

## Cabinet (Resources) Panel

5 February 2019

<b>Report title</b>	Business Rates Discretionary Reliefs	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable Director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Revenues and Benefits	
<b>Accountable employee</b>	Sue Martin Tel Email	Head of Revenues and Benefits 01902 554772 Sue.martin@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board	15 January 2019

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### Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the following extensions to the local business rates discretionary relief policy:
  - a. In respect of revaluation support for one year from 1 April 2019.
  - b. In respect of charitable and voluntary organisations for one year from 1 April 2019.
  - c. In respect of local newspaper discount for one year from 1 April 2019.
  - d. In respect of retail discount for two years from 1 April 2019.
2. Delegate authority to the Head of Revenues and Benefits to award relief in individual cases, in respect of new categories d. above.

## 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 2019.

## 2.0 Background

- 2.1 Discretionary rates 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 Discretionary Relief – Revaluation Support

- 3.1 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.
- 3.2 A four-year fund was allocated to local authorities to enable reductions in rates for those businesses most affected.
- 3.3 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

- 3.4 Due to the significant difference in funding between years and the need to ensure 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.
- 3.5 In 2017-2018 relief was 100% of the increase in rates payable resulting from the 2017 national business rates revaluation. In 2018-2019 relief was 70% of the increase.
- 3.6 Relief for 2019-2020 is recommended at 40% of the increase and in accordance with the criteria set out in appendix 1.
- 3.7 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.

## 4.0 Discretionary Relief – Charitable and Voluntary Organisations

- 4.1 The existing scheme relating to charitable and voluntary organisations is set out in appendix 2. The scheme approved on 27 February 2018 expires on 31 March 2019.
- 4.2 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.

- 4.3 Relief for existing recipients is reviewed annually and each organisation is required to certify that they continue to fulfil the conditions for the relief to be granted.
- 4.4 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.
- 4.5 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 2019-2020.
- 4.6 All organisations receiving an award will be given notice that the relief will end on 31 March 2020 and they will be notified of any new scheme developed to take effect from 1 April 2020.

## **5.0 Discretionary Relief – Local Newspapers and Retail Properties**

- 5.1 In the October 2018 budget, the Government announced measures to provide business rates relief in respect of the above types of properties and businesses.
- 5.2 Relief for local newspapers was originally granted for two years from 1 April 2017, however the Government has announced an extension for 2019-2020. This category of relief provides a discount of up to £1,500 for office space occupied by a local newspaper. One business in the City is eligible for local newspaper relief. The scheme is set out in appendix 3.
- 5.3 Relief for retail businesses is a new category of relief that provides a discount of one third of the bill, after other reliefs, to occupied retail properties with a rateable value of less than £51,000. It will apply for two years from 1 April 2019 and it is estimated that between 300 and 500 businesses in the City could be eligible for this category of relief. The recommended scheme, which follows Government guidance, is set out in appendix 4.
- 5.4 Whilst the Council would be using discretionary powers to award the new categories of relief, reimbursement for the full cost of the relief is conditional on following Government guidance.

## **6.0 Evaluation of alternative options**

- 6.1 The Council could choose not to extend the discretionary relief scheme. This option has been discounted for those categories that are fully funded by Government as the funding provides an opportunity to reduce rates bills for local businesses.
- 6.2 The Council could choose to top up the Government funding from its own resources. This option has been discounted because of the impact on the medium term financial strategy.

## **7.0 Reasons for decision(s)**

- 7.1 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 is aligned with the principles of other schemes across the region.

- 7.2 Extending the scheme for charitable and voluntary organisations continues support to a range of organisations providing support to vulnerable groups allowing the Council to foster good relations and enhance equal opportunities.
- 7.3 The creation of a new category of relief for retail businesses is in line with the Government's aim of supporting the retail sector.
- 7.4 Adopting the new categories of relief would benefit those individual businesses that would see a reduction in their rates liability and would benefit the Council due to a reduction in the amount of rates to collect

## **8.0 Financial implications**

- 8.1 The City of Wolverhampton Council, as one of the constituent members of the West Midlands Combined Authority, is participating in a business rates retention pilot from April 2017, on a no financial detriment basis. The continuation of the existing 100% business rates retention pilots until 2019-2020 was confirmed as part of the Local Government Settlement issued on 6 February 2018. As a result of entering into this pilot, the Council will retain 99% of business rates, no longer receive revenue support grant and receive a top up grant adjustment to account for the net effect of the changes.
- 8.2 Under the 99% business rates retention scheme, the cost to the Council of awarding discretionary (charitable and voluntary organisations) relief in 2019-2020 will be in the region of £620,000.
- 8.3 There are no direct financial costs for awards under the revaluation support relief as the Council will be compensated by way of Section 31 grant up to the limit of £78,000 for 2019-2020. Awards are not expected to exceed this limit.
- 8.4 Furthermore there are no direct financial costs for awards under the local newspaper and retail relief as the Council will be compensated by way of Section 31 grant.  
[MH/09012019/J]

## **9.0 Legal implications**

- 9.1 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.
- 9.2 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.  
[JSM 07012019 BSDR]

## **10.0 Equalities implications**

- 10.1 A full equality analysis was completed two years ago 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. Nothing has changed regarding relief for charities and voluntary organisations. The policy developed for all other areas is strictly in line with Government guidance to obtain 100% funding.

## **11.0 Environmental implications**

- 11.1 There are no environmental implications arising from this report.

## **12.0 Human resources implications**

- 12.1 There are no human resources implications arising from this report.

## **13.0 Corporate landlord implications**

- 13.1 There are no corporate landlord implications arising from this report.

## **14.0 Health and Wellbeing Implications**

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

## **15.0 Appendices**

- 15.1 Appendix 1 – Business Rates Discretionary Relief (Revaluation Support)
- 15.2 Appendix 2 – Business Rates Discretionary Relief (Charitable and Voluntary Organisations)
- 15.3 Appendix 3 - Business Rates Discretionary Relief (Local Newspapers)
- 15.4 Appendix 4 - Business Rates Discretionary Relief (Retail Discount)