

TELFORD & WREKIN COUNCIL**CABINET - 23rd March 2017****TITLE: DISCRETIONARY BUSINESS RATE RELIEF****REPORT OF ASSISTANT DIRECTOR: FINANCE AND HR****LEAD CABINET MEMBER: CLLR LEE CARTER****PART A) – SUMMARY REPORT****1. SUMMARY OF MAIN PROPOSALS**

- 1.1 From April 2013, 49% of business rates are retained by the Council, 1% by the Fire Authority and 50% by the Government. The award of discretionary relief for businesses directly costs the Council 49% of the award. The guidelines for the award of discretionary relief were last updated and approved by Full Council in January 2014. By 2019/20, under Government proposals, it is expected that the Council will retain 98% of business rates income and the cost to the Council of discretionary relief awards will increase to 98%.
- 1.2 The Government are introducing changes to rate relief from April 2017. The proposed guidelines in Appendix A take account of these changes, and also refreshes the existing guidelines to ensure they are fit for purpose and provide assistance to businesses which support the Council's objectives.
- 1.3 The Government is introducing Local Newspaper Relief, and an additional 50% Rural Rate Relief from April 2017. Any discretionary awards will be fully compensated by the Government to the Council by S31 Grant.
- 1.4 In the Spring budget of 8th March, the Chancellor announced that there would be further assistance to businesses in the following areas:
 - A £1000 discount for pubs which have a rateable value below £100,000
 - A discretionary relief scheme to provide targeted support to the most hard pressed ratepayers as a result of the revaluation
 - A supporting small businesses rate relief which will limit the increase in business rates per year to £600 (or £50 per month) to those that have lost small business rate relief or rural rate relief as a result of the revaluation.

The government have issued a consultation paper on some of these proposals and will issue further guidance in due course. A further report will come back to Cabinet within the next few months.

2. RECOMMENDATIONS

- 2.1 That the proposed guidelines for awarding discretionary rate relief for businesses be approved as detailed in Appendix A.

SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Co-Operative Council priority objective(s)?	
	No	
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	<i>All existing awards will be reviewed during 2017/18. Any reductions in relief awarded would not be made until April 2018.</i>	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	As the government are fully compensating local authorities for any awards which are made in local newspaper relief and rural rate relief, there are no adverse financial impacts on the Council.
LEGAL ISSUES	Yes	<p>The legislative framework for the payment of, and relief from, non-domestic (business) rates is contained in the Local Government Finance Act 1988 and Regulations made under the 1988 Act.</p> <p>A person (the ratepayer) must pay business rates for any day in a financial year that they are in occupation of all or part of a business property that is shown in a non-domestic rating list.</p> <p>Various Regulations set out circumstances where relief from business rates is available. This relief can either be mandatory, where the local authority must grant relief where it meets specified criteria, or the local authority can also grant further, discretionary relief up to prescribed levels of the business rates liability. The attached Discretionary Business Rate Relief Policy sets out in detail the relevant levels of relief in respect of the types and nature of business occupation being considered.</p>

OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	

PART B) – ADDITIONAL INFORMATION

3. INFORMATION

- 4.1 Relief for empty properties is mandatory for a maximum period of 3 months for non industrial premises, and 6 months for industrial premises. However, relief on partly empty properties is awarded at the Council's discretion. The guidelines propose that assistance is awarded to businesses where there is a short term practical or financial difficulty associated with the occupation or vacation of the premises.
- 4.2 Hardship relief is a discretionary power available to councils to relieve short term hardship for a ratepayer. In considering applications the Council must have due regard for the interests of the Council Tax payers of the Authority. This includes the costs to the community and the benefit or disadvantages of awarding Hardship Relief. The Council must also be mindful of precedents for all similar cases which are set by the individual decisions including their financial cost to the Council which directly impacts on the amount of funding available to provide front line services such as adult social care etc . The guidelines propose that there must be evidence of hardship i.e.: a severe loss in trade, the business must be viable, and it must be of benefit to the Borough.
- 4.3 Registered charities are automatically entitled to 80% mandatory relief from their business rates and there are no proposals to change this entitlement. Discretionary relief is therefore awarded as a top up of an additional 20% to registered charities, or up to 100% for not for profit organisations. No changes are proposed to the updated guidelines.
- 4.4 Community Amateur Sports Clubs (CASC's) are also entitled to 80% mandatory relief. An additional 20% is available in discretionary relief. The guidelines take into account the following factors:
- Extent of membership
 - Extent of education / training provided
 - The benefit of the CASC to the community
 - Provision of facilities

No changes are proposed within the updated guidelines.

- 4.5 Mandatory Rural Rate Relief of 50% is awarded to businesses within a defined rural settlement with a population of less than 3000. Prior to April 2017 an additional 50% top up relief could be awarded in discretionary relief which was part funded by the local authority. From April 2017, the additional 50% award will be funded in whole by the government.
- 4.6 Local Newspaper Relief is introduced from April 2017 to provide £1500 each year for a maximum of 2 years. It will be awarded to local newspapers who use office premises for journalists and reports. This is fully funded by the Government.
- 4.7 Where the new guidelines disadvantage a ratepayer, a 12 month advance notification must be given to the ratepayer at the end of the financial year. Most existing awards have been given until 31st March 2018, so any changes in award will take effect from 1st April 2018.

4 PREVIOUS MINUTES

Wrekin Council General Sub-Committee – 14th February 1990
Resources and Assets Corporate Board – 17th February 1998
Cabinet - NDR Discretionary relief – 11th February 2002
Cabinet – Council Tax Discretionary Discount and NDR Discretionary relief – 23rd March 2010
Cabinet – Discretionary Relief / Discount for NDR and Council Tax – 27th March 2014

5 BACKGROUND PAPERS

Appendix A: NDR discretionary relief guidelines

**Report prepared by Sophie Lane, Revenues Service Delivery Manager,
Telephone: 01952 383832**