



Summary Sheet

Council Report

Cabinet and Commissioners' Decision Making Meeting – 9 January 2017

Title

Rural Rate Relief Top Up 2016/17

Is this a Key Decision and has it been included on the Forward Plan?

No, but has been included on the Forward Plan

Strategic Director Approving Submission of the Report

Judith Badger, Strategic Director of Finance and Customer Services

Report Author(s)

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Ward(s) Affected

All

Summary

To consider the applications made by three ratepayers for the award of discretionary business rate relief top-up. Any such award would align these small rural businesses with similar ratepayers who benefit from 100% small business rate relief. The top-up relief will only be required for the 2016/17 financial year as the Government has announced plans in the Autumn Statement to increase rural rate relief to 100% from 1 April 2017.

Recommendations

That the applications for discretionary rate relief top-up listed in this report be approved in accordance with the details set out in Section 7 to this report.

List of Appendices Included

Appendix 1 - Ratepayer Information and Financial Costs

Background Papers

Discretionary Rate Relief Policy - Approved 24th April, 2013

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

No

New Applications for Discretionary Rate Relief Top-Up

1. Recommendation

- 1.1 That the applications for discretionary rate relief top-up listed in this report and in accordance with the details set out to Section 7 of this report be approved.

2. Background

- 2.1 Provisions for a new rural rate relief scheme were included in the Local Government and Rating Act 1997 and conveyed power on local authorities to allow discretionary relief in addition to awarding 50% mandatory relief. The primary intention of the legislation was to help safeguard the viability of small rural communities. A small rural community is defined as a settlement of less than 3,000 in a designated rural area.

- 2.2 The Council can grant up to 100% discretionary rate relief to:-

- Those businesses already awarded mandatory relief
- Any small rural business situated in a designated rural area with a rateable value not exceeding £16,500

- 2.2.1 Rotherham has operated a system of awarding relief through the application of a policy that was approved by the former Cabinet on 24th April 2013.

- 2.2.2 The funding for Discretionary Rate Relief was, until the introduction of the Government's Business Rates Retention Scheme (April 2014), shared with Central Government through the National Non-Domestic Rate Pool. Local authorities were reimbursed with 25% of the cost of discretionary rate relief granted to charities and Community Amateur sports Clubs, and 75% of the cost of relief granted to other bodies. Now, with the localisation of business rates, Central Government and Councils share every £1 of rates due on a 50/50 basis as follows:

Central Government	50%
South Yorkshire Fire and Rescue Authority	1%
Rotherham MBC	49%

- 2.3 Applications for a 50% discretionary rate relief top-up have been received from three ratepayers in the rural areas, details of which are shown in Appendix 1.

- 2.3.1 Under current legislation 50% mandatory rural rate relief is awarded where the ratepayer is eligible. However, if rural rate relief is awarded then small business rate relief cannot be awarded. Within the hierarchy of reliefs, mandatory rural rate relief has to be awarded first before any other relief. This is a recognised anomaly in the legislation as a ratepayer with a property having a rateable value of less than £6,000 for example, would be awarded 100% small business rate relief and would have nothing to pay.

The applicants who are situated in the designated rural areas and receive 50% mandatory relief consider that they should have the same level of relief as similar small properties whose business rates liability is calculated under the small business rates relief thresholds.

The Government has recognised this anomaly which penalises a small group of ratepayers and has announced in the Autumn Statement 2016 that it will increase rural rate relief to 100% from April 2017. Any award of discretionary rate relief top-up would only be required for the 2016/17 financial year.

2.3.2 The applications for the award of discretionary rate relief meet the qualifying criteria:-

- The properties are situated within the boundaries of a qualifying rural settlement
- They satisfy the requirements of being the only post office, the only general store or a food shop with a rateable value less than £8,500, or only public house or only petrol station with a rateable value less than £12,500
- The businesses provide a vital benefit to the local community
- It would be reasonable to award the relief taking into account the interests of council tax payers.

2.3.3 The applicants are applying for discretionary relief with regard to their 2016/17 rates liability. The financial implications of awarding the rate relief are set out in Appendix 1.

3. Key Issues

3.1 To consider the applications requesting the award of Discretionary Rate relief to the ratepayers listed in Appendix 1.

4. Options considered and recommended proposal

4.1 Given the nature of the relief requested, the Council has the discretion to either award or not award a discretionary rate relief.

4.2 In helping Members make such a decision, the Council has put in place a specific Policy framework to consider individual applications. In accordance with that Policy, applications (including supporting documentation) for relief have been considered in line with the qualifying criteria and other considerations set out in that Policy.

4.3 Given the recognised anomaly in the legislation and the proposal to rectify this from 1st April 2017 it is considered reasonable that the Council should treat similar businesses fairly and in doing so should therefore award a 50% discretionary rate relief top-up to those ratepayers that have applied (Appendix 1) and are already benefitting from 50% mandatory rural relief. The additional financial cost to the Council in supporting these applications will be effectively managed within the overall financial planning assumptions for the Council's Statutory Collection Fund.

- 4.4 Members are asked to note that there are 9 further premises in the borough that are situated in a designated rural area and receive 50% mandatory relief. If the Council were also to receive applications for top up relief from these ratepayers and make an award, there would be an additional financial cost to the Council in 2016/17, over and above that identified in Section 7.1 of £4,407.89.

5. Consultation

- 5.1 The applications have been considered by the relevant Cabinet Member and that Member is supportive of the award of relief.

6. Timetable and Accountability for Implementing this Decision

- 6.1 The applicants will be advised by letter on the outcome of their application for relief within 10 working days of the Cabinet decision.

7. Financial and Procurement Implications

- 7.1 The total potential cost of granting the relief for the financial year 2016/17 for the applicants is £1,343.87. A detailed analysis of the cost of awarding this top up relief to each individual applicant is set out in in Appendix 1.

8. Legal Implications

- 8.1 The statutory framework for discretionary rate relief is set out in the body of the report.

9. Human Resources Implications

- 9.1 No direct implications from this report

10. Implications for Children and Young People and Vulnerable Adults

- 10.1 No direct implications from this report

11. Equalities and Human Rights Implications

- 11.1 No direct implications from this report

12. Implications for Partners and Other Directorates

- 12.1 No direct implications from this report

13. Risks and Mitigation

- 13.1 The Government has issued guidance notes to advise Authorities what criteria should be used in considering applications for Discretionary Rate Relief. Authorities have been strongly advised to treat each individual case on its own merits and to not adopt a policy or rule which allows them to not consider each case without proper consideration. Whilst the guidance notes do not make specific reference to applications for rural rate relief discretionary top up, in cognisance of these guidance notes, the Council has formally adopted a Policy framework for considering individual discretionary business rates relief applications with the decision to award reserved for Cabinet.

14. Accountable Officer(s)

Approvals Obtained from:-

Stuart Booth, Assistant Director, Finance and Customer Services.

Dermot Pearson, Assistant Director, Legal Services

Head of Procurement - Not Applicable

Rachel Humphries, Operational Manager, Local Taxation

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