



**Cabinet**

**12 February 2019**

**Discretionary Rate Relief 2019/20-2021/22**

## **Report of the Executive Manager - Finance and Corporate Services**

### **Cabinet Portfolio Holder for Finance Councillor Gordon Moore**

#### **1. Purpose of report**

- 1.1 Charging Authorities have the discretionary power to grant rate relief to eligible National Non Domestic Ratepayers (NNDR) under the provisions contained in Section 47 and 49 of the Local Government Finance Act 1988. Authorities may award relief for all or part of the amount of rates payable, or may “top up” mandatory relief.
- 1.2 The policy for awarding relief was last reviewed by Cabinet on the 13 January 2016, where the current policy was approved to run until the 31 March 2019. This report supports reviewing the policy for a further 3 years until 2021/22 and proposes minor amendments.

#### **2. Recommendation**

It is recommended that Cabinet:

- a) Approves the new policy for Discretionary Rates Relief.
- b) The Executive Manager – Finance and Corporate Services has delegated authority to amend the policy within the next 3 years following expected changes to the current business rates scheme in 2020/21.

#### **3. Reasons for Recommendation**

- 3.1 To ensure that there is a consistent approach to the award of any discretionary rate relief (DRR).

#### **4. Supporting Information**

- 4.1 The current policy expires on the 31 March 2019. Legislation dictates that one years’ notice must be given to all recipients of DRR, this was duly arranged in March 2018 and ratepayers advised that they would be informed of the new scheme in due course.

4.2 The cost of awarding any relief is borne by the following bodies at the following rates;

50%	Central Government
40%	Rushcliffe Borough Council
9%	Nottinghamshire County Council
1%	Combined Fire Authority

Please note that these tier splits are likely to change when 75% of business rates are expected to be transferred to local government in 2020/21.

4.3 The cost of reliefs impacts wholly on the collection fund, not directly on the in-year Council budget. The level and variance of reliefs awarded will impact on the Council's funding level and directly affect council finances in the year after they are awarded.

4.4 The Council carries the risk of volatility in the business rate yield. This includes the effects of successful rating appeals, business closures and new business start-ups or expansion as well as sharing the cost of reliefs with government.

4.5 The Council is currently a member of a Business Rates pool comprising of all Nottinghamshire Shire Districts and Nottinghamshire County Council. Being a member of the pool results in any surpluses gained on the Business Rates yield being shared across the pool. However, any risk is also shared and payments made from the pool to mitigate losses across the yield.

4.6 The policy allows full discretion on the amount to be awarded within budgetary limitations.

4.7 The proposed policy will run for three years, until the 31 March 2022. However, the policy may be reviewed following any changes to Business Rates and how the scheme is funded, with changes expected from the financial year 2020/21.

4.8 The policy is essentially the same as previously, however the award period has been extended up to a maximum of three years (part 7 in the new policy). It has been observed that in practice there are no relevant changes to applicable properties and there was no benefit gained by reviewing these cases more frequently. The Revenues Service will be vigilant to potential changes to circumstances. If anyone is found to have breached the policy then retrospectively recovery of any overpayment will be sought.

## **5. Alternative options considered and reasons for rejection**

5.1 The alternative action is not having a policy. This is not recommended as it leaves the Council open to legal challenge and would increase the financial exposure and risk.

## **6. Risk and Uncertainties**

- 6.1 A large number of agreed applications could lead to greater than expected expenditure, however the policy makes it clear that budget limitations will be a factor in determining awards.
- 6.2 As stated in paragraph 4.2 the business rates system is expected to change and therefore the potential exposure to the Council in awarding Discretionary Rate Relief will also change.

## **7 Implications**

### **7.1 Finance Implications**

There are financial implications (outlined above) in that 40% of the cost of any award of discretionary relief is borne by the Council, subject to the aforementioned risk and the potential change in tier splits away from 40%.

### **7.2 Legal Implications**

- a) A consistent approach and guidelines for considering awards provides consistency and transparency.
- b) Ensure compliance with the provisions contained in the Local Government Finance Act 1998 (sections 47 and 49).

### **7.3 Equalities Implications**

There are no equalities implications arising from this report. Each application will continue to be dealt with on its own merits and in line with the Councils Equality Scheme.

### **7.4 Section 17 of the Crime and Disorder Act 1998 Implications**

There are no Section 17 implications arising from this report.

### **7.5 Other Implications**

There are no other implications arising from this report.

## **8 Link to Corporate Priorities**

The policy should actively contribute to supporting economic growth to ensure a sustainable, prosperous and thriving local economy

## 9 Recommendations

It is recommended that Cabinet:

- (a) Approves the new policy for Discretionary Rates Relief.
- (b) The Executive Manager – Finance and Corporate Services has delegated authority to amend the policy within the next 3 years following expected changes to the current business rates scheme in 2020/21.

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Background papers Available for Inspection:	None
List of appendices (if any):	<b>Appendix A</b> – Proposed Policy