

Executive Decision Report

Decision maker(s) and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken	Full Cabinet – 27 April 2017 Date of decision – 27 April 2017 Forward Plan reference - KD 05018/17/K/A	 THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA
Report title (decision subject)	PROPOSED LOCAL DISCRETIONARY BUSINESS RATE RELIEF SCHEME 2017/18	
Reporting officer	Ray Brown, Director of Customer Access	
Key decision	Yes	
Access to information classification	Public	

1. EXECUTIVE SUMMARY

- 1.1 The Council collects National Non-Domestic Rates (NNDR) on behalf of Government under the Local Government Finance Act 1988. The rateable values of all NNDR properties are normally reassessed every five years but the 2017 revaluation, which came into force on 1 April 2017 was deferred for two years.
- 1.2 The 2017 revaluation has seen considerable increases in bills for some ratepayers and the Government has, as is usual, introduced a scheme for phasing in both the increases and the reductions. However, even though the transitional scheme has provided some help, large numbers of ratepayers still face considerable increases in their bills and the Government has decided to provide funding over a four-year period for Councils to provide further support through Local Discretionary Business Rate Relief Schemes.
- 1.3 Funding for the scheme has yet to be confirmed and the Government requires the Council to consult with the Greater London Authority (GLA) about its

proposed scheme. Therefore, this report seeks approval of a draft scheme for the purpose of the consultation.

- 1.4 This report provides some detail on the background to the rates increases from 1 April 2017 and proposes a Local Discretionary Business Rate Relief Scheme to assist some ratepayers in the Royal Borough. Once the draft scheme has been approved, the Council will consult on it with the GLA.

2. RECOMMENDATION

- 2.1 Cabinet is requested to approve the proposed Local Discretionary Business Rates Relief Scheme for the financial year 2017/18. Details of the scheme are included in this report and in the qualifying criteria and exclusions at Appendix B.

3. REASONS FOR THE DECISION

- 3.1 To agree a Local Discretionary Business Rates Relief Scheme to provide support, through Government grant, to certain ratepayers who face an increase in their bills for the financial year 2017/18 as a result of the 2017 rate revaluation.
- 3.2 Once the consultation with the GLA has been concluded, the Cabinet Member for Finance and Strategy will be asked to approve the final scheme.

4. BACKGROUND

- 4.1 The 2017 revaluation of all non-domestic rate properties came into force on 1 April 2017. The rateable values of the properties in the rating list are based on rental levels from 1 April 2015. The previous revaluation which came into force on 1 April 2010 was based on rental levels from 1 April 2008.
- 4.2 During the seven-year interval between the two revaluations rents have risen considerably and as a result the rateable value of businesses in the borough has gone up from 643,252,064 to 828,821,176, an increase of 22.4 per cent.
- 4.3 As with previous revaluations, the Government has introduced a five-year transitional scheme to phase in increases and decreases in rates payable. The transitional scheme operates so that the phasing in of decreases funds the phasing in of increases.
- 4.4 After allowing for transitional arrangements, exemptions and reliefs, the Royal Borough's business rates payments, including the business rates supplement, (levied by the GLA to fund Crossrail) have increased from £301 million in 2016/17 to £359 million in 2017/18, an increase of 18.9 per cent.
- 4.5 The transitional scheme for 2017/18 is shown in Table 1 below. The figures in the third column represent the maximum transitional increase in rates payable excluding inflation, which is two per cent for 2017/18. However, bills are higher for properties subject to the small business rates relief premium of 1.3 per cent

and the business rates supplement, charged at 2 pence in the pound on all properties with rateable values over £70,000.

Table 1

Transition Path	Property Type	2017/18
Upwards	Small Properties	5.0%
Upwards	Medium Properties	12.5%
Upwards	Large Properties	42.0%
Downwards	Small Properties	20.0%
Downwards	Medium Properties	10.0%
Downwards	Large Properties	4.1%

4.6 For the purposes of the new transitional scheme, properties fall into three bands:

- small, up to £28,000 rateable value
- medium, £28,001 to £100,000 rateable value
- large, over £100,000 rateable value

4.7 Data for Royal Borough show that 50.2 per cent of properties are small; 31.2 per cent are medium; and 18.6 per cent are large.

The Spring Budget

4.8 In the Spring Budget the Chancellor announced three measures to help reduce the impact of business rate increases from April 2017:

- Supporting Small Businesses
- New Business Rate Relief Scheme for Pubs
- New Discretionary Relief Scheme

Supporting Small Businesses

4.9 Supporting small business rate relief was introduced for businesses facing very large percentage increases in their rate bills due to the loss of small business rates relief. For the Royal Borough this measure applies to less than one hundred businesses and its effect is to limit any increase in rates to £600 for the 2017/18 billing year.

New Business Rate Relief Scheme for Pubs

- 4.10 The new relief scheme for pubs provides a discount of £1,000 for pubs with a rateable value of less than £100,000. This measure is for the 2017/18 year only.

New Discretionary Business Rate Relief Scheme for the 2017/18 Financial Year

- 4.11 Each billing authority will need to set up its own Local Discretionary Business Rate Relief Scheme for the financial year 2017/18, the purpose of which is to provide support to some ratepayers facing increases in their bills because of the revaluation. The relief scheme will be administered under Section 47 of the Local Government Finance Act 1988 as amended.
- 4.12 Before the Council can introduce its own scheme it will need to consult on its proposals with the Greater London Authority and locally and have confirmation of the amount of funding the Government will provide.
- 4.13 The overall increase in rates payable in Kensington and Chelsea for 2017/18 is £58 million. The assistance the Council is able to offer under the scheme will be limited to the funding provided which is anticipated to be around £2.8 million.
- 4.14 This report sets out proposals for the Council's Draft Local Discretionary Business Rate Relief scheme for the financial year 2017/18.

5. PROPOSALS AND ISSUES

Proposals for Draft Local Discretionary Business Rates Relief Scheme for 2017/18

- 5.1 The Government's expectations regarding local discretionary business rates relief schemes is set out at point 4.6 of The Department for Communities and Local Government consultation paper 'Business Rates - Consultation on proposals on the design and implementation of locally administered Business Rates Relief Scheme':

'To allocate the resource between authorities the Government has assumed that authorities will provide support only to those ratepayers who are facing an increase in their bills following revaluation – and will make this a condition of the grant. It further assumes that, by and large, more support will be provided to; ratepayers or localities that face the most significant increases in bills; and ratepayers occupying lower value properties.'

- 5.2 Analysis of the effects of the revaluation on rates bills shows that many shops, restaurants, cafes and public houses in the Borough face significant increases

in their rates bills. It is therefore recommended that the new local discretionary business rate relief scheme be focused on these types of businesses.

- 5.3 Focusing on these types of businesses complements the support provided by the Government in 2014 and 2015 through its retail relief schemes which saw a large proportion of high street businesses with rateable values under £50,000 qualify for fixed amounts of relief.
- 5.4 Given that the purpose of the four-year Government Scheme is to provide relief to ratepayers who face an increase in their bill due to the revaluation, that the increases in those bills are being phased in at different rates each year (as shown below in Table 2 below) and that many ratepayers bills will cease to be in transition each year as they reach their full bill, it will be necessary to design a new local discretionary business rate relief scheme each year so that the relief can be targeted at those ratepayers still facing increases in their bills.

Table 2

Transitional Scheme for 2017 Revaluation						
Transition Path	Property Type	2017/18	2018/19	2019/20	2020/21	2021/22
Upwards	Small Properties	5.0%	7.5%	10.0%	15.0%	15.0%
Upwards	Medium Properties	12.5%	17.5%	20.0%	25.0%	25.0%
Upwards	Large Properties	42.0%	32.0%	49.0%	16.0%	6.0%

- 5.5 The £2.8 million of Government funding is small compared to the overall increase in the Royal Borough’s rates payable of £58 million. Relief can be awarded up to six months after the end of the financial year and some rates bills may increase after 1 April 2017. It is therefore recommended that the scheme has a planned underspend of at least fifteen per cent or £422,000. Unspent funds can be carried forward to the 2018/19 billing year to fund a new scheme for 2018/19 where the level of Government funding is expected to be £1.37 million. It is also recommended that that maximum expenditure under the scheme be capped at the total amount of Government grant for the 2017/18 financial year, which is anticipated to be £2.817 million.
- 5.6 It is proposed that for the purposes of the Draft Local Scheme, properties be divided into the same small, medium and large bands as for transitional purposes:
- small, up to £28,000 rateable value
 - medium, £28,001 to £100,000 rateable value
 - large, over £100,000 rateable

- 5.7 The draft scheme, which will apply for the financial year 1 April 2017 to 31 March 2018 only, is set out in detail at Appendices A and B. It provides for local discretionary business rates relief to be awarded at different percentages depending on the percentage increase for the property and its size for transitional purposes. The percentage increase for the property excludes the business rates supplement but includes a two per cent inflationary increase that ratepayers are required to pay.
- 5.8 It is recommended that ratepayers are not given a right of appeal against the determination of their application. Reliefs currently administered under Section 47 of the LGFA 1988 do not include such a right. Instead it is recommended that the Head of Business Rates and Debt Recovery and the Director of Customer Access review any applications where there are complaints or disagreements.
- 5.9 Appendix A shows total estimated relief of £2.365 million could be awarded to 1,871 occupied shops, restaurants, cafes, bars, pubs and similar properties with rateable values of up to £150,000. The estimate includes the removal of properties deemed ineligible for relief such as chain shops and leaves an estimated underspend of £452,211 as shown in Table 3.
- 5.10 Table 3 provides a summary of the relief that could be awarded under the draft scheme against the anticipated £2.817 million of Government grant.

Table 3 - Summary of Estimated Net Relief for Small, Medium and Large Properties

Property Size	Award Amount £	Number of Properties
Small (up to £28,000 rateable value)	196,878	537
Medium (£28,001 to £100,000 rateable value)	1,822,604	1,170
Large (£101,000 to £150,000 rateable value)	345,308	164
Total Net Award	2,364,789	1,871
Amount of Government Grant (Anticipated)	2,817,000	
Estimated Underspend / Carry Forward	452,211	

- 5.11 The maximum transitional increase for each property type is shown in Appendix A. However, some ratepayers will have increases that are higher than the transitional increase plus inflation. This will be due to the small business rates premium which is charged at 1.3 per cent on properties with rateable values of £51,000 or more or the loss of small business rates relief.
- 5.12 A draft application form for Local Discretionary Business Rate Relief for 2017/18 is included at Appendix B. It sets out the qualifying criteria for the relief including those recommended by the Government for the 2014 and 2015 retail relief

schemes. The criteria include the types of business use that are eligible and ineligible, the requirement for the property to be occupied, a maximum relief cap of £5,000 per property and the circumstances under which the relief may be reduced or withdrawn.

- 5.13 All determinations of Local Discretionary Business Rates Relief will be made by the Director of Finance through a scheme of delegation to officers. Copies of all applications and decisions made will be filed electronically.
- 5.14 Relief granted will be added to ratepayer's accounts by the Council's Business Rates contractor, Capita Business Services Ltd and a revised demand notice and where appropriate a revised instalment plan issued to the ratepayer.
- 5.15 The relief will be recorded on a separate sub-code on the rates system so that the amount awarded can be reported as part of Capita's regular monthly statistics report. The Council officers with delegated power to determine awards of relief will record those awarded or refused on a spreadsheet on a shared server for monitoring purposes.
- 5.16 The discretionary business rates relief will be granted under the provisions of Section 47 of the Local Government Act 1988 as amended. This allows applications to be determined at any time up to 30 September 2018.
- 5.17 In its consultation paper 'Business Rates Consultation on proposals on the design and implementation of locally administered Business Rates Relief Scheme' issued on 8 March 2017 the Department for Communities and Local Government noted that:

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

The Council will comply with this requirement in two ways, first its local discretionary business rates relief scheme will apply for the financial year 2017/18 only and second, where a ratepayer's account is adjusted at any time following the award of relief, e.g. to reflect a reduction in the rateable value of their property or the vacation of it, the amount of relief will be adjusted accordingly. Should such an adjustment lead to an increase in relief, the amount of relief will be capped at £5,000. Full details of the eligibility criteria and exclusions for the scheme are included with the draft application form at Appendix B.

- 5.18 The draft scheme is subject to final Government guidance and consultation.
- 5.19 Once the final scheme has been approved details of it and how to apply will be provided on the Council's website. The Council will also write to those businesses it believes may be eligible for the relief.
- 5.20 It is proposed that the draft scheme set out here be adopted for the 2017/18 financial year only. The Council will then consult on it with the GLA before bringing the final scheme back to the Cabinet Member for Finance and Strategy for approval.

6. OPTIONS AND ANALYSIS

- 6.1 The Council has three options:
- adopt the proposed scheme
 - amend the proposed scheme
 - develop an alternative scheme
- 6.2 As noted at 5.2, analysis of the effects of the revaluation on rates bills shows that many shops, restaurants, cafes and public houses in the Borough face significant increases in their rates bills.
- 6.3 The proposed scheme focuses on these types of businesses and this complements the support provided by the Government in 2014 and 2015 through its retail relief schemes which saw a large proportion of high street businesses with rateable values under £50,000 qualify for fixed amounts of relief.
- 6.4 The amount of Government funding is estimated to be £2.8 million for the financial year 2017/18 whereas the overall increase in rates payable is £58 million. The Council's scheme cannot exceed the Government funding and therefore the amount of assistance the Council can offer ratepayers is limited.
- 6.5 In addition to being focused mainly on high street type businesses. The proposed scheme is designed to provide relief to local businesses rather than chains. However, due to the limited amount of grant available, the scheme will not be able to provide any help where a business has a property with a rateable value of more than £150,000.
- 6.6 As shown in Appendix A, the proposed scheme is expected to provide support for approximately 1,871 ratepayers for the financial year 2017/18. 8,876 ratepayers have received bills for the financial year 2017/18 and 2,971 of these have seen their bills, excluding the business rates supplement (BRS), fall or stay the same. Therefore, the proposed scheme should provide help for up to 31.7 per cent of the 5,907 ratepayers whose bills, excluding BRS, have increased.

6.7 The two alternative options to the one proposed in this report are: to amend the proposed scheme or develop an alternative one. A draft application form and a list of qualifying criteria and exclusions are included at Appendix B. The latter provides detail which may be of assistance should the Council wish to make amendments to the proposed scheme or develop an alternative one.

7. EQUALITIES IMPLICATIONS

7.1 There are no equalities implications.

8. LEGAL IMPLICATIONS

8.1 The Council's power to award the proposed relief is contained within Section 47 of the Local Government Finance Act 1988 as amended.

9. FINANCIAL AND RESOURCES IMPLICATIONS

9.1 The report sets out a proposed discretionary rate relief scheme to provide transitional relief to business rate payers in lower valued properties facing substantial rate rises. The local scheme aims to distribute no more than the government grant provided for this purpose in the March 2017 budget, namely £2.817m. It is viewed as prudent to retain approximately 15% (or £422,000) of the government funding to cover eligible rate increases that may arise after the 1st April 2017.

9.2 It is intended to restrict the maximum total level of payments through judicious scheme design which takes into account robust data on the Council's business rates tax base. However, as the scheme incorporates no cap on the total amount that could be paid out to businesses which meet its eligibility criteria, there is a risk, considered to be small, that the overall level of payments could exceed the level of government funding.

Ray Brown
Director of Customer Access

Background papers used in the preparation of this report: None other than previously published documents.

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APPENDIX A

SMALL PROPERTIES - INCREASE IN RATES WOULD NORMALLY BE UP TO A MAXIMUM OF 5% PLUS 2% INFLATION

Up to £28,000 RV	Band 3-3.99%	Band 4-4.99%	Band 5-5.99%	Band 6-6.99%	Band 7% plus	Total
Increase Excluding BRS £	1,416	5,624	10,093	9,026	263,257	289,416
% Relief	1.0%	2.0%	3.0%	4.0%	5.0%	
Amount of Relief £	374	2,449	5,638	5,604	183,510	197,575
Number of Properties	5	15	23	16	480	539
Average £ increase per property	283	375	439	564	548	
Average £ of relief per property	75	163	245	350	382	
Estimated number of properties ineligible properties						-2
Estimated value £ of relief ineligible properties						-697
Net Relief Amount						196,878
Net Properties receiving relief						537

MEDIUM PROPERTIES - INCREASE IN RATES WOULD NORMALLY BE UP TO A MAXIMUM OF 12.5% PLUS 2% INFLATION

Up to £28,001-£100,000 RV	Band 5-6.99%	Band 7-8.99%	Band 9-9.99%	Band 10-11.99%	Band 12% plus	Total
Increase Excluding BRS £	69,016	155,227	97,699	765,544	2,289,754	3,377,239
Revised % Relief	3.0%	5.0%	7.0%	8.0%	8.5%	
Revised Amount of Relief	35,395	94,764	72,798	533,211	1,280,016	2,016,185
	53	78	41	377	727	1,276
Average £ increase per property	1,302	1,990	2,383	2,031	3,150	
Average £ of relief per property	668	1,215	1,776	1,414	1,761	
Estimated number of properties ineligible properties						-106
Estimated value £ of relief ineligible properties						-193,581
Net Relief Amount						1,822,604
Net Properties receiving relief						1,170

LARGE PROPERTIES - INCREASE IN RATES WOULD NORMALLY BE UP TO A MAXIMUM OF 42 % PLUS 2% INFLATION

£101,000 -- £150,000 RV	Band 10% and over
Increase Excluding BRS £	3,013,541
% Relief	5%
Amount of Relief	491,057
Number of Properties	230
Average £ increase per property	13,102
Average £ of relief per property	2,135
Estimated number of properties ineligible properties	-66
Estimated value £ of relief ineligible properties	-145,749
Net Relief Amount	345,308
Net Properties receiving relief	164

SUMMARY – TOTAL AMOUNT OF RELIEF AND NUMBER OF PROPERTIES

Total Net Relief Amount for all Properties £	2,364,789
Total Number of Properties receiving Relief	1,871

APPENDIX B



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

The Royal Borough of Kensington and Chelsea

**Application for Local Discretionary Business Rate Relief
for the Financial Year 2017/18**

1. Account and ratepayer details for which relief is being claimed:

Rate Account Number(s)	
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Ratepayer Name(s)	
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2. Property(ies) for which relief is being claimed:

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3. Please explain how the property(ies) is / are being used:

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4. I confirm that my property(ies) is/are wholly or mainly used for one of the categories listed under the qualifying criteria. Yes / No

If your property is not used for one of the purposes listed under the qualifying criteria but you believe that you may still qualify for relief, please detail below the type of business that is conducted from the property.

Please note that the Council may, in order to determine eligibility, make enquiries and / or carry out inspections of any properties for which an application for local discretionary business rate relief has been made.

Please confirm that your company or business has not, including the Local Discretionary Business Rates Relief you are applying for, received more than €200,000 in state aid in the last three years. **Yes / No**

Should your circumstances change and you no longer meet the qualifying criteria, you must notify us so that the Local Discretionary Business Rates Relief can be adjusted to reflect the change.

By signing this form, you agree that, to the best of your knowledge, the information contained on the form is complete and is not false. Willfully making a false statement on the application form is an offence and may result in us taking action legal against you.

5. Declaration:

I confirm that I am authorised to sign on behalf of the ratepayer **Yes / No**

Name

Signature

Date

Position in Business / Organisation
.....

Telephone Numbers
.....

Email address

.....

Please return this application to: **Business Rates Office, PO Box 214 Erith DA8 9GF**

If you have any queries regarding this application form, please contact the Rates Office:

- **RBKC Business Rates Office, PO Box 214 Erith DA8 9GF**
- **Email:** rbkc.nndr@secure.capita.co.uk
- **Telephone:** 020 8315 2082 **Fax:** 020 8315 2087



THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

The Royal Borough of Kensington and Chelsea

Qualifying Criteria for Local Discretionary Business Rate Relief for the 2017/18 Financial Year

- 1) The Local Discretionary Business Rate Relief Scheme applies for the year 1 April 2017 to 31 March 2018 only. Under the scheme relief will only be provided where a qualifying ratepayer's bill has increased due to the 2017 revaluation. The maximum amount of relief available will be £5,000 per property.

The assistance the Council is able to offer under the scheme will be limited to the funding provided which is anticipated to be around £2.8 million.

Where a qualifying ratepayer's 2017/18 and, or 2016/17 rates bill is reduced for any of the following reasons, the amount of their relief will be reduced or removed accordingly:

- a reduction in rateable value in the 2010 and, or 2017 rating lists
- the provision of a certificated value for the 2010 rating list or historical change
- the application of any additional rate relief or exemption
- vacation and re-occupation of the property
- any other reason

Ratepayers who may benefit from the Scheme will be in occupation of a property with a rateable value of up to £150,000 and will fall into one of the categories listed below:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)
- Shoe repairs/ key cutting

- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Hair and beauty services
- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

2) Please note that the following types of uses are not eligible for local discretionary business rate relief:

2.1) Properties that are being used for the provision of the following services to visiting members of the public:

2.1.1) Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, amusement arcades, pawn brokers)

2.1.2) Other services (e.g. estate agents, letting agents, employment agencies)

2.1.3) Professional Services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)

2.1.4) Post office sorting office

3) Further Exclusions - For properties where any of the following apply, the ratepayer will not be eligible for local discretionary business rate relief:

3.1) Properties that are operated by the same organisation / business. This applies where the business runs three or more properties in the U.K or in the U.K and overseas.

3.2) Ratepayers in receipt of re-occupation relief in 2016/17 and / or 2017/18.

3.3) Ratepayers in receipt of small business rate relief support which limits increases on small properties caused by the loss of small business rates relief to £600.

- 3.4) Ratepayers occupying properties after 1 April 2017 unless they occupied those properties for a period of one month or more during 2016/17.
- 3.5) Properties which were not on the rating list at 1 April 2017. (Relief will not apply where properties are entered into the list retrospectively).
- 3.6) Properties which are unoccupied.
- 3.7) Properties where any arrears due from 2016/17 or earlier are not cleared by 31/05/17 or by arrangement with the Council.
- 3.8) Large organisations such as Transport for London, NHS, RBKC and the Tenants Management Organisation.
- 3.9) Where the award of relief would not comply with EU law on State Aid.

The application form requires you to confirm that you have not received any other State Aid that exceeds in total €200,000, including any other rates relief (other than exemptions, transitional or mandatory reliefs) you are being granted for premises other than the one to which this declaration and letter relates, under the De Minimis Regulations EC 1407/2013.

Under the European Commission rules, you must retain this guidance for three years and produce it on any request by the UK public authorities or the European Commission. (You may need to keep this guidance longer than three years for other purposes). Furthermore, information on this aid must be supplied to any other public authority or agency asking for information on 'De Minimus' aid for the next three years.

Further information on State Aid law can be found at <https://www.gov.uk/state-aid>

4) How Local Discretionary Business Rate Relief is Calculated:

4.1) Local discretionary business rate relief is calculated after any or all of the following have been applied:

- Exemptions and other Reliefs
- Transitional Relief or Premium

and before the application of the Business Rates Supplement. Local discretionary business rates relief does not apply to the supplement.

4.2) In accordance with the terms of the Government grant for local discretionary business rate relief, all ratepayers are subject to a two percent inflationary increase on their bill to which the relief will not apply.

4.3) The maximum percentages of local discretionary business rate relief available on the net rates bill after the reliefs and exemptions described above and before the business rates supplement are shown in tables 1 – 3:

Table 1 - Small Properties – Rateable Value up to £28,000

Percentage Increase in Rates Bill	Maximum Relief Percentage
3% - 3.99%	1%
4% - 4.99%	2%
5% - 5.99%	3%
6% - 6.99%	4%
7% and over	5%

In accordance with the Government's transitional scheme, the maximum increase in rates bills for small properties is 7.5 per cent plus 2 per cent inflation. However, some rate bills will increase by more than this due to the loss of small business rates relief.

Table 2 - Medium Properties– Rateable Value £28,001 to £100,000

Percentage Increase in Rates Bill (before the business rates supplement)	Maximum Relief Percentage
5% - 6.99%	3%
7% - 8.99%	5%
9% - 9.99%	7%
10% - 11.99%	8%
12% and over	8.5%

In accordance with the Government's transitional scheme, the maximum increase in rates bills for medium properties is 12.5 per cent plus 2 per cent inflation. However, some rates bills will increase by more than this if they are subject to the small business rates supplement of 1.3 per cent for the first time.

Table 3 - Large Properties – Rateable Value of £101,000 to £150,000

Percentage Increase in Rates Bill (before the business rates supplement)	Maximum Relief Percentage
10% and over	5%

In accordance with the Government's transitional scheme, the maximum increase in rates bills for large properties is 42 per cent plus 2 per cent inflation. However, some rates bills will increase by more than this if they are subject to the small business rates supplement of 1.3 per cent for the first time.