
- 3.16. A broad outline of the latter three of these schemes is provided in Appendix 4; and a more detailed analysis of the Transitional Relief scheme, and its implications for small, medium and large businesses, is provided in Appendix 5. Of the 18,525 businesses across the district, 7,653 will have a cap to limit the increase, and 2,822 will have the beneficial gain capped. Table 2 in Appendix 5 summarises the number and extent of those upward and downward caps.

COMPLETE LOCALISATION

- 3.17. Looking forward, the move to 100% business rates retention has been widely publicised. A Business Rates Retention Steering Group has been established with government representatives and interested parties. It is being hosted by DCLG and



the Local Government Association.

- 3.18. There are three strands to the business rates retention work:
- Fundamental review of the relative need of local authorities
 - Review and reset the Business Rate Baseline
 - 100% retention of business rates and the transfer of new burdens
- 3.19. The review of the relative need of local authorities is being undertaken for implementation in 2020. The review will tackle some fundamental questions about need and how to measure it. It is likely that any gains or losses will be reflected through the top up/tariff adjustment. Bradford may gain or lose from this review.
- 3.20. One of the key outcomes from the review and reset of the business rate baseline will be the establishment of the new NNDR baselines for local authorities. The baseline will determine the target level of business rates to be collected by the Council. Over recent years the Council has not achieved the target level of business rates due to the effect of successful rating appeals
- 3.21. The NNDR baseline is important as it is deducted from the Settlement Funding Assessment to derive the top up grant the Council receives. The NNDR baseline and mechanisms to be put in place for 100% business rate retention may lead to gains or losses for Bradford, independent to the review of relative needs.
- 3.22. The work being undertaken to establish the mechanisms needed to set up and run 100% business rate retention will cover many issues such as redistribution mechanisms, managing appeal risks, safety net, and the split between tiers of local government.
- 3.23. The Government has stated that the move to 100% business rates retention will be fiscally neutral for HM Treasury so additional responsibilities will be passed to Local government to offset any increased share of the business rates income. We do not know yet what the new burdens will be but the risk is that the burdens have higher cost pressures than any forecast growth in business rates income.

Other Matters

Business Improvement Districts (BID)

- 3.24. This is a process where the business community in a particular area form a company and agree to raise additional revenue by using the business rates data base to enable them to provide “services” that they feel will enhance / promote the businesses in the area.
- 3.25. Each BID will run for a period of 5 years once it is set up in accordance with the legislative requirements. The work is undertaken by the Business Rates Team but the income collected is paid over to the BID Company. Currently we are in year two of the Keighley BID and there are discussions on going within the business



community about potential new BID's within the District.

Enterprise Zones

- 3.26. This is part of a Government backed scheme to develop advance manufacturing along the M62 Corridor. This includes land at Gain Lane; Parry Lane and Straithgate Lane in Bradford and areas within Calderdale; Wakefield and Kirklees. There is potential for long term income generation via business rates but in the short term businesses would receive 100% rate relief.

4. FINANCIAL & RESOURCE APPRAISAL

- 4.1. The Council has collected 95.73% of the business rates due in 2016-17; collection of arrears will continue. Currently, the total amount of business rate arrears (amount to be collected) stands at £10m.
- 4.2. Generally, Bradford's experience has been of receiving less business rates income than anticipated. This has mainly been due to successful appeals against rateable values, leading to a high cost of refunds backdated over a number of years. For example, in 2015-16 Bradford's share of Business Rates collected was £11.7m lower than budgeted. Some refunds were backdated by as much as ten years. However, the deficit for 2015-16 was fully anticipated and taken into account during the Council's Budget process.
- 4.3. Following the adjustment for the increase in rateable values, the multiplier will also increase by 1.8% in 2017-18 account for inflation. In addition, the multiplier has then been increased by 4.8% to cover the government's estimated cost of appeals. Consequently, the Council will need to make provision for this level of appeal in its Budget process. The amounts will be set aside in 2017-18 ready for use, but it is unlikely any refunds will be paid out in this first year because the appeals will not have been decided on.
- 4.4. The new Business Rate support schemes for 2017 will not be introduced immediately. The retrospective implementation of the support schemes, and the impact of the revaluation and increased business enquiries, will increase the administrative burden for the Business Rates team over the short to medium term.
- 4.5. Any further funding arrangements to support other schemes proposed by Government to mitigate the impact of changes to the Rating List have still to be confirmed.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

- 5.1. Planning for the consequences of successful appeals is already built in to the Council's Budget process. Whilst the Government expects that appeals will reduce, this is not a view universally held. This will be monitored to ensure that the



Council's reserves policy continues to meet the Council's financial planning needs.

6. LEGAL APPRAISAL

- 6.1. The Local Government Finance Act 1988 bestows authority upon the Council, as the Billing Authority, to issue Billing notices for, and the collection of, Business Rates (NNDR)
- 6.2. The Discretionary Relief scheme will be administered through the LA discretionary powers under section 47 of the LGFA 1988 and will be compensated through a Section 31 grant for the cost of granting the relief.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

None

7.2 SUSTAINABILITY IMPLICATIONS

The sustainability of local business is linked to the sustainability of the local economy and of communities. The Government's intention to introduce schemes to mitigate impact of changes to rateable values means that meaningful analysis of the immediate and future impact of the changes cannot yet be undertaken.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

None

7.4 COMMUNITY SAFETY IMPLICATIONS

None

7.5 HUMAN RIGHTS ACT

N/A

7.6 TRADE UNION

N/A

7.7 WARD IMPLICATIONS

The business rate revaluation will affect businesses and business properties across the district. While changes to the rateable value are indicative of future change, the Government's intention to introduce schemes to mitigate that impact means that meaningful analysis of the immediate and future impact of the changes cannot yet be undertaken.

7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)

N/A



8. NOT FOR PUBLICATION DOCUMENTS

None

9. OPTIONS

N/A

10. RECOMMENDATIONS

That;

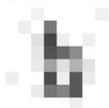
- The committee note the report and requests that a further Business Rate report be presented in 12 months

11. APPENDICES

- Appendix 1, Current Business Rate Relief Schemes
- Appendix 2, Business Rate Collection
- Appendix 3, Effect of changes in Rateable Value following Revaluation
- Appendix 4, Business Rate Relief Schemes for 2017/18
- Appendix 5, Transitional Relief Scheme

12. BACKGROUND DOCUMENTS

- Local Government Finance Act 1988



Current Business Rate Relief Schemes

Small Business Rate relief

From 1 April 2017, small businesses with a rateable value of up to £14,999 may qualify for a reduction from their full rate bill. Small businesses which qualify, with a rateable value of less than £51,000, will have a lower multiplier used to work out their rate bill.

Businesses with a rateable value up to £12,000 will be entitled to 100% relief.

Businesses with a rateable value of between £12,001 and £14,999 will be entitled to relief on a sliding scale between 100% and 0%, as well as having their bill calculated on the basis of the small business rate multiplier.

Business with a rateable value from £15,000 to £51,000 there is no discount, but the business will continue to be entitled to have their rates bill calculated using the small business rate multiplier.

To qualify for the relief, businesses must satisfy their local authority that:

- the sole or main property they occupy must have a rateable value of less than £14,999, and;
- if they occupy any additional properties, each of the additional properties must have a rateable value of less than £2,899 and the total rateable value of all of their properties must be less than £19,999, in which case the relief would be applied to the property with the highest rateable value

Also, businesses can occupy an additional property with a rateable value below £14,999, without losing entitlement to the relief on their original property, for an initial period of 12 months.

Mandatory relief

An organisation that is a registered charity or a charity that is exempt from registration or a registered community amateur sports club, it may get mandatory relief equivalent to 80% discount provided the premises are wholly or mainly occupied for charitable purposes.

The Council also has the discretion to award a further 20% 'top-up' relief where 80% mandatory relief has already been allowed. However, this is only ever allowed in exceptional circumstances.

Rural rate relief

Certain properties in rural areas can receive help with their business rates. A rural settlement is defined as a settlement with a population of no more than 3,000 which is wholly or partly within a council's area. The rural areas contained in the Council's current rural settlements list are:



Burley Woodhead	Eastburn	Keelham	Stanbury
Crossroads	Egypt	Laycock	Tong
Cullingworth	Esholt	Micklethwaite	Well Heads
Dean Head	Hainworth	Mountain	West Scholes
Denholme	Harden	Oldfield	
East Morton	Harecroft	Oxenhope	

The Council must give 100% relief to the following properties situated in a rural settlement:

- Post Office where it is the only Post Office in the settlement and has a rateable value of £8,500 or less
- general store where it is the only general store in the settlement and has a rateable value of £8,500 or less
- all food stores - where they have a rateable value of £8,500 or less.
- public houses - where they are the only public house in the settlement and has a rateable value of £12,500 or less
- petrol station - where it is the only petrol station in the settlement and has a rateable value of £12,500 or less

The Council has the discretion to allow up to 100% relief to any non-domestic property in a rural settlement with a rateable value of £16,500 or less. This discretion is only used if the Council is satisfied the property is used for a purpose that benefits the local community.

Exempt properties – unoccupied

Class Description	
1	Unoccupied newly built properties or those where structural alterations or major repairs have taken place (exempt for up to 6 months from completion of work)
2	Unoccupied hereditaments (exempt for up to 6 months)
3	Hereditaments where occupation is prohibited by law
4	Hereditaments where occupation is prohibited by action taken by the Crown or any local or public authority
5	Listed buildings (subject to a preservation notice under s.58 of the Town and Country Planning Act 1971)
6	Ancient monuments (as scheduled under s.1 to the Ancient Monuments and Archaeological Areas Act 1979)
7	Hereditaments with a rateable value of less than £2,600 (for 2010/11 ONLY this has been increased to £18,000).
8	Unoccupied hereditaments where the owner is entitled to possession only in his capacity as the personal representative of a deceased person
9	Unoccupied hereditaments where the owner is subject to a bankruptcy order or a winding-up order under the Insolvency Act 1986
10	Unoccupied hereditaments where the owner is entitled to possession only in his capacity as a trustee under a deed of arrangement or as a liquidator under the Insolvency Act 1986
11	Unoccupied newly built properties or those where structural alterations or major repairs have taken place (exempt for up to 6 months from completion of work)
12	Unoccupied hereditaments (exempt for up to 6 months)

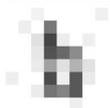
Some empty or mostly unoccupied properties are exempt from Business Rates. There are several classes of exemption, some of which only apply for a specified length of time.



Relief for partly occupied properties

In certain circumstances, the Council can request that the valuation officer provides a certificate to apportion the rateable value of a property which is partially occupied for 'a short time only'. This is called a Section 44a certificate.

This is normally used in situations where a property is occupied or vacated in stages, or where part of the property is unusable e.g. due to fire, flood or redevelopment. The effect of the apportioned values enables a reduction of 100% to be made against the rateable value of the un-occupied part. This is a discretionary power and exceptional circumstances need to apply in order for the Council to do this.



Business Rate Collection

The Business Rates collection process is in line with legislation and good practice and is reviewed on a regular basis. The Business Rate bill shows the net amount due after deduction of any reliefs or exemptions the business may be entitled to. Each bill will allow payment to be made by monthly instalments and at least 14 days will be allowed before the first instalment is due. Businesses can opt to pay their bill over twelve instalments (April – March) rather than ten (April – January). The most effective way to pay is by direct debit and businesses can select one of four payment dates in the month to tie in with their own cash flow.

If a business disagrees with the bill it has been sent, it should contact the Council to discuss its objections. If the objection is about a Valuation matter the business will be expected to pay the instalments as and when they become due, and contact the VOA to resolve the issue. The business does not have the legal authority to withhold payment pending the outcome of any appeal they may have submitted. In such circumstances an agreed arrangement to pay is made with the caveat that if successful any overpayment will be refunded with interest if no recovery action is taken.

The Council will amend the Business Rates records where a change in liability occurs, and send the business an amended bill.

For businesses that have difficulty in paying their bill, the collection procedure, detailed below and available on the Council's website, will be followed.

Business Rates Collection Procedure

If you have difficulty in paying

When you receive your bill, and you know that you will have difficulty in paying your instalments on the dates stated, please contact us immediately to discuss an alternative arrangement for payment.

If you do not pay your instalments as they become due, we will send you a Reminder Notice to advise you of the amount of arrears. If you bring your payments up to date within 7 days, you will be allowed to continue paying by instalments. However, if your instalments are not brought up to date, the full balance on your account will become payable and we can take Court action to enforce payment of the debt.

Taking court action

We will take Court action to enforce payment of the debt. It is at this point costs start to become payable. The cost for the issue of a summons is £60.00.

If the amount, including costs, is paid in full before the Court Hearing date, no further action will be taken and proceedings will be marked paid.

However, if you are unable to pay the full amount immediately, you can contact us to discuss an arrangement for payment on the understanding that the application for a Liability Order will still be made to the Magistrates and additional costs will be incurred. In these cases, we will not take any enforcement action on the Liability Order if the arrangement is maintained.



The Liability Order

If a Liability Order is granted, we can immediately take action to enforce payment of the outstanding amount. Even at this late stage, unless instructions to take enforcement action have been issued, you will still have the opportunity to make an arrangement for payment including costs.

If you do not make an arrangement for payment, or fail to keep to an arrangement made, we will take action to enforce payment of the debt without further notice.

How we can enforce payment

Under the terms of Taking Control of Goods Regulations 2013 the Council will add a compliance fee of £75 after having obtained a Liability Order. It will still be possible for you to make an arrangement at this stage to clear the debt. However, if you fail to make or keep an arrangement, the debt will be passed to an Enforcement Agent for collection once again incurring additional costs.

Enforcement Agents are instructed to remove and sell your goods to the value of the outstanding Business Rates and costs incurred. The Enforcement Agent will give you the opportunity to pay in full before taking control of your goods for removal. Even at this late stage you can still enter into an arrangement to pay. When an Enforcement Agent is instructed, you will incur a significant amount in associated costs. You should be aware that the costs are calculated as a percentage of the outstanding debt in accordance with legislation.

Insolvency or committal proceedings

Where we establish that there are assets belonging to the individual or the Company then we will instigate insolvency proceedings, i.e. bankruptcy or liquidation, in the County Court. This action is taken in line with the guidance issued by the Local Government Ombudsman.

If the Enforcement Agent is unable to recover the debt, and you are a person whose business is no longer operational, we will still continue to pursue the debt. If you fail to keep to an arrangement made, and there is no other way of enforcing payment, we will make an application to the Magistrates' Court for your commitment to prison. Even at this late stage, we can still be contacted and we may be able to agree an arrangement for payment with you. The commencement of Committal proceedings can result in additional costs in excess of £245.00 being incurred and the Magistrates can send you to prison for a period up to 90 days.

At any stage of the enforcement process if you pay your account in full and final settlement the enforcement action will cease. However, if you contact to make an arrangement for payment, we will, wherever possible, take into consideration any difficulties you may be experiencing and deal with you in a reasonable and professional manner with regards to your conduct in discharging your rates liabilities. In doing this, we will seek to ensure that you are able to meet your on-going Business Rate liability as well as make payment towards any arrears outstanding. This will mean that, in order to help you, we may sometimes need to ask for full details of your financial position including details of all your assets. There may also be occasions when we will advise you to seek help from a firm of Insolvency Practitioners who should be able to give you specialist advice on how best to resolve any difficulties.

We can be contacted to discuss your Business Rates at any stage.



Effect of Changes in Rateable Value following Revaluation

Overall, the rateable value for the Bradford District has risen from £388,615 to £393,633; a 1.3% increase.

Table 1 shows the overall impact (as at 30 September 2016) of the changes for the West Yorkshire Local Authorities.

Table 1: Comparison of RV changes across West Yorkshire Authorities

AREA	2010 RV - £	2017 RV - £	% Change
Bradford	388,615	393,633	1.3
Leeds	917,243	904,052	-1.4
Kirklees	279,982	283,438	1.2
Wakefield	308,519	308,743	0.1
Calderdale	157,261	157,415	0.1
West Yorkshire	2,0516,20	2,047,281	-0.2

Businesses are broken down into sectors; industrial, retail etc.

Table 2 shows the impact of the revaluation on these sectors (as at 30 September 2016) The Commercial category has seen a decrease in rateable value of over £7m; reducing from £253,998,165 to £246,981,810.

Table 2: Changes in Rateable Value by sector

Description	Total RV 2010	Total RV 2017	Change - £
Commercial (Retail and office)	£253,998,165	£246,981,810	-7,016,355
Industrial	£68,696,566	£70,961,535	2,264,969
Educational, Training & Cultural	£33,364,785	£34,975,950	1,611,165
Formula Assessed Public utilities	£108,105	£176,675	68,570
Leisure	£9,962,921	£9,835,290	-127,631
Miscellaneous	£18,052,784	£26,441,364	8,388,580
Non Formula Assessed Public & Other Utilities	£4,278,977	£4,153,272	-125,705
Treasury (Crown)	£105,250	£79,500	-25,750
	£388,567,553	£393,605,396	£5,037,843

The Commercial sector can be broken down further into classes.

Table 3 shows that reductions in the rateable value in the Offices and Shops classes (£5.8m and £4.6m respectively) account for the overall reduction for the Commercial sector (as at 30 September 2016), although this is off-set by the £1.1m increase in rateable values for licensed properties.



Table 3: Changes in Rateable Value by Commercial Class

Commercial Classes	Total RV 2010 £	Total RV 2017 £	Change £
Advertising Rights & Stations	688,125	702,120	13,995
Camping sites, holiday centres etc.	202,600	234,510	31,910
Petrol filling stations, garages etc.	9,529,625	10,296,550	766,925
Hotels, boarding houses etc.	3,177,630	3,428,650	251,020
Licensed properties	9,326,500	10,451,850	1,125,350
Markets	44,700	29,500	- 15,200
Offices	49,325,854	43,489,675	- 5,836,179
Car parks and parking spaces	2,296,475	2,403,175	106,700
Restaurants, Cafes etc.	5,597,985	5,675,655	77,670
Shops, Banks, Post Offices etc.	115,211,395	110,602,420	- 4,608,975
Warehouses, stores etc.	55,109,706	56,048,200	938,494
Other Commercial	3,487,570	3,619,505	131,935
COMMERCIAL SUB TOTALS	253,998,165	246,981,810	- 7,016,355



Business Rate Relief Schemes for 2017/18

Supporting Small businesses relief (SSBR)

For Rate Payers who have lost some or all of their Small Business Rate relief or Rural Rate Relief as a result of the Rateable Value changes.

Those facing large increases will be supported to the following by which ever is greater;

- £600 per year (£50 per month) or
- The matching cap on increases for small properties in the TR scheme (5%)

Formal Guidance on the scheme and how it will work in future years will be provided

Support for Pubs

- £1000 discount
- RV under £100,000
- Effective for one year 2017/18
- DCLG to publish a consultation on the operation of the scheme shortly

Discretionary Rate Relief

The Government announced the establishment of a £300m discretionary relief fund over four years from 2017/18 to support those businesses that face the steepest increases in their business rate bill as a result of the 2017 revaluation.

The consultation (ended 7 April 2017) suggests that it will be up to each LA, possibly in collaboration with other authorities operating within their area, to design their discretionary relief scheme and determine eligibility of ratepayers to support. However it also suggests that two conditions will be set as part of the scheme that the most support will be given to;

- Ratepayers or localities that face the most significant increases in bills; and
- Ratepayers occupying lower value properties.

We are currently reviewing the data we hold to determine possible case where relief can be considered. We will also consult with other LA's within the Leeds City Region with regard to any joint schemes. However, we will have to wait for the Governments response to this consultation exercise before any scheme can be implemented.



Transitional Relief Scheme

Properties with an increase in rateable value will have the amount of the increase in their rate bill limited by applying a cap. Similarly, properties with a reduction in rateable value will have the amount of any beneficial change limited by a cap.

Properties have been split into three tiers based on the rateable value. Table 1 shows the level of the cap for each tier; setting the amount that the rate bill cannot go up or down each year following the revaluation.

Transitional Arrangements 2017 revaluation (before inflation) funded by 3 caps on reductions						
	Property Size : rateable value	2017/18	2018/19	2019/20	2020/21	2021/22
Cap Upwards	Small: £20000 or less	5.0%	7.5%	10.0%	15.0%	15.0%
	Medium: £21000 - £100000	12.5%	17.5%	20.0%	25.0%	25.0%
	Large: Over £100000	42.0%	32.0%	49.0%	16.0%	6.0%
Cap downwards	Small: £20000 or less	20.0%	30.0%	35.0%	55.0%	55.0%
	Medium: £21000 - £100000	10.0%	15.0%	20.0%	25.0%	25.0%
	Large: Over £100000	4.1%	4.6%	5.9%	5.8%	4.8%

Table 1

Inflation has been factored into the 2017/18 cap figures in table 1, but not in future years. Consequently, the cap figures for 2018/19 onwards will be subject to change as annual inflation is factored in.

Impact on Bradford's ratepayers

Overall, Bradford's ratepayers will be paying around £4m less in business rates in 2017/18 (£148m) than they did in 2016/17 (£152m). These businesses have been broken down into the three transitional relief bands described above.

Large properties – RV over £100,000

- We have 582 properties in this category
- 434 (75%) of these have seen reductions or no change in their rate payable in 17/18.
 - Of these 396 have reduced beyond the cap downwards and therefore have an additional amount to pay on their bill.
 - Some of these properties have had significant decreases in rateable values, and whilst their bills have come down they will not be as low as some business might have been expecting because of the cap.
- 148 (25%) have increased, however only 23 have increased beyond the cap and they will receive relief to limit this.
 - Even after the relief the increases on all 23 of these properties are still above 45%, with the highest increase being 55%



Medium Properties - RV over £20,001 to £100,000

- We have 2,603 properties in this group
- 1,595 (61%) of these have seen reductions or no change in their rate payable in 17/18.
 - Of these 747 have reduced beyond the cap downwards and therefore have an additional amount to pay on their bill.
- 1,008 (39%) have increased, with 630 increasing beyond the cap and will receive relief to limit this.
 - Those with the largest increases again include pubs and restaurants, public building and shops and retailers.

Small Properties - RV up to £20,000

- We have 15,340 properties in this group.
- Of these 8,292 (54%) will receive small business rate relief and not be affected by the revaluation.
 - This is an increase 3,060 that will not have anything to pay next year
 - Of the remaining 7,048, 3,766 will see an increase in their rates payable with 3,033 of these increasing beyond the cap and hence receiving relief
- 3,282 have reduced, with 912 of them below the cap and therefore will have an additional amount to pay on their bill.

Summary of the overall position

The Transitional Relief scheme must pay for itself nationally. Therefore those bills with additional amounts added cover the cost of those getting the relief. This means that Bradford will be a nett contributor to the national scheme of protection; by £4m as illustrated in table 2. This is not unexpected as the overall rate bill for Bradford's business has reduced.

Category	No of properties	Total increased	Total with TR	Amount of TR awarded	Total decreased	Total with Limit on gain	Amount of TR retained
Large	582	148	23	-£2,714,388	434	396	£7,528,771
Medium	2,603	1,008	630	-£2,336,844	1,595	747	£3,920,495
Small	15,340	8,851	7000	-£3,352,940	6,489	1,679	£977,766
	18,525	10,007	7653	-£8,404,174	8,518	2,822	£12,427,033

Table 2

