

<b>DISCRETIONARY RATE RELIEF FROM BUSINESS RATES FOR CHARITIES, SIMILAR ORGANISATIONS NOT ESTABLISHED OR CONDUCTED FOR PROFIT AND RURAL BUSINESSES and AMENDMENT TO THE LOCAL DISCRETIONARY RATE RELIEF SCHEME</b>
<b>COUNCILLOR DAVID SEATON, CABINET MEMBER FOR RESOURCES</b>
<b>February 2018</b>
<b>Deadline date: N/A</b>

Cabinet portfolio holder: Responsible Director:	<b>Councillor David Seaton, Cabinet Member for Resources</b> <b>Marion Kelly, Interim Corporate Director Resources</b>
Is this a Key Decision?	NO
Is this decision eligible for call-in?	NO
Does this Public report have any annex that contains exempt information?	YES Appendix C contains an exempt schedule as it contains information on the price to be paid by the Purchaser which is commercially confidential at this stage. The exempt annex is NOT FOR PUBLICATION by reason of paragraphs 1 and 3 of Schedule 12A OF Part 1 of the Local Government Act 1972. This is because the information relates to an individual and relates to the financial or business affairs of any particular person. The public interest test has been applied to the exempt information and it is considered that the need to retain the information as exempt at this stage outweighs the public interest in disclosing it.

<b>RECOMMENDATIONS</b>
The Cabinet Member is recommended to:
<ol style="list-style-type: none"> <li>1. Approve the award of Discretionary Rate Relief for charities and similar organisations shown on the attached schedule at Appendix A and Exempt Appendix C to 31 March 2019; and</li> <li>2. Reject the applications for the award of Discretionary Rate Relief for charities and similar organisations shown on the attached schedule at Appendix B.</li> <li>3. Approve the amendment to the Local discretionary rate relief scheme for 2017-18 as set out in paragraph 7.14.</li> </ol>

## 1. SUMMARY OF MAIN ISSUES

- 1.1 Under certain circumstances, some businesses and organisations are eligible for a reduction in business rates liability by applying to the council for Discretionary Rate Relief. This report considers applications received by some businesses and organisations against current legislation and council guidelines for Discretionary Rate Relief. The applications made are for the financial years 2017/18 and 2018/19. In addition the government are keen to ensure that the extra funding they have provided for 2017-18 to provide support for some businesses is maximised and therefore an amendment to the scheme is proposed.

## 2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Resources to consider applications made for Discretionary Rate Relief under paragraph 3.4.3 of Part 3, Section 3 of the constitution in accordance with the terms of his portfolio at paragraph (l) and to approve an amendment to the Local scheme.
- 2.2 Appendix C contains an exempt schedule as it contains information on the price to be paid by the Purchaser which is commercially confidential at this stage. The exempt annex is NOT FOR PUBLICATION by reason of paragraphs 1 and 3 of Schedule 12A OF Part 1 of the Local Government Act 1972. This is because the information relates to an individual and relates to the financial or business affairs of any particular person. The public interest test has been applied to the exempt information and it is considered that the need to retain the information as exempt at this stage outweighs the public interest in disclosing it.

## 3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If Yes, date for relevant Cabinet Meeting	<b>N/A</b>
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## 4. DETAILS OF DECISION REQUIRED

- 4.1 Approve the award of Discretionary Rate Relief for charities and similar organisations shown on the attached schedule at Appendix A to 31 March 2019.
- 4.2 Approve the award of Discretionary Rate Relief for rural properties shown on the attached schedule at Exempt Appendix C to 31 March 2019.
- 4.3 Refuse the award of Discretionary Rate Relief for charities and similar organisations shown on the attached schedule at Appendix B to 31 March 2019.
- 4.4 Approve the amendment to the local discretionary rate relief scheme as set out in paragraph 7.14.

## 5. CONSULTATION

- 5.1 Consultation with the Local Taxation section was undertaken to provide the relevant information for this report. In respect of the local discretionary scheme (recommendation 3) other interested authorities have been advised of the amendment.

## 6. ANTICIPATED OUTCOMES

- 6.1 If an application for Discretionary Rate Relief is successful, the business or organisation will see a reduction in their business rate liability. If unsuccessful, the business or organisation will continue to pay the business rates in accordance with their demand notice. In respect of the amended scheme eligible businesses will receive enhanced levels of relief.

## **7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION**

- 7.1 This report covers renewal applications for discretionary rate relief received since submission of the previous Cabinet Member Decision Notice for renewals. The recommendations are in line with the guidelines for charities and other similar organisations shown below.
- 7.2 Awards of discretionary relief are allowed under s47 Local Government Finance Act 1988 (as amended by the Local Government Act 2003) and the Local Government and Rating Act 1997 to the following rate payers:
- Charities where the property in question is used wholly or mainly for charitable purposes;
  - Organisations not established or conducted for profit whose main objectives are, charitable or otherwise philanthropic, religious, concerned with education, social welfare, science, literature or the fine arts;
  - Clubs or societies not established or conducted for profit where the property is wholly or mainly used for the purposes of recreation.
  - Where the property is within the authorities Rural Settlement list, the rateable value of the property is less than £16,500 and the property is used for purposes that benefit the local community.
- 7.3 The organisations included within the appendices fall into one of the above categories.
- 7.4 Following the introduction of the business rates retention scheme on 1 April 2013, whereby councils are able to retain a proportion of business rates, the council is required to submit an annual declaration within statutory deadlines and forms part of the council's formal budget process. The final calculation of business rates to be retained locally has several calculations including deducting an estimate for Discretionary Rate Relief before apportioning the councils local share of 49%. The council has estimated that £0.39m Discretionary Rate Relief will be awarded for 2017/18 following applications from businesses and organisations.
- 7.5 The value of the proposed relief at Appendix A for the 2017/18 financial year is £17,324.81 and is in line with the original estimate. Any over or under estimate will be adjusted for accordingly at the end of the financial year. For 2018/19 an estimate for Discretionary Rate Relief has been included in the annual declaration to calculate the locally retained business rates for 2018/19.
- 7.6 Appendix B details the applications which have been rejected and the reason for the recommendation, the total value of the relief in question being £16,915.58, the majority of which (£15,072.77) is in respect of two academy schools. The granting of this relief would result in a loss of income to the Council of £8,288.63 based on its 49% share.
- 7.7 Exempt appendix C details ratepayers who are currently in receipt of 50% mandatory relief under the Rural Settlement scheme. The Government announced its intention to double rural rate relief to 100% with effect from 1 April 2017. The relevant amendments are being made to legislation but will not be in place until 2019/20 at the earliest, in the meantime Local Authorities have been asked to utilise their local discount powers to grant 100% rural rate relief to eligible ratepayers for 2017-18 and 2018-19. The proposed value of relief under this measure is £12,315.35 for 2017-18.
- 7.8 However Local Authorities will be compensated in full for their loss of income as a result of this change to the rural settlement scheme so that there is no cost to the Council in making this award. This compensation will be paid by section 31 grant and calculated on the basis of the year end returns that councils make under the rates retention scheme.
- 7.9 All appendices provide relevant information and show the amount of relief given which is extracted from the Councils local taxation system. This takes into account all other reliefs

granted e.g. small business rate relief, mandatory charitable relief etc together with changes in Rateable Value and date of occupancy.

- 7.10 The cost of granting the above relief will be accounted for via a reduction to the Collectable Debit and incoming receipts for Business Rates.
- 7.11 The LDRR scheme provides additional rate relief for businesses who continue to experience an increase in their net rate payable arising specifically from the 2017 revaluation following the application of all other relevant reliefs.
- 7.12 The currently agreed scheme provides support intended to automatically deliver less than the total available of £272k in 2017-18 but with a balance to be available for hardship cases based on applications. The allocation of funds for 2017-18 through a hardship process is unlikely to utilise the funding available indeed it may not deliver any funding therefore the proposal is to amend the scheme and automatically award higher levels to some businesses.
- 7.13 The scheme will continue to be based around the national transitional relief scheme which covers small (RV up to £20k), medium (RV £20k to £100k) and large properties (RV over £100k). The scheme provides relief at varying levels in order to reduce the impact of the increase in rates due to the 2017 revaluation for properties up to a maximum RV of £200k. The discretionary scheme currently provides further relief for the qualifying properties by reducing net increases to the higher of 2% (inflation) or £100 for small properties; 5% for medium properties with an RV of up to £51k (where the small business rate supplement (SBRs) commences; 7.1% for medium properties with an RV between £51k and £100k; and 14.8% (limited to 50% relief or £3k whichever is the lower) for large properties up to an RV of £200k.
- 7.14 The proposed amendment is to merge the medium properties bandings so that qualifying properties with an RV of between £20k and £100k receive relief to reduce the net increase in rates to 5% and large properties with an RV of between £100k and £200k will receive relief to reduce the net increase in rates to 14.8% (limited to 50% relief or £4k whichever is the lower).
- 7.15 The government will provide funding for local authorities to compensate them for the loss of the authority's share of the income up to a maximum relief of £272k, relief provided above this level will be borne by the local authority.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 Alternative options to be considered include not allowing discretionary relief and allowing relief at a higher or lower level. However, to ensure consistency and equality, the recommendations are in line with the council guidelines and with previous decisions for similar organisations.
- 8.2 Alternative options for distributing the relief through the Local discretionary rate relief scheme could be considered but the option proposed provides a simple method to maximise the relief granted to qualifying businesses whilst minimising the risk of breaching the governments limits.

## **9. IMPLICATIONS**

- 9.1 The legal and financial implications have been considered in the content of this report.

## **10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED**

- 10.1 None.

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

11.1 There are no additional documents.

## **12. APPENDICES**

12.1 Appendix A - Discretionary Rate Relief for charities and similar organisations for approval

12.2 Appendix B - Discretionary Rate Relief for charities and similar organisations for refusal

12.3 Appendix C - Discretionary Rate Relief for rural properties for approval