

LOCAL DISCRETIONARY RATE RELIEF SCHEME ANNOUNCED BY THE GOVERNMENT IN THE SPRING BUDGET.
COUNCILLOR DAVID SEATON, CABINET MEMBER FOR RESOURCES
September 2018
Deadline date: N/A

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Resources Peter Carpenter, Interim Corporate Director Resources
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?	NO

RECOMMENDATIONS	
The Cabinet Member is recommended to:	
<ol style="list-style-type: none"> 1. Approve the Local Discretionary Rate Relief scheme for 2018-19 as set out in Appendix A; 2. Instruct officers to ensure that the reliefs for the three government initiatives (LDRR, public houses, small businesses) are processed in accordance with the agreed schemes for the qualifying properties and rebilling takes place at the earliest opportunity; 3. Instruct officers to process the reliefs for future years for small businesses and public houses (if further extended by the government) at an appropriate time in accordance with the relevant qualifying criteria; 4. Approve the award of Discretionary Rate Relief for charities and similar organisations shown on the attached schedule at Appendix B to 31 March 2019; 5. Reject the applications for the award of Discretionary Rate Relief for charities and similar organisations shown on the attached schedule at Appendix C. 	

1. SUMMARY OF MAIN ISSUES

1.1 This report covers a number of reliefs to be awarded under the Council’s discretionary powers, three of the reliefs were introduced by the government in the spring 2017 budget and are funded by them whilst the fourth covers a number of remaining applications for reliefs awarded under the Council’s own discretionary scheme.

- 1.2 A local discretionary rate relief (LDRR) scheme for 2018/19 is required to provide relief to businesses experiencing higher levels of business rate increase specifically resulting from the 2017 revaluation. The scheme attached at appendix A is for the 2018/19 financial year only, and revised schemes will be necessary for 2019/20 and 2020/21 to stay within allocated funding.
- 1.3 The LDRR has a further 3 years of operation from 2018-19 and as can be seen from the table below the relief tapers from £132k in 2018/19 to £8k in 2020/21 which requires a new scheme for each year.

Allocation of Relief to be granted	2018-19	2019-20	2020-21
National Allocation in £m	£85m	£35m	£5m
Peterborough Allocation in £k	£132k	£54k	£8k

These values represent the total amount of relief to be awarded to the ratepayer and the government have committed to fund the Council's share (49%) by way of a s31 grant but this will be capped at the allocation level. If additional reliefs above the allocation level are granted the Council will bear the full cost of these reliefs.

- 1.4 The government have asked each local authority to design their own scheme but have assumed that relief will only be provided where an increase in bills has taken place due to revaluation and that more support will be provided to lower value properties and for higher levels of increase.
- 1.5 Specific relief for public houses was also introduced in the same budget but limited to 2017/18 only, however this was subsequently extended to a further year and therefore requires further approval. Relief for small businesses was approved for 2017-18 and requires approval for 2018/19 and future years.
- 1.6 Peterborough has its own scheme where 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 and are set out in Appendix B.

2. PURPOSE OF THIS REPORT

- 2.1 This report is for the Cabinet Member for Resources to consider the Local Discretionary Rate Relief scheme under paragraph 3.4.3 of Part 3, Section 3 of the constitution in accordance with the terms of their portfolio at paragraph (m).

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
---	-----------	---	------------

4. DETAILS OF DECISION REQUIRED

- 4.1 Approve the Local Discretionary Rate Relief scheme for 2018-19 as set out on Appendix A.
- 4.2 Approve the award of discretionary rate relief as set out in appendix B
- 4.3 Reject the applications for award of discretionary rate relief as set out in appendix C

- 4.4 Instruct officers to ensure that the relevant reliefs are processed for the qualifying properties in accordance with the relevant criteria and that rebilling takes place at the earliest opportunity.

5. CONSULTATION

- 5.1 Consultation with the Local Taxation section was undertaken to provide the relevant information for this report. Other relevant consultation with interested authorities has been undertaken to comply with conditions set by the Ministry of Housing Communities and Local Government.

6. ANTICIPATED OUTCOMES

- 6.1 If the reliefs are approved, they will be processed and the business or organisation will see a reduction in their business rate liability for 2018-19.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

7.1 Spring budget 2017 schemes funded by central government.

- 7.1.1 The LDRR scheme will provide 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 and is set out in appendix A.
- 7.1.2 The key elements of the scheme include a Rateable Value (RV) of less than £200k, ensuring the property was occupied on 31st March 2017, basing the calculation on the net rate increase between years, exclusion of local authorities, preceptors in line with legislation.
- 7.1.3 In addition further exclusions will include empty properties, charity shops, other public bodies such as NHS and national or multi-national organisations. The awarding of relief will also be subject to state aid rules.
- 7.1.4 The scheme will 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). This scheme provides relief at varying levels in order to reduce the impact of the increase in rates due to the 2017 revaluation. The local discretionary scheme will provide further relief for the qualifying properties by reducing net increases between 2016/17 and 2018/19 (2 years) to 5% (inflation) for small properties; 15% for medium properties and 25% (limited to 50% relief) for large properties up to 200k RV. Additional parameters applying to all properties are increases of up to £50 will not be awarded and the maximum award will be capped at £2.5k.
- 7.1.5 By structuring the reliefs in this way, reliefs will be targeted towards smaller properties in line with the government's intentions but also provides some relief for higher value ratepayers with RV's up to £200k experiencing higher levels of increase.
- 7.1.6 The estimated number and amount of relief is as follows

Property Type	RV Range	Number	Relief £k
Small	Up to £20k	88	43
Medium	£20k to £100k	67	83
Large	£100k to £200k	3	6
TOTAL		158	132

- 7.1.7 The relief for public houses is awarded after any other reliefs has been given in accordance with current rules and provides relief of up to £1000 for 2018/19 only for properties with a rateable value of less than £100,000. It is possible that the government could extend this

relief for a further year and the recommendations instructs officers to process any reliefs in future years if this were to happen. The total value of reliefs for 2018/19 is estimated as £40k.

- 7.1.8 The support for small businesses is a very specific relief affecting a small number of properties previously in receipt of small business rate relief. In cases where the rateable value has increased to a level that eliminates or drastically reduces the small business rate relief, the increase in business rates is substantial. As the standard transitional relief scheme introduced by the government does not take account of losses due to changes in reliefs this new scheme limits the increase for these businesses to £600 p.a. The scheme will run for the period of the current rating list and relief granted in this report covers 2018/19 but the recommendations instructs officers to process any further reliefs due in future years. The total value of relief for 2018/19 is estimated at up to £15k.
- 7.1.9 The cost of granting these three reliefs will be funded by Central Government via a Section 31 grant, in the case of the LDRR up to the maximum value allocated - the Government have confirmed that there can be no carry forward of any allocation.

7.2 Peterborough discretionary rate relief

- 7.2.1 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 £0.4m Discretionary Rate Relief will be awarded for 2018/19 following applications from businesses and organisations.
- 7.2.2 The value of the proposed relief at Appendix B for the 2018/19 financial year is £16,260.11, with an additional £14,536.81 in respect of 2017/18, giving a total of £30,796.92 which is in line with the original estimate. Any over or under estimate will be adjusted for accordingly at the end of the financial year.
- 7.2.3 Appendix C details the applications which have been rejected and the reason for the recommendation, the total value of the relief in question being £10,715.20. The granting of this relief would result in a loss of income to the Council of £5,250.45 based on its 49% share.
- 7.3 Awards of relief under the government schemes are granted under the discretionary relief scheme which is detailed in s47 Local Government Finance Act, as inserted by Section 69 of the Localism Act 2011.
- 7.4 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.

- Where none of the above applies, where the Billing Authority considers it reasonable to award relief, having regards to the interests of persons liable to pay Council Tax set by it.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 In respect of the three government funded schemes other than not setting up a scheme and delivering relief funded by the Government there are no other realistic options.
- 8.2 For the Peterborough scheme 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.

9. IMPLICATIONS

Finance

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

Legal

- 9.2 Awards of relief under these schemes are granted under the discretionary relief scheme which is detailed in s47 Local Government Finance Act, as inserted by Section 69 of the Localism Act 2011.
- 9.3 Awards of discretionary relief to the rate payers outlined within section 7.2.2 of this CMDN 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.
- 9.4 There are no state aid implications, provided the value of the relief to a rate payer falls below the 200,000 euros “de minimis” aid limit over 3 years, or where the rate payer is not an “undertaking” as defined in the state aid rules.

Equalities

- 9.5 There are no equalities implications arising from this report.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

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

There are no additional documents.