

TEWKESBURY BOROUGH COUNCIL

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| Report to: | Executive Committee |
| Date of Meeting: | 6 March 2019 |
| Subject: | Discretionary Rate Relief Policy |
| Report of: | Head of Corporate Services |
| Corporate Lead: | Chief Executive |
| Lead Member: | Lead Member for Finance and Asset Management |
| Number of Appendices: | One |

Executive Summary:

The purpose of this report is to seek approval for a revised Discretionary Rate Relief Policy which sets out proposals for awarding discretionary rate relief to business ratepayers. It takes into account additional discretionary powers brought forward by the Localism Act 2011 as well as updating the financial implications to Tewkesbury Borough Council of awarding discretionary rate relief.

Recommendation:

That the Discretionary Rate Relief Policy, attached to the report at Appendix 1, is ADOPTED.

Reasons for Recommendation:

Before business rates reliefs can be awarded, the proposals must be put before the Council's Executive Committee for consideration and adoption.

Resource Implications:

When discretionary rate relief applications are considered the financial impact upon the Collection Fund and, ultimately, the impact on the Council's retained business rates income is one of the key determinants of the final decision.

The implications of granting Discretionary Rate Relief are as follows:

Tewkesbury Borough Council – meets the cost of 40% of any relief granted.

Gloucestershire County Council – meets the cost of 10% of any relief granted.

Central Government – meets the cost of 50% of any relief granted.

Legal Implications:

Section 47 of the Local Government Finance Act 1988, and subsequent amending legislation, provides the criteria for awarding discretionary rate relief to certain categories of non-domestic ratepayer. Section 69 of the Localism Act 2011 provides a new discretionary power to reduce the business rates of any ratepayer (not just those who have historically been granted discretionary rate relief) via a local discount scheme.

Risk Management Implications:

Any decisions made based on such a policy would be open to legal challenge by way of Judicial Review. Conversely the risk associated with not adopting the suggested policy will significantly reduce the risk that decisions on discretionary rate relief could be successfully challenged.

Damage to reputation is a risk by failing to adopt a policy.

Performance Management Follow-up:

The award of business rates reliefs will be monitored to ensure discretionary rate relief is accurately and transparently assessed and awarded.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

- 1.1 The report brings forward an updated Discretionary Rate Relief Policy which reviews the approach to the award of reliefs to ratepayers as well as confirming the financial implications of granting relief as provided for by the Business Rates Retention Scheme.

2.0 BACKGROUND

- 2.1 National Non-Domestic Rates (NNDR), or business rates, are payable by owners and occupiers of commercial properties in accordance with the Local Government Finance Act 1988. Until April 2013, business rates were collected by the Council and passed to central government which redistributed them nationally. However, with the localisation of business rates, income from business rates now impacts more directly on the Council's financial position.
- 2.2 The proposed Discretionary Rate Relief Policy (attached as Appendix 1) outlines the areas of local discretion and the Council's approach to various discretionary awards. This has been prepared having regard to the impact:
- of granting discretionary relief on the Council's wider financial position and Council tax payers;
 - on the organisations and businesses that currently receive relief or may apply for relief in the future; and
 - on the residents, businesses and Council Tax payers of Tewkesbury Borough.
- 2.3 The Business Rates Retention Scheme (effective from 1 April 2013) means the amount of mandatory relief awarded to charitable organisations (80% of their business rates liability) together with the impact of decisions on discretionary rate relief for other organisations and businesses now impacts more directly on the Council's budget and medium term financial position.

2.4 The legislation governing the granting of discretionary rate relief is found in Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation. The qualifying conditions are one of the following:

- the ratepayer is a charity or trustees for a charity and the hereditament ('liable property') is wholly or mainly used for charitable purposes (whether of that charity or of that and other charities);
- the hereditament is not an excepted hereditament and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare or the fine arts;
- the hereditament is not an excepted hereditament, it is wholly or mainly used for the purposes of recreation and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

2.5 The Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to give billing authorities the power to reduce business rates as they see fit and the proposed policy at Appendix 1 has been updated to reflect this.

2.6 When deciding whether to award any Discretionary Rate Relief, the principal consideration is that, in making an award of relief, there should be a positive impact for residents and Council Tax payers in Tewkesbury Borough. This consideration also includes long term benefits to both the community and the Council Tax payer such as increasing employment of improving amenities available to the local community.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 There is no statutory requirement to consult on these proposals.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 Promoting and supporting economic growth.

6.0 RELEVANT GOVERNMENT POLICIES

6.1 Policies for relief to support the financial burden on business rate payers.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None directly associated with this report other than officer time.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None.

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None.

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None.

Background Papers: None.

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Appendices: 1. Discretionary Rate Relief Policy.