

CABINET
28 JANUARY 2021

NATIONAL NON-DOMESTIC DISCRETIONARY RATE RELIEF 2021/22

1. Summary

- 1.1 To consider granting discretionary rate relief to ratepayers who have made applications in respect of 2021/22 or who will have made an application by 1 March 2021.

2. RECOMMENDATION

- 2.1. That the maximum level of discretionary rate relief for 2021/22 for the organisations listed in Appendix A to the report be determined in accordance with the detailed recommendations set out in Appendix A.

3. Background and Discussion

Annual Discretionary Rate Relief

- 3.1. Depending upon their circumstances ratepayers may be eligible for mandatory rate relief, mandatory rural rate relief or small business rate relief.

Charities and sports organisations that have charitable status currently receive 80% mandatory relief. In order to qualify for the mandatory relief, the organisation must be established for charitable purposes only and the premises must be wholly or mainly used for charitable purposes.

In addition, sports clubs registered with HMRC as community amateur sports clubs are also entitled to 80% mandatory relief.

- 3.2. Section 47 of the Local Government Finance Act 1988 (as amended) allows the Council to grant discretionary rate relief of up to 100% to any ratepayer.
- 3.3. Discretionary rate relief can be awarded in isolation or given to 'top-up' a mandatory award or to supplement assistance given via the small business rate relief scheme.
- 3.4. However, unless one of the following apply, the Council may only grant discretionary rate relief if it is satisfied that it would be reasonable to do so, having regard to the interests of council tax payers:

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- The ratepayer is a charity or trustee for a charity, and the property is wholly or mainly used for charitable purposes; or
 - The ratepayer is a community amateur sports club and the property is wholly or mainly used for the purpose of the club and other such clubs; or
 - The ratepayer is entitled to mandatory rural rate relief; or
 - All or part of the property is occupied by non-profit making organisations whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
 - The property is occupied by a club, society or other non-profit making organisation and it is wholly or mainly used for purposes of recreation.
- 3.5. The types of property eligible for discretionary rate relief are specified in Appendix B. The qualifying conditions for Small Business Rate Relief (as prescribed by legislation) are also set out in Appendix B.
- 3.6. On 26 January 2017, Cabinet reviewed and determined the criteria for eligibility for all types of discretionary rate relief as set out in Appendix C (Minute No. 109). These criteria cover all cases where the decision to grant relief is not dependent upon the award being in the interests of council tax payers.
- 3.7. Applications from ratepayers who do not satisfy the stated criteria will be considered on their merits and individual recommendations will be made taking into consideration the benefit to the community as a whole.
- 3.8. On 10 March 2005, Cabinet had previously determined the levels of discretionary rate relief applicable to businesses eligible for Small Business Rate Relief:
- Where maximum Small Business Rate Relief is available, no discretionary rate relief should be awarded;
 - Where the ratepayers will only benefit from the application of the lower multiplier, discretionary rate relief should continue to be awarded at the rate outlined in Appendix C;

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- Where no relief is available because businesses occupy more than one property within England, discretionary rate relief should continue to be awarded at the rate outlined in Appendix C; and
- Where relief amounting to less than the current discretionary percentage is due, the level of mandatory relief should be “topped-up” by discretionary rate relief so that the ratepayer receives the same level of assistance as the level of discretionary relief outlined in Appendix C.

(Minute no.352)

- 3.9. Ratepayers seeking discretionary rate relief are required to submit an application for Small Business Rate Relief (where potentially eligible) as a pre-requisite to the consideration of the award of discretionary rate relief.
- 3.10. Applications for discretionary rate relief may be made up to six months after the end of the financial year for which relief is sought. No discretionary rate relief can be awarded if an application is made outside of the statutory timeframe. Once awarded, discretionary rate relief may only be withdrawn or reduced if a minimum of 12 months’ notice has been given to the recipient.
- 3.11. To ensure that discretionary support given to businesses remains appropriate, awards are only made for one financial year and recipients are required to reapply each year.

Rural rate relief top-up

- 3.12. In the Autumn Statement of 2016 the Government announced the intention to double mandatory rural rate relief to 100% from 1 April 2017. However, this required an amendment to primary legislation. As a temporary measure local authorities were advised to use discretionary powers to award the additional 50% relief which would be reimbursed by way of a section 31 grant.
- 3.13. In the absence of primary legislation the government expects that local authorities will continue to use local discount powers to grant 100% rural rate relief to eligible ratepayers until further notice, with appropriate reimbursement.
- 3.14. Paragraphs 7.1, 7.2, 7.4 and 7.5 in Appendix C already cater for this extension of relief.

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Financial implications

- 3.15. Since 1 April 2013, all discretionary relief granted has come under the provisions of the Business Rate Retention scheme.
- 3.16. The cost of relief is effectively shared between Central Government (50%), and local authorities (50%). Of this, the Council is required to fund 40%.
- 3.17. When setting the business rates baseline for 2013/14, the Government broadly used the existing levels of discretionary relief. Because of the operation of the levy and safety net on the business rate retention scheme, it is not possible to say exactly what the actual effect of granting the relief will be and it may vary between years. For example, if the Council was already at the safety net, then granting additional relief would have no direct impact for that year, but would have an impact as soon as the Council moved out of the safety net.
- 3.18. Therefore Appendix A only refers to the gross discretionary relief proposed.

Cases to be considered for 2021/22

- 3.19. Appendix A contains the details of each ratepayer to be considered for relief for 2021/22 and recommends the level of relief to be applied.
- 3.20. All ratepayers fall within the criteria contained within Appendix C.
- 3.21. In the Spending Review on 25 November 2020 the Chancellor announced a multiplier freeze for 2021/22 (confirmed in Business Rate Information Letter 9/2020 on 15 December 2020). The small business non-domestic rating multiplier will therefore be set at 49.9p and the standard non-domestic rating multiplier will be set at 51.2p.
- 3.22. The estimated level of relief is based upon the multipliers set out in paragraph 3.21. Ultimately, should the multipliers change a further report setting out the revised relief awards will be submitted.
- 3.23. If applications are approved, the total gross relief granted would be £42,402.
- 3.24. Members should be aware that the requirement for relief can change during the financial year as a result of rateable value changes, vacations etc. Therefore, some of these awards may not ultimately require full funding.

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4. Relationship to the Corporate Plan

Not applicable.

5. Financial, legal, staffing and other administrative implications and risk assessments

Financial Implications	As noted in paragraphs 3.15 to 3.18, Appendix A sets out the proposed gross discretionary rate relief to be granted. S31 grants will be made to compensate for the top up to mandatory rural rate relief.
Legal Implications	As set out in the body of the report
Staffing Implications	None
Administrative Implications	None
Risk Assessment	No uncertainties and/or constraints

6. Appendices

Appendix A Discretionary Rate Relief Applications & Recommendations

Appendix B Types of Property Eligible for Discretionary Rate Relief

Appendix C Criteria for granting Discretionary Rate Relief

BACKGROUND PAPERS

<u>Documents consulted</u>	<u>Date</u>	<u>File Ref</u>	<u>Report Author</u>	<u>Section and Directorate</u>	<u>Exempt Information Category</u>
Discretionary Relief Applications	Various		Sue Cressall 01732 227041	Revenues Strategic	N/a