

<b>Report title</b>	Business Rates Discretionary Relief	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Ian Brookfield Leader of the Council	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Revenues and Benefits	
<b>Accountable employee</b>	Tracey Richards Tel Email	Head of Revenues and Benefits 01902 552493 Tracey.richards@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Finance Leadership Team	10 January 2022

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**Recommendations for decision:**

The Cabinet is recommended to:

1. Approve the following extensions to the local Business Rates Discretionary Relief Policy:
  - a. In respect of charitable and voluntary organisations for one year from 1 April 2022
  - b. In respect of Retail, Hospitality and Leisure Business Rates relief scheme for one year from 1 April 2022
  - c. In respect of transitional relief for one year from 1 April 2022
  - d. In respect of supporting small businesses for one year from 1 April 2022
  - e. In respect of local newspaper relief for one year from 1 April 2022.
2. Delegate authority to the Director of Finance in consultation with the Head of Revenues and Benefits to award relief in individual cases which satisfy the criteria for the categories of discretionary rate relief in accordance with Section 47 Local Government Finance Act 1988.

## **1.0 Purpose**

- 1.1 To seek approval to extend the Council's local Scheme for Business Rates Discretionary Relief with effect from 1 April 2022.

## **2.0 Background**

- 2.1 Discretionary rate relief is granted under Section 47 of the Local Government Finance Act 1988.
- 2.2 The local scheme consists of different categories of relief based on Government guidance.

## **3.0 Business Rates Discretionary Relief**

- 3.1 The existing scheme relating to charitable and voluntary organisations is set out in appendix 1. The scheme approved on 17 February 2021 expires on 31 March 2022.
- 3.2 This category provides either up to 20% of relief for registered charities (on top of 80% mandatory relief) or up to 100% of relief for organisations that are not established or conducted for profit.
- 3.3 In the Budget on 27 October 2021, the Government announced the Retail, Hospitality and Leisure Business Rates relief scheme for 2022-2023, which is required to be awarded as a discretionary reduction in accordance with government guidance at 10.1 and is fully reimbursed through Section 31 grant.
- 3.4 In the budget on 27 October 2021, the Government announced that it would extend the current transitional relief scheme and the supporting small business scheme for one year to the end of the current revaluation cycle, being 31 March 2023. Awards are to be made as a discretionary reduction in accordance with government guidance at 10.2 and is fully reimbursed through Section 31 grant.
- 3.5 Local newspaper relief is a discretionary rate relief of £1,500 reduction in business rates for eligible properties for the 2022-2023 financial year, which is required to be awarded as a discretionary reduction in accordance with government guidance and is fully reimbursed through Section 31 grant.
- 3.6 It is recommended that discretionary awards under Section 47 of the Local Government Finance Act 1988 are delegated to the Director of Finance in consultation with the Head of Revenues and Benefits, to ensure timely awards are made to businesses who satisfy the criteria either held within the Council's Discretionary Business Rates Relief policy, or where a new scheme is introduced by Government which is fully funded by Section 31 Grant where awards are made which comply with the required criteria.

## **4.0 Evaluation of alternative options**

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

- a. 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.
  - b. 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.
- 4.2 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.

## **5.0 Reasons for decisions**

- 5.1 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.
- 5.2 Providing discretionary rate relief to businesses in accordance with Government guidance reduces the business rate bill at no cost to the Council.

## **6.0 Financial implications**

- 6.1 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. 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.
- 6.2 Under the 99% business rates retention scheme, the cost to the Council of awarding discretionary (charitable and voluntary organisations) relief in 2022-2023 will be in the region of £612,000.
- 6.3 There are no direct financial costs for awards of discretionary rate relief for the Retail, Hospitality and Leisure Business Rates Relief scheme, transitional relief, supporting small businesses and the local newspaper relief schemes, as they will be funded by Section 31 grant.  
[MH/10022022/J]

## **7.0 Legal implications**

- 7.1 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.

7.2 It will be for the Council to adopt a local scheme and determine in each individual case, having regard to the Government's guidance to grant relief and ensure that any relief granted does not transgress subsidy control limits.

7.3 In accordance with the Government's guidance, the Council will need to collect data to enable it to monitor and report the take-up of the scheme.

[JA/07022022/G]

## **8.0 Equalities implications**

8.1 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.

8.2 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.

## **9.0 All other implications**

9.1 None

## **10.0 Schedule of background papers**

10.1 [2022/23 Retail, Hospitality and Leisure Relief Scheme: local authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/2022-23-retail-hospitality-and-leisure-relief-scheme-local-authority-guidance)

10.2 [Extension of Transitional Relief and Supporting Small Business Relief for small and medium properties - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/extension-of-transitional-relief-and-supporting-small-business-relief-for-small-and-medium-properties)

## **11.0 Appendices**

11.1 Appendix 1 - Business Rates Discretionary Relief (Charitable and Voluntary Organisations)