

Report title	Council Tax and Business Rates Discretionary Reliefs	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Service name	
Accountable employee	Sue Martin	Head of Revenues and Benefits
	Tel	01902 554772
	Email	Sue.martin@wolverhampton.gov.uk
Report to be/has been considered by	Finance Leadership Team	8 January 2020

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve an amendment to the council tax discretionary discount policy, 'to allow a discount to offset the reclaim of an overpayment of council tax support in certain circumstances'.
2. Approve the following extensions to the local business rates discretionary relief policy:
 - a. In respect of revaluation support for one year from 1 April 2020.
 - b. In respect of charitable and voluntary organisations for one year from 1 April 2020.
 - c. In respect of local newspaper discount, for one year from 1 April 2020, subject to confirmation that the cost of relief will be fully reimbursed by Government.
 - d. In respect of retail discount, for one year from 1 April 2020 at the increased rate of 50%, subject to confirmation that the additional cost of relief will be fully reimbursed by Government.

- e. In respect of relief for pubs, for one year from 1 April 2020, subject to confirmation that the cost of relief will be fully reimbursed by Government.
3. Delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to finalise the policy detail in respect of categories d. and e. above on receipt of detailed guidance from Government.
4. Delegate authority to the Head of Revenues and Benefits to award relief in individual cases, in respect of new category e. above.

1.0 Purpose

- 1.1 To seek approval to amend the Council's local council tax discretionary relief policy to allow a discount in certain circumstances to offset a reclaim of council tax reduction.
- 1.2 To seek approval to extend the Council's local scheme for business rates discretionary relief with effect from 1 April 2020.

2.0 Background

- 2.1 Discretionary council tax relief is granted under Section 13A of the Local Government Finance Act 1992.
- 2.2 Discretionary rates relief is granted under Section 47 of the Local Government Act 1988.
- 2.3 The local schemes consist of different categories of relief based on Government guidance where appropriate.

3.0 Council Tax Discretionary Relief

- 3.1 The existing policy allows for some/all of a council tax charge to be waived to assist people experiencing hardship. Discounts under the policy are only granted in exceptional circumstances.
- 3.2 The Local Government and Social Care Ombudsman (LGO) issued a document entitled "Council tax reduction guidance for practitioners August 2019". The Council's policy is amended to take into account the LGO's recommendations regarding adjustments to overpaid council tax support where there has been an official error.

4.0 Business Rates Discretionary Relief – Revaluation Support

- 4.1 In the March 2017 budget, the Government announced measures to provide additional support to businesses facing increases in business rates because of the national revaluation.
- 4.2 A four-year fund was allocated to local authorities to enable reductions in rates for those businesses affected.
- 4.3 The amount allocated to Wolverhampton is shown in the following table:

2017-2018 £000	2018-2019 £000	2019-2020 £000	2020-2021 £000
392	190	78	11

- 4.4 Due to the significant difference in funding between years and the need to ensure that the value of awards does not exceed the Government funding, the scheme has been reviewed annually and awards granted for one year at a time.

4.5 Relief over previous years has been granted as follows:

2017-2018	100% of the increase in rates payable resulting from the national business rates revaluation
2018-2019	70% of the increase
2019-2020	40% of the increase

4.6 Distribution of the significantly reduced fund for 2020-2021 has been considered against the administrative effort of amending bills as well as the impact on individual businesses. For this reason, it is recommended that the award remain at the same level as in 2019-2020 but be targeted at smaller businesses i.e. those with a rateable value of £15,000 or less and in accordance with the criteria set out in appendix 1.

4.7 In line with Government requirements, the proposal has been shared with the Police and Crime Commissioner, the Fire and Rescue Authority and the West Midlands Combined Authority.

5.0 Business Rates Discretionary Relief – Charitable and Voluntary Organisations

5.1 The existing scheme relating to charitable and voluntary organisations is set out in appendix 2. The scheme approved on 5 February 2019 expires on 31 March 2020.

5.2 This category of relief provides either up to 20% of liability for registered charities (to top up mandatory relief) or up to 100% of liability in the case of organisations that are not established or conducted for profit.

5.3 It is recommended that the scheme be extended, without amendment, for a further year.

6.0 Business Rates Discretionary Relief – changes announced in the Queen’s Speech December 2019

6.1 The announcements included intentions to: increase the retail discount from one third to 50% and extend this discount to include cinemas and music venues; extend the duration of local newspapers discount; introduce an additional discount for public houses.

6.2 It is expected that Government guidance will be provided and the cost will be fully reimbursed through Section 31 grant. The discretionary relief policy will be amended strictly in accordance with guidance to ensure full reimbursement.

6.3 It is recommended that the additions/extensions are adopted within the Council’s discretionary relief policy. It is also recommended that approval of the final detail be delegated to the Cabinet Member for Resources, in conjunction with the Director of Finance, once Government guidance has been received.

7.0 Evaluation of alternative options

7.1 The Council could choose not to extend the discretionary relief schemes.

- a) In respect of the council tax discretionary relief scheme, this option is discounted as the changes are recommended by the Local Government and Social Care Ombudsman and considered to be best practice.
- b) In respect of relief for charitable and voluntary organisations, this option has been discounted because of the beneficial impact to local communities of the services provided. In addition, there could potentially be increased demand for Council services should these services be withdrawn.
- c) In respect the other business rates discretionary relief schemes, this option has been discounted as the criteria for award will match the requirement to be fully funded by Government and they provide an opportunity to reduce rates bills for local businesses.

7.2 The Council could choose to top up the Government funding from its own resources. This option has been discounted because of affordability and the impact on the medium-term financial strategy.

8.0 Reasons for decision(s)

- 8.1 The amendment to the council tax discretionary relief policy is to follow guidance issued by the Local Government and Social Care Ombudsman and protects the council tax payer from repaying an overpayment of council tax support when they could not reasonably have known that the Council had made an error. This brings the practice in line with Housing Benefit regulations and recovery of rent benefit overpayments.
- 8.2 The extension of the scheme for revaluation support is in line with the Government's aim of assisting businesses hardest hit by the revaluation and aligned with the principles of other schemes across the region.
- 8.3 Extending the scheme for charitable and voluntary organisations continues to support a range of organisations providing support to vulnerable groups allowing the Council to foster good relations and enhance equal opportunities.

9.0 Financial implications

- 9.1 The City of Wolverhampton Council, as one of the constituent members of the West Midlands Combined Authority, has been participating in a business rates retention pilot from April 2017, on a no financial detriment basis. The continuation of the existing 100% business rate retention pilots into 2020-2021 was confirmed as part of the Local Government Finance Settlement. As a result of entering into this pilot, the Council retains 99% of business rates, no longer receives Revenue Support Grant and receives a Top Up Grant adjustment to account for the net effect of changes.
- 9.2 Under the 99% business rates retention scheme, the cost to the Council of awarding discretionary (charitable and voluntary organisations) relief in 2020-2021 will be in the region of £585,000.

- 9.3 There are no direct financial costs for awards under the revaluation support relief as the Council will be compensated by Section 31 grant up to the limit of £11,000 for 2020-2021. Awards are not expected to exceed this limit.
- 9.4 There are no direct financial costs for changes to the retail discount, local newspapers discount and additional discounts for public houses that were announced in the Queen's Speech December 2019 as they will be funded by Section 31 grant.
[MH/17012020/I]

10.0 Legal implications

- 10.1 Section 13A of the Local Government Finance Act 1992 gives discretionary power to billing authorities to grant a discount to individual council tax payers or to a prescribed classification of cases. The discount can be anything up to 100% of the council tax charge and is met from Council resources. A suggested amendment to the policy where customers have been overpaid council tax support follows guidance issued by the Local Government and Social Care Ombudsman.
- 10.2 Section 47 of the Local Government Finance Act 1988 gives discretionary power to billing authorities to grant partial or full relief to certain categories of non-domestic ratepayer. The Non-Domestic Rating (Discretionary Relief) Regulations 1989 allow for this relief to be restricted to a fixed period.
- 10.3 It will be for the Council to ensure that any relief granted does not transgress state aid rules. Any aid granted pursuant to the application of Section 47 must therefore be determined as compatible with the internal market or some applicable regulation, such as the de minimis provisions (i.e. less than 200,000 euros over three consecutive fiscal years, to a single undertaking) or the general block exemption. Otherwise the aid could be regarded as unlawful.
[TS/15012020/W]

11.0 Equalities implications

- 11.1 A full equality analysis has been completed in respect of the Business Rates Discretionary Policy which indicates that the Council's approach allows it to foster good relations and advance equal opportunities.
- 11.2 Except for extending the policy for another year, nothing has changed regarding relief for charities and voluntary organisations. The policy developed for all other categories is strictly in line with Government guidance to obtain 100% funding.
- 11.3 In respect of the minor changes to the council tax discretionary discount policy, an equalities screening has been carried out and there are unlikely to be any adverse impacts in the three key areas.

12.0 Climate change and environmental implications

12.1 There are no climate change or environmental implications arising from this report.

13.0 Human resources implications

13.1 There are no human resources implications arising from this report.

14.0 Corporate landlord implications

14.1 There are no corporate landlord implications arising from this report.

15.0 Health and Wellbeing Implications

15.1 There are no health and wellbeing implications arising from this report.

16.0 Appendices

16.1 Appendix 1 – Council Tax Discretionary Relief

16.2 Appendix 2 – Business Rates Discretionary Relief (Revaluation Support)

16.3 Appendix 3 – Business Rates Discretionary Relief (Charitable and Voluntary Organisations)