

Public Report with Exempt Appendices
Cabinet

Committee Name and Date of Committee Meeting

Cabinet – 14 October 2024

Report Title

New Applications for Business Rates Hardship Relief

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

No, but it 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

Borough-Wide

Report Summary

To consider the applications for Business Rates Hardship Relief in accordance with the Council's Discretionary Business Rates Relief Policy (approved by Cabinet on 12th December 2016).

Recommendations

That Cabinet refuse the applications for Hardship Relief.

List of Appendices Included

- Appendix 1 Exempt Addendum to Report
- Appendix 2 Initial Equality Screening Document
- Appendix 3 Carbon Impact Assessment

Background Papers

Discretionary Rate Relief Policy - Approved by Cabinet on 12th December 2016

Consideration by any other Council Committee, Scrutiny or Advisory Panel

No

Council Approval Required

No

Exempt from the Press and Public

Yes Appendix 1

An exemption is sought for Appendix 1 under paragraph 3 (information relating to the financial or business affairs of any particular person including the authority holding that information) of Part I of Schedule 12A of the Local Government Act 1972, as this report contains the applicant's business financial information.

It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because disclosure could jeopardise the reputation of the business and place competitors at an unfair advantage.

New Application for Business Rates Hardship Relief

1. Background

1.1 The Council has a duty under Section 49(1) of the Local Government Finance Act (LGFA) 1988 to consider remitting or reducing rates where a ratepayer would sustain hardship if a remission or reduction was not granted and it would be reasonable to do so after taking regard of the interests of the Council Tax Payers. Hardship Relief can be granted in respect of rates on occupied and unoccupied properties.

1.2 Government guidelines advise that the granting of a remission or reduction should only be done in exceptional circumstances and consideration given to the following:-

- Whether the hardship is being suffered as a direct result of unusual factors outside the control of the business
- Would not granting the relief impact on employment within the borough
- Would relief give the business an unfair trading advantage
- Whether the business is suffering due to poor financial management.

1.2.1 The Council has operated a system of awarding relief through the application of a policy that was approved by Cabinet on 12th December 2016.

1.2.2 Central Government and councils share every £1 of rates due as follows:

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

1.3 Application 1

1.3.1 The application for the award of hardship relief does not meet the Council's qualifying criteria as set out in its Policy, as an award would be considered to be giving the applicant an unfair trading advantage.

1.3.2 The business undertakes logistical activities, such as freight forwarding (particularly international freight), customs agent and order fulfilment. Their current financial difficulties are attributed to three main factors:-

- Liquidation of a major client, which resulted in a circa £15,000 debt write-off.
- The business was a victim of a large-scale fraud.
- During late 2022 business started to slow down, and this continued into 2023 and 2024 as the UK economy was in decline. Utilities and business expenses have continued to increase.

1.3.3 The company has limited liquidity due to the difficult trading conditions and the resulting rates bill represents a major challenge to the company's financial position.

1.3.4 The ratepayer is applying for Hardship Relief with regards to their 2023/24 and 2024/25 rates liability. The financial implication of awarding the relief is set out in section 6 of this report.

1.4 **Application 2**

1.4.1 The application for the award of hardship relief does not meet the Council's qualifying criteria as set out in its Policy, as an award would be considered to be giving the applicant an unfair trading advantage.

1.4.2 The applicant has requested that relief to be awarded on three empty properties for which the company is actively seeking tenants. These properties are proving difficult to let in the current climate.

1.4.3 The company states that their financial forecasts indicate that without tenants and with continued payment of business rates, their financial stability will decline further and, potentially, leading to insolvency by April 2025. They have already taken measures to minimise expenses, including the director foregoing a salary.

1.4.4 The ratepayer is applying for Hardship Relief with regards to their 2024/25 rates liability. The financial implication of awarding the relief is set out in section 6 of this report.

2. **Key Issues**

2.1 To consider the applications requesting the award of Hardship Relief.

3. **Options considered and recommended proposal**

3.1 Given the discretionary nature of the relief requested, the Council can determine either to award or not award Hardship Relief.

3.2 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, application (including supporting documentation) for relief has been considered in line with the qualifying criteria and other considerations set out in that Policy.

3.3 In line with the Council's Business Rates Discretionary Relief Policy, having regard to the financial cost of the proposed relief it is recommended that Hardship Relief be refused.

3.4 The alternative option was to award Hardship Relief. This option has been rejected as the application does not meet the Council's Policy.

4. Consultation on proposal

4.1 The recommendation in the report is based on the application of an existing policy. There has been no specific consultation carried out in relation to any individual organisation referred to within this report.

5. Timetable and Accountability for Implementing this Decision

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

6. Financial and Procurement Advice and Implications

6.1 The applicants have completed a full application for the proposed relief to ensure compliance with the Council's discretionary scheme criteria. The financial information has been fully reviewed by the Finance Team, and that information has been used as part of considering this Hardship Relief application.

6.2 The total value of the relief for the financial year 2023/24 is £12,350.25 and for the financial year 2024/25 is £84,127.75 for 2 applications. The recommendation in the report is to refuse both applications for Hardship Relief. If both applications are approved, then the cost to the Council would be £6,051.62 in 2023/34 and £41,222.60 in 2024/25 based on the Council's 49% share. Paragraph 6.3 below shows the value of the relief for the applicants alongside the specific cost to the Council.

6.3	Year	Total Amount of Relief	Cost to RMBC
	Applicant 1		
	2023/24	£12,350.25	£6,051.62
	2024/25	£12,350.25	£6,051.62
	Applicant 2		
	2024/25	£71,777.50	£35,170.98

6.4 As indicated in paragraph 1.2.2, 49% of the cost of the relief is met by the Council with 50% falling on Central Government and 1% on the South Yorkshire Fire and Rescue Service.

6.5 There are no direct procurement implications arising from the recommendations detailed in this report.

7. Legal Advice and Implications

7.1 The statutory framework for discretionary relief is set out in the body of the report.

7.2 The recommendation is made in accordance with the Council's Business Rates Discretionary Relief Policy and with consideration to the criteria. A decision to refuse the application when the criteria set out within the policy has been met would leave the Council open to legal challenge.

8. Human Resources Advice and Implications

8.1 There are no direct human resources implications arising from this report.

9. Implications for Children and Young People and Vulnerable Adults

9.1 There are no direct implications arising from this report.

10. Equalities and Human Rights Advice and Implications

10.1 The Discretionary Rate Relief Policy criteria includes consideration of organisations who actively encourage membership from groups in the community which include, young people, women, persons with a disability and ethnic minorities. In recommending that these applications are refused, there is judged to be no detrimental impact on those with protected characteristics.

11. Implications for CO2 Emissions and Climate Change

11.1 It is anticipated that an award of relief would not change the organisation's current operational activities and therefore will not impact CO2 emissions.

12. Implications for Partners

12.1 As stated in 1.2.2, 1% of the cost of any relief granted is met by the South Yorkshire Fire and Rescue Authority. In this case this cost is minimal.

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. 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 Officers

Rob Mahon, Assistant Director, Financial Services

Approvals obtained on behalf of Statutory Officers: -

	Named Officer	Date
Chief Executive	Sharon Kemp OBE	29/09/24
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	16/09/24
Assistant Director of Legal Services (Monitoring Officer)	Phil Horsfield	18/09/24

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