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Non-Domestic Rate Discretionary Relief Policy

Committee	Executive
Date of Committee	8 July 2024
Portfolio Holder presenting the report	Portfolio Holder for Finance and Resources, Councillor Lesley McLean
Date Portfolio Holder agreed report	26 June 2024
Report of	Assistant Director for Finance & Section 151 Officer, Michael Furness

Purpose of report

To inform Executive of the reviewed policy for Non-Domestic Rate Discretionary Rate Relief policy and proposed updates and seek approval of the updated policy,

1. Recommendations

The Executive resolves:

- 1.1 To note the contents of the reviewed policy for Non-Domestic Rate Discretionary Rate Relief.
- 1.2 To approve the policy for Non-Domestic Rate Discretionary Rate Relief.

2. Executive Summary

- 2.1 The Non-Domestic Rate Discretionary Rate Relief policy has not been reviewed for several years. It is good practice to review policies to ensure they remain relevant and in line with supporting the delivery of the Council's policies.
- 2.2 Sections 43, 44a, 47 – 49 of The Local Government Finance Act 1988 deal with the Council's discretionary powers to reduce the amount of Non-Domestic Rates payable.
- 2.3 The provision allows the discretion to help Non-Domestic Ratepayers where either the existing legislation does not provide a relief or in circumstances where The Council has decided that the level of relief awarded is insufficient given the circumstances.
- 2.4 There is a financial implication to awarding reductions under Sections 43, 44a, and 47 – 49. The reliefs detailed in the policy are partly funded from our own funds.

- 2.5 The way the reliefs are funded are 50% by Central Government, 40% Cherwell District Council and 10% Oxfordshire County Council.
- 2.6 This policy covers the general criteria and exclusions along with the application process for the following reliefs: charitable rate relief top-up, Registered Community Amateur Sports Clubs, not for profit organisations, discretionary rural settlement relief, hardship relief, and Section 44a (partly occupied property) relief.
- 2.7 The reliefs detailed in this policy are discretionary, and Non-Domestic Rate payers do not have a statutory right to an award.

Implications & Impact Assessments

Implications	Commentary			
Finance	The financial implications are set out in the report. Discretionary rate relief is funded by Central Government 50%, Cherwell District Council 40%, and Oxfordshire County Council 10%. Lynsey Parkinson, Strategic Business Partner, 5 June 2024			
Legal	Finance have reviewed the policy having consideration for the following legislation: Section 43 Local Government Finance Act 1988 Section 44a Local Government Finance Act 1988 Sections 47 – 49 Local Government Finance Act 1998. Any discretionary award will need to be made in line with the provisions of the Local Government Finance Act 1988 and the councils own policy. Steps will need to be put in place to ensure a fair and consistent approach is taken to applications for relief. Alison Coles, Legal Services Operations Manager, 5 June 2024			
Risk Management	There are no risk management issues arising directly from this report. Any arising risk will be managed through the service operational risk and escalated to the Leadership Risk Register as and when necessary. Michael Furness, Assistant Director Finance & Section 151 Officer			
Impact Assessments	Positive	Neutral	Negative	Commentary
Equality Impact				This policy review has been completed in line with the guidelines and commitments established in our Equalities and Diversity Framework. The implementation of this policy will have a positive impact on people within the protected characteristics.
A Are there any aspects of the proposed decision, including how it is delivered or accessed, that could		X		

impact on inequality?				
B Will the proposed decision have an impact upon the lives of people with protected characteristics, including employees and service users?	X			
Climate & Environmental Impact				N/A
ICT & Digital Impact				N/A
Data Impact				N/A
Procurement & subsidy				N/A
Council Priorities	Support and facilitate a vibrant economy			
Human Resources	N/A			
Property	N/A			
Consultation & Engagement	N/A			

Supporting Information

3. Background

- 3.1 Sections 43, 44a and 47 - 49 of the Local Government Finance Act 1988 provide the Council with discretionary powers to reduce the amount of Non-Domestic Rates payable.
- 3.2 There are financial implications to awarding any relief other than those currently funded through Section 31 Local Government Finance Act 2003. Relief awarded under S43, S44a and S47 – 49 is funded by central government 50%, Cherwell District Council 40% and Oxfordshire County Council 10%.

4. Details

- 4.1 The policy to be approved covers the following reliefs:

- 4.2 Charities are awarded 80% mandatory relief if they meet certain criteria. Charities can apply for a further 20% discretionary rate relief thus nullifying their rates liability. In general, top-up will only be considered for scouts/guides/cadets and other organisations for young people, organisations providing support in the form of advice, employment training and counselling, community schemes for those over retirement age including community transport and volunteer organisations, armed forces veterans' association, locally based leisure, and cultural organisation.
- 4.3 In general, charities will be excluded if their primary office is situated outside of the district. National charities will also be excluded unless they can prove they are suffering financial hardship.
- 4.4 Schools, including academy, free schools, grant maintained, faith and trust schools, along with education establishments will be excluded if they received central or local government support unless a special case for hardship can be shown.
- 4.5 Top-up of 20% will not be awarded to Housing Associations.
- 4.6 Community Amateur Sports Club qualify for 80% mandatory relief and can be considered for 20% top up. However, it is unlikely they will qualify if their main income is from the sale of food or drink.
- 4.7 Rate relief for not-for-profit organisations can be awarded up to 100% of the liability. The main objectives for these organisations must be related to relief of poverty, philanthropy or religion, education, social welfare, science, literature, fine arts, recreations or otherwise beneficial to the community. Organisations must be able to demonstrate how they meet the local needs and how they benefit local people, are open to all sections of the community as well as providing a valuable service to the community. The organisation must not discriminate against any section of the community and is not conducted or established for the primary purpose of making a profit.
- 4.8 Discretionary rural settlement can be granted up to 100%. The property must fall in a rural settlement (less than 3,000 residents), has a rateable value that doesn't exceed £16,500, the property is occupied by a business that benefits the local community, it is reasonable to grant a relief considering the interests of the Council Tax payer, and that applicants are demonstrate that the business is important to the maintenance of village life.
- 4.9 Discretionary rate relief, if approved, will be granted until the end of the following financial year.
- 4.10 Hardship relief can be considered where a ratepayer is enduring temporary financial difficulties. Consideration will be giving to the residents of Cherwell to ensure it is reasonable for the Council to grant the relief.
- 4.11 Section 44a – partly occupied property relief can be considered where part of a property is unoccupied for a temporary period. A backdated period cannot be considered, and a ratepayer must supply scaled drawings to advise which parts of the property are unoccupied and the period the part occupied period relates too. The period of relief will not exceed either 3 or 6 months depending on the type of property a claim has been made in respect of however all awards will terminate at the end of the financial year.

- 4.12 An organisation will be required to complete an application form and provide two years of audited accounts. In certain circumstances, a backdate of discretionary rate relief could be considered where delays for a relief are outside of an organisation's control.
- 4.13 The outcome of all applications will be notified to ratepayers. Unsuccessful applicants will be able to request a reconsideration of the decision.
- 4.14 The reliefs detailed in this policy are funded by fifty percent to Central Government, forty percent by Cherwell District Council, and ten percent to Oxfordshire County Council.

5. Alternative Options and Reasons for Rejection

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

Option 1: To not approve the discretionary rate relief policy. Members could choose not to agree the proposed policy, but it would mean that we wouldn't be able to continue to support local businesses, charities and voluntary organisations and would also reduce our financial flexibility in the future.

The local authority must have a system in place to allow a person to make the request.

6 Conclusion and Reasons for Recommendations

- 6.1 It is recommended that the policy is endorsed by Executive to conform with legislation.

Decision Information

Key Decision	N/A
Subject to Call in	Yes
If not, why not subject to call in	N/A
Ward(s) Affected.	All

Document Information

Appendices	
Appendix 1	Appendix A
Background Papers	n/a

Reference Papers	n/a
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