



Cabinet (Resources) Panel

10 February 2015

Report title	Discretionary Rate Relief – additions, revisions and extensions to the local scheme	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Delivery	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Revenues and Benefits	
Accountable employee(s)	Sue Martin	Head of Revenues and Benefits
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Report to be/has been considered by	None	

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve an addition to the local scheme for business rates discretionary relief to replace statutory transitional relief in line with government proposals.
2. Delegate authority to the Cabinet Member for Resources in consultation with the Director of Finance to finalise the policy detail on discretionary (transitional) relief after review of government guidance.
3. Delegate authority to the Head of Revenues and Benefits to award relief in respect of this addition to the scheme, noting that updates on the numbers and value of such awards will be reported to Cabinet (Resources) Panel for information on a quarterly basis
4. Approve a revision to the local scheme in relation to discretionary (retail discount) relief in line with government proposals.

5. Approve the extension of the scheme for discretionary rate relief for charitable and voluntary organisations for 2015/16.

1.0 Purpose

- 1.1 To seek approval to include a new category within the Council's local scheme for business rate discretionary relief for properties with a rateable value of £50,000 or less that qualified for transitional relief to 31 March 2015 under the statutory scheme.
- 1.2 To seek approval to revise the discretionary relief (retail discount) policy in line with government proposals announced in the Autumn Statement 2014.
- 1.3 To seek approval to extend the discretionary rate relief scheme (charitable and voluntary organisations) for 2015/16.

2.0 Background

- 2.1 Discretionary rate relief is granted under Section 47 of the Local Government Act 1988.
- 2.2 The local scheme consists of different categories of relief based on government guidance both longstanding, in the case of charitable and voluntary organisations and in response to more recent government initiatives.
- 2.3 In the Autumn Statement 2014 the government announced the following support for businesses:
 - Extend the transitional arrangements for smaller properties with a rateable value of £50,000 and below facing significant bill increases due to the ending of transitional rate relief from 1 April 2015 to 31 March 2017.
 - Increase the level of retail relief from £1,000 to £1,500 in respect of occupied retail premises with a rateable value of £50,000 or less for the financial year 2015/16.
- 2.4 The existing scheme relating to charities and voluntary organisations was approved on 11 March 2014 and expires 31 March 2015.

3.0 Proposal 1: create a new category of discretionary (transitional) relief

- 3.1 Transitional rate relief is a statutory scheme to ease increases in business rates as a result of a business rates revaluation. Each rating list lasts for five years and the existing rating list came into force on 1 April 2010.
- 3.2 The transitional relief scheme ends on 31 March 2015 however introduction of the new rating list has been deferred until 1 April 2017. As a result a small number of ratepayers will face a jump to their full rates bill from 1 April 2015. The government announced in the 2014 Autumn Statement that it will extend to March 2017 the current transitional relief scheme for properties with a rateable value up to and including £50,000.
- 3.3 As the new arrangements are temporary, the government has decided not to amend legislation but directed councils to use their discretionary powers through section 47 of the Local Government Act 1988 to grant relief.

- 3.4 The government has announced that it will fully reimburse councils for the cost of any relief granted, provided awards comply with official guidance.
- 3.5 Initial estimates are that relief will apply to less than 30 businesses in the City.
- 3.6 It is recommended that a new category of discretionary (transitional) relief is created with effect from 1 April 2015 and ending on 31 March 2017 and that detailed policy wording will be authorised by the Cabinet Member for Resources in consultation with the Director of Finance prior to any awards being made.

4.0 Proposal 2: revise the local scheme for discretionary (retail discount) relief

- 4.1 Cabinet (Resources) Panel approved a new category of discretionary (retail discount) relief on 11 February 2014 following announcements in the 2013 Autumn Statement.
- 4.2 The current scheme awards an annual discount of £1,000 to occupied retail premises with a rateable value below £50,000. In the year to date 750 discounts totalling £466,000 have been awarded.
- 4.3 The cost of relief is fully reimbursed by government provided awards comply with official guidance.
- 4.4 Based on the announcement in the 2014 Autumn Statement an increase in the level of discount to £1,500 for 2015/16 is recommended.

5.0 Proposal 3: extend the local scheme for discretionary (charitable and voluntary organisations) relief

- 5.1 The existing scheme was last revised and updated by Cabinet (Resources) Panel on 26 June 2013 and was approved for 2014/15 on 11 March 2014.
- 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 Relief for existing recipients is reviewed annually and awarded for the forthcoming financial year subject to there being no change in circumstances. Each organisation is required to certify that they continue to fulfil the conditions for relief to be granted.
- 5.4 The policy is based on government guidance and sets out clear eligibility criteria against which applications are assessed. Authority to approve awards is delegated to the Cabinet Member for Resources in consultation with the Head of Revenues and Benefits.
- 5.5 This report does not contain any proposal to revise eligibility under the scheme. It is recommended that approval be given to continue the scheme for 2015/16.

- 5.6 All organisations receiving an award will be given notice that the relief will end on 31 March 2016 and they will be notified of any new scheme developed to take effect from 1 April 2016

6.0 Financial implications

- 6.1 The proposals in relation to discretionary (transitional) relief and discretionary (retail discount) relief are fully funded by government through grant payments, section 31 Local Government Act 2003.

- 6.2 An estimate of the cost to the Council for discretionary (charitable and voluntary organisations) relief in 2015/16 is £326,155.

[CF/26012015/H]

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 Section 69 of the Localism Act 2011 provides a new discretionary power to reduce business rates for any local ratepayer. It is this new power that the government is directing billing authorities to use to award the new categories of relief.

- 7.3 It will be for the Council to ensure that any relief granted does not transgress state aid rules.

[RB/27012015/K]

8.0 Equalities implications

- 8.1 A stage one equality analysis has been completed. No adverse impacts were identified and therefore a full equality analysis is not required.

9.0 Environmental implications

- 9.1 There are no environmental implications.

10.0 Human resources implications

- 10.1 There are no human resources implications.

11.0 Corporate landlord implications

- 11.1 There are no corporate landlord implications.

12.0 Schedule of background papers

- 12.1 Report to Cabinet (Resources) Panel 11 February 2014 (item 10)
<http://wolverhampton.moderngov.co.uk/CeListDocuments.aspx?Committeeld=143&MeetingId=3786&DF=11%2f02%2f2014&Ver=2>
- 12.2 Report to Cabinet (Resources) Panel 11 March 2014 (item 7)
<http://wolverhampton.moderngov.co.uk/CeListDocuments.aspx?Committeeld=143&MeetingId=3787&DF=11%2f03%2f2014&Ver=2>
- 12.3 Government guidance – transitional relief
<https://www.gov.uk/government/publications/business-rates-extension-of-transitional-relief-for-small-and-medium-properties>