

Executive

Hardship Relief (for National Non Domestic Rates)

1 November 2010

Report of Head of Finance

PURPOSE OF REPORT

Section 49 of The Local Government Finance Act 1988 gives the Council discretionary power to reduce or remit business rates on the grounds of hardship. The purpose of this report is to agree an up to date policy which sets guidelines for considering applications and to give delegated authority to award relief. It is important that we ensure that all ratepayers making applications for this relief are treated in a fair, consistent and equitable manner.

The report outlines the :

- Legislation requirements of the award of hardship relief
- Criteria for hardship relief
- Financial implications of awarding hardship relief

This report is public

Recommendations

The Executive is recommended:

- (1) To consider the hardship discount scheme outlined in this report
- (2) To approve the proposed Hardship Relief policy framework to be adopted forthwith and be reviewed on an annual basis. (Appendix 1)

Executive Summary

Introduction

- 1.1 The Local Government Finance Act 1988 and associated Regulations gives the Council a discretionary power to award rate relief including that of Section 49 hardship rate relief in respect on the National Non-Domestic Rate (NNDR). The NNDR is also referred to as "business rates". The Council has 4,409 NNDR payers with a net collectable debit of £64,728,413.
- 1.2 The current process used for determining awards has been governed by a policy approved in 1992. To date 5 requests have been received, with one

application granted. It is generally accepted that best practice for an Authority is to have a formal and up to date policy framework against which individual applications for hardship rate relief can be assessed. The policy will ensure all ratepayers making applications for hardship rate relief are treated in a fair, consistent and equitable manner.

- 1.3 There is a cost to the Council's General Fund, and therefore to the local Council Taxpayers, in awarding hardship relief and the Council must give due consideration to the interests of local residents when making awards.
- 1.4 By reducing the rate burden on business and organisations, rate relief can play an important role in ensuring the existence of local employment and community facilities and contribute towards the Council's Corporate Objectives.
- 1.5 The Council has a legal obligation to consider each request for relief and must come to a reasonable decision. Both the Government and the Audit Commission have issued guidance for Council's to follow when considering awards. That advice indicates that Council's must not adopt a blanket policy regarding awards, and must consider the individual merit of each request. However, it is reasonable, and considered good practice, to set criteria against which applications can be measured.

Proposals

- 1.6 Customers wishing to apply for this relief should be encouraged to do so using the council's approved application form however any application in writing holding all the relevant details will be considered.
- 1.7 The policy attached as Appendix 1, once it has been agreed by the Executive, will ensure that all ratepayers making applications for this relief are treated in a fair, consistent and equal manner.
- 1.8 This policy;
 - (a) Sets guidelines for the factors that should be considered when making a decision to award or refuse relief.
 - (b) Establishes a framework to ensure applications are dealt with in an efficient manner.
 - (c) Sets out the delegated authority to award relief in appropriate circumstances.
 - (d) Establishes an appeals procedure for organisations that are dissatisfied with the Council decision.
 - (e) Seeks to safeguard the interest of local taxpayers by ensuring that funds allocated for the award of discretionary rate relief are used in the most effective and economic way.

Council Policy Guidelines for Hardship Relief

- 1.9 Any decision must be balanced against the wider interests of the council tax payers of the District.

- 1.10 There must be proof that hardship exists.
- 1.11 Evidence must be provided to support the application.
- 1.12 A copy of the previous two years audited accounts for the organisation should be provided.
- 1.13 The amount of rates that will be remitted will depend upon the circumstances of each case.
- 1.14 Applications will be effective for a specific period and may then be reviewed upon re-application. Relief will be withdrawn on the sale of the business.
- 1.15 The purpose of this policy is to support local businesses in the community.
- 1.16 Authority to award this relief is delegated to the Head of Finance or Executive on appeal.
- 1.17 Up to 25% of the cost of this relief is met by the Authority.

Conclusion

- 1.18 In the current economic climate it is important that we support the local business community and that we do so in a transparent and equitable way that can be financially justified.

Key Issues for Consideration/Reasons for Decision and Options

- 1.19 The policy has not been reviewed since 1992
- 1.20 There are substantial budgetary implications to the award of this relief
- 1.21 The following options have been identified. The approach in the recommendations is believed to be the best way forward

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|---------------------|---|
| Option One | To agree the recommendations as set out in the report |
| Option Two | To amend the recommendations |
| Option Three | Not to agree the recommendations |

Implications

Financial: Granting applications under this report will have an effect on the Councils finances and this must be considered in making an award of hardship relief.

Comments checked by Eric Meadows, Service Accountant, 01295 221552

Legal: This policy meets the requirements of the Local Government Finance Act 1988

Comments checked by Pam Wilkinson, Principal Solicitor, 01296 221688

Risk Management: Failure to agree this policy could lead to local businesses being unable to trade or the decisions made being challenged on equity.

Comments checked by Rosemary Watts, Risk Management and Insurance Officer 01295 221556

Wards Affected

All

Corporate Plan Themes

Cherwell, A District of Opportunity

Executive Portfolio

Councillor James Macnamara , Portfolio Holder for Resources and Communication

Document Information

Appendix No	Title
Appendix A	Business Rates Discretionary Rates Hardship Policy
Background Papers	
The Local Government Finance Act 1988	
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