



EAST STAFFORDSHIRE BOROUGH COUNCIL

REPORT COVER SHEET

Title of Report:	Review of policy for the granting of Mandatory and Discretionary Non Domestic Rate Relief	To be marked with an 'X' by Democratic Services after report has been presented
Meeting of:	Corporate Management Team 18 th Feb 2020	X
	Leader and Deputy Leaders 24 th Feb 2020	X
	Leader's / Leader of the Opposition's Advisory Group / Independent Alliance Advisory Group 4 th & 5 th March	
	Cabinet 16 th March 2020	
	Scrutiny Audit and Value for Money Council Services Committee [DATE] / Scrutiny Community Regeneration, Environment and Health and Well Being Committee [DATE]	



Is this an Executive Decision:	NO	Is this a Key Decision:	NO
Is this in the Forward Plan:	YES	Is the Report Confidential:	NO
If so, please state relevant paragraph from Schedule 12A LGA 1972:	[]		

Essential Signatories:

ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE

Monitoring Officer: **Angela Wakefield**

Date Signature

Chief Finance Officer: **Sal Khan**

Date Signature

EAST STAFFORDSHIRE BOROUGH COUNCIL

Report to Cabinet

Date: 16th March 2020

REPORT TITLE: Review of policy for the granting of Mandatory and Discretionary Non Domestic Rate Relief

PORTFOLIO: Housing and Homelessness

HEAD OF SERVICE: Sal Khan

CONTACT OFFICER: Sarah Richardson Ext. No. x1716

WARD(S) AFFECTED: None

1. Purpose of the Report

- 1.1. To seek Cabinet approval of the proposed revised policy for the granting of Mandatory and Discretionary Non-Domestic Rate Relief with effect from 1st April 2020.

2. Executive Summary

- 2.1. The current policy, implemented on 1st April 2015, has been reviewed and updated with proposed changes in the administration of relief awards to Business Ratepayers.

3. Background

- 3.1. Non-Domestic (Business) Rates came into force on 1st April 1990. The Local Government Finance Act 1988 defines certain categories of Ratepayers that are automatically entitled to Mandatory Rate Relief, and also allows Local Authorities (LAs) to use their discretion to consider awarding further rate relief to those Ratepayers who make a written application to the Council. The Council is required to have a Policy setting out its criteria for considering a discretionary award.

- 3.2. The Council's current Rate Relief policy has been in place since 1st April 2015. The Policy has served the Borough's Ratepayers and Council Taxpayers well, by awarding relief to those organisations which have and will benefit local residents and the Borough. However, whilst Mandatory Rate Relief is funded in full by Central Government, Discretionary Rate Relief is part-funded by the Council. With the recent changes to the funding received from Central Government, it is prudent that the Council regularly review its Rate Relief Policy.

4. Contribution to Corporate Priorities

- 4.1. Income from Business Rates under the Business Rates Retention Scheme is a primary source of income to the Council and therefore underpins all Corporate Priorities.

5. Review of the current Policy

- 5.1. The proposed Policy continues the previous policy in support of local non-profit organisations. The proposed policy is attached at Appendix 1. The key changes are:

5.1.1. The requirement to complete a new application each financial year has been removed. Applications are invited to span the length of a new rating list (i.e. a period of 3 years). Where applications are received in the second or third year of a rating list, any award will only be made up to the end of that current rating list. Awards of relief will not be backdated to the start of the rating list. This is detailed in Section 12 of the proposed policy.

5.1.2. The current policy details Section 31 funded discretionary reliefs. The proposed policy makes reference to reliefs funded by Section 31 of the Local Government Act 2003 and for the Council to approve the implementation of those reliefs without a separate policy being approved for each relief. The Government provides full funding for these reliefs and provides the relevant qualifying criteria to all authorities for them to implement the relief. Therefore, there is no financial impact to the Council to award these 'discretionary' reliefs. This is detailed in Section 8 of the proposed policy

5.1.3. The proposed policy now includes reference to Section 44a (Part-Occupied) Relief and Section 49 Hardship Relief. These are detailed in Sections 9 and 10 of the proposed policy.

5.1.4. Section 5.5 of the proposed policy has been amended to include the requirement for charitable organisations to show how they fit in with the Council's priorities and local taxpayers. National organisations will be required to show how they operate at a local level.

- 5.2 Each application for rate relief will be considered on its individual merits, but in making a decision on the award the Decision Maker will give due consideration to the requirements of the Policy.

- 5.3 In determining an award of rate relief, consideration shall be given to the interests of the Borough's Council Taxpayers in making an award. Awards shall only be made where the benefits to the Borough's Council Taxpayers are considered to outweigh any detriment to those interests including, but not limited to, the financial impact of the award.
- 5.4 All applicants are required to complete the Council's rate relief application form. Such information and evidence as the Council requires must be provided to support an application, and in the event that the requested information has not been provided by the applicant then the application will not be forwarded for consideration.
- 5.5 The Rate Relief application form has been reviewed and updated. The updated version is shown at Appendix 3.

6. **Financial Considerations**

This section has been approved by the following member of the Financial Management Unit: Lisa Turner, Chief Accountant.

- 6.1 The table below sets out the average award for each category of relief for the period 2015/16 to 2018/19 (applications for 2019/20 are currently going through the approvals process) in comparison to 2014/15:

Relief Type	2014/15	Average 2015/16 to 2018/19
Charitable Occupation	£117,669	£57,772
Non-Profit Making bodies	£123,254	£21,812
Community Amateur Sports Clubs	£9,965	£6,232
Hardship Relief	£2,161	£8,066
Section 44a (Part-Occupied)	£916,045	£226,007

- 6.2 This demonstrates that since the current policy was adopted and required annual applications for relief to be submitted there has been a significant fall in those reliefs awarded. However there are a number of factors that have impacted upon this reduction, including the implementation of awards funded directly by central Government through Section 31 Grant. It does nevertheless demonstrate the need to keep awards under regular review and the proposals within the revised policy enable this to take place.
- 6.3 In addition, the Council has made the following Section 31 funded relief awards during 2019/20:

Relief Type	2019/20
Local Newspaper Relief	£1,500
Local Discretionary Rate Relief	£64,430
Retail Discount Relief	£674,606
Supporting Small Business Rate Relief	£33,137

- 6.4 The cost of all Business Rate reliefs are generally shared between the Council, the County Council, the Fire and Rescue Authority and Central Government in line with the respective retained shares (except for 2019/20 whereby the Council is operating a 75% business rates pilot with the other Staffordshire Authorities and the County Council's share is revised to 34% and Central Government 25%):

50% Central Government
40% Borough Council
9% County Council
1% Fire and Rescue Authority

- 6.5 The Council's 40% share will apply to all reliefs awarded relating to rate liabilities from 1st April 2015 onwards and for any backdated reliefs awarded from 1st April 2014 in respect of earlier liabilities.

7. Risk Assessment and Management

- 7.1. The main risks to this Report and the Council achieving its objectives are as follows:

7.2. **Positive** (Opportunities/Benefits):

7.2.1. The Policy clearly states the categories and maximum amounts of relief that can be awarded.

7.2.2. The Policy clearly states the maximum length of discretionary awards that can be granted.

7.2.3. The Council's budget will be better protected.

7.3. **Negative** (Threats):

7.3.1. There is a risk to the Council's ability to fund awards without further consideration of length and amount.

7.3.2. The current Policy remains outdated.

- 7.4. The risks do not need to be entered in the Risk Register. Any financial implications to mitigate against these risks are considered above.

8. Legal Considerations

This section has been approved by the following member of the Legal Team: Angela Wakefield, Solicitor to the Council and Monitoring Officer.

8.1. The main legal issues arising from this Report are as follows.

8.2. Local Government Finance Act 1988.

8.3. Local Government Act 2003.

9. **Equalities and Health**

9.1. **Equality impacts:** The subject of this Report is a policy, strategy, function or service that is new or being revised. An equality and health impact assessment is attached as Appendix 2.

9.2. **Health impacts:** The outcome of the health screening question requires a full Health Impact Assessment to be completed. An equality and health impact assessment is attached as Appendix 2.

9.3. The main equality or health issues arising from this Report are as follows:

9.4. The equality and health impact assessment identified the following actions to be carried out:

Is it a Health or Equality action?	Issue/impact identified	Recommendation/Action required	Lead officer and timescale	Resource allocation
Health	Direct impact on health, mental health and wellbeing for sole traders	Encourage applications to reflect the full extent of the financial difficulties, and how the award will also benefit the local area and council taxpayers.	Sarah Richardson Ongoing	Revenues Team

10. **Human Rights**

10.1. There are no Human Rights issues arising from this Report.

11. **Sustainability** (including climate change and change adaptation measures)

11.1. Does the proposal result in an overall positive effect in terms of sustainability (including climate change and change adaptation measures) Yes

11.2. Please detail any positive/negative aspects:

11.2.1. Positive (Opportunities/Benefits) are that the granting of relief will ensure continued stability of funding for the organisations concerned.

12. **Recommendation(s)**

12.1. That the proposed policy be approved for implementation with effect from 1st April 20

13. **Appendices**

13.1. Appendix 1: Non Domestic Mandatory and Discretionary Rate Relief Policy.

13.2. Appendix 2: Equality and Health Impact Assessment.

13.3. Appendix 3: Rate Relief application form.