

## **ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS**

<b>1.</b>	<b>Meeting:</b>	<b>Cabinet</b>
<b>2.</b>	<b>Date:</b>	<b>24<sup>th</sup> April 2013</b>
<b>3.</b>	<b>Title:</b>	<b>Non Domestic Rate Discretionary Relief Policy</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources</b>

### **5. Summary**

This report outlines the current provisions that give the Council the discretion to grant discretionary Non Domestic rate relief to ratepayers within the borough and sets out the criteria that will be used by the Council when considering future applications for relief.

### **6. Recommendations**

**That Cabinet note the contents of this report and approve the attached Discretionary Relief Policy**

## **7. Background**

The Local Government Finance Act 1988 and associated regulations give Councils discretion to grant Discretionary Non Domestic Rate Relief to organisations that meet certain criteria. This includes the discretion to grant relief on the basis of hardship.

The Council has a duty to consider and decide the level of discretionary relief that should be granted to ratepayers who apply for relief.

Although allowing for discretion, the regulations do prohibit Councils from adopting a strict policy or rule for granting discretionary relief. The Government has provided a good practice guidance to advise Councils of the criteria to consider when considering applications for relief. Authorities are strongly advised to treat each case on its own merits. Councils can, however, agree on a general basis on which it will approach any application made.

### **Local Discounts under Localism Act 2011**

From April 2012, Section 69 of the Localism Act 2011 replaced the limited circumstances where the Council can grant discretionary rate relief. This extends the power to grant discounts beyond the discretionary rate provisions applied to registered charities, Community amateur Sports Clubs and other sporting and non-profit making organisations

Councils now have discretion to grant local discounts to reduce the Non Domestic rates of any local ratepayer - for example, to promote new business and local employment opportunities, provided it is satisfied that it is reasonable to do so having considered the interests of persons liable to pay the council tax it levies. Any local discounts granted under these new provisions will have to be fully funded by the authority.

It is recommended that each application received under these provisions is considered on a case by case basis by Cabinet based on a business case that sets out the economic and other benefits in comparison with the potential lost business rates income.

## **8. Finance**

The Local Government Finance Act 2012 has brought significant changes from April 2013 including changes to the financial arrangements in respect of sums collected for Non Domestic Rates.

The changes to Local Government Finance from 1 April 2013 mean that subject to some adjustments the Council will retain 49% of the business rates income that it collects.

Any subsequent award of rate relief will reduce the Council's business rates yield and therefore result in a corresponding reduction in the income that is retained by the Council and will therefore have a revenue budget implication.

The Government policy statement 'Business Rates Retention' published in November 2012 reiterated the loss of revenue arising from the award of rate relief under localisation arrangements.

- For hardship relief cases the reduction in rate yield will be shared 50:50 between central government and a council.
- For cases where rate relief is awarded under Section 69 of the Localism Act 2011 the full amount of the resulting reduction in rate yield is to be deducted from the Council share.

## **9. Risks and Uncertainties**

The award of rate relief will reduce the financial resources available to the Council. The proposed policy requires that the interests of Council Tax payers are taken into account in considering any award and therefore any awards will only be made where the economic benefits are considered to outweigh the potential cost, including financial cost.

## **10. Policy and Performance Agenda Implications**

None

## **11. Background Papers and Consultation**

Non Domestic Rate Discretionary Relief Policy

### **Contact Name:**

**Stuart Booth** (Director of Financial Services), email: [stuart.booth@rotherham.gov.uk](mailto:stuart.booth@rotherham.gov.uk)  
Tel No: 22034

**Robert Cutts** (Service and Development Manager, Revenues and Benefits, email: [robert.cutts@rotherham.gov.uk](mailto:robert.cutts@rotherham.gov.uk) Tel No: x23320