

Cherwell District Council
Budget Planning Committee

17 January 2017

Discretionary Rate Relief Policy

Report of Chief Finance Officer

This report is public

Purpose of report

Members of Budget Planning Committee are requested to consider the accompanying Discretionary Rate Relief Policy guidelines, which set out the proposals for awarding discretionary rate relief for 2017-2018 and beyond, and recommend to Executive the policy as set out in Appendix A.

To seek approval for the final determination of the policy guidelines to be delegated to the Chief Finance Officer, in consultation with the Lead Member for Financial Management due to pending legislative changes announced in Autumn Statement 2016.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To consider any amendments to the proposed draft Discretionary Rate Relief Policy and, if applicable, to recommend them to Executive.
- 1.3 To agree that the final content of the policy guidelines will be subject to confirmation by the Chief Finance Officer in consultation with the Lead Member for Financial Management.

2.0 Introduction

- 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 who 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 Discretionary Rate Relief Policy is required to be amended to reflect the changing priorities of the Council and assess the impact of the Localism Act 2011

which introduced the power to implement a local discount scheme together with the fundamental changes to business rates that came into effect from 1 April 2013.

- 2.3 It is also necessary to review it at this time due to revised rateable values resulting from the Business Rates Revaluation with new values for all properties coming into effect from 1 April 2017.
- 2.4 The Business Rates Retention Scheme (effective from 1 April 2013) means that 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.
- 2.5 In addition to these changes the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any local ratepayer under a local discount scheme

3.0 Report Details

3.1 Current position

The proposed Discretionary Rate Relief Policy (attached as Appendix A) outlines the areas of local discretion and the Council's approach to the 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 taxpayers;
- on the organisations and businesses that currently receive or may apply for relief in the future;
- for residents and council taxpayers of the Cherwell district;

- 3.2 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 or more 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, science literature 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.

- 3.3 In addition to this, the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any local ratepayer under a local discount scheme.
- 3.4 The legislation also allows a Council to exercise its discretion to grant relief from rates in respect of those ratepayers suffering hardship as well as those occupying only parts of a property for a short period of time only.
- 3.5 Due to the on-going financial impact of granting discretionary rate relief it is recommended that the formal policy, incorporating guidelines for the assessment of applications, is updated and that the policy at Appendix A is considered and recommended to Executive for adoption. It is necessary to bring forward a new policy for 2017-2018 and beyond due to the fact that all business rates properties will be revalued with an effective date of 1 April 2017.
- 3.6 At the time of writing Government has announced, as part of the Autumn Statement 2016, that Rural Rate Relief will be increased to 100% from April 2017. Once we have further details the proposed policy will be amended to reflect this.

4.0 Conclusion and Reasons for Recommendations

- 4.1 Members are asked to note the detail of this report.
- 4.2 Members are asked to approve the final determination of the policy guidelines be delegated to the Chief Finance Officer in consultation with the Lead Member for Financial Management due to pending legislative changes announced in Autumn Statement 2016.
- 4.3 Members are asked to recommend the Discretionary Rate Relief Policy to Executive for approval.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Members could choose not to recommend the proposed policy to Executive, but this would limit our financial flexibility in the future.

7.0 Implications

Financial and Resource Implications

- 7.1 When Discretionary Rate Relief applications are considered the financial impact on the Collection Fund and the impact on the Council's Business Rates income is a key factor in the final decision. It is estimated we will award £162,000 discretionary

rate relief in 2017-2018 (with CDC meeting £64,800 of this) and by reviewing the Discretionary Rate Relief Policy and requiring reapplication on a two yearly basis we will give ourselves more financial flexibility in the future.

Comments checked by:

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Legal Implications

- 7.2 Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the criteria for awarding discretionary rate relief. Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any ratepayer (not just those who can be currently granted discretionary relief) via a local discount scheme.

Comments checked by:

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Risk Management

- 7.3 The report highlights the need to monitor business rates income against budget to understand the implications of any significant variances. Risk 'S02 – Financial Resilience' is monitored on a regular basis as part of the Council's Corporate Risk Register and will also be monitored through the operational risk register. Any increase in risk will be reviewed and acted upon.

Comments checked by:

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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of Sound Budgets and a Customer Focused Council.

Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

Document Information

Appendix No	Title
A	Discretionary Rate Relief Policy
None	
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