

REPORT OF: FINANCIAL SERVICES MANAGER

TO: EXECUTIVE

DATE: 14th December 2017

Report Author: Vince Green
Tel. No: 01282 661867
E-mail: vince.green@pendle.gov.uk

BUSINESS RATES RELIEF – UPDATED POLICY

PURPOSE OF REPORT

1. The purpose of this report is to provide the Executive with a consolidated policy document that brings together the various forms of rate relief available to business ratepayers in Pendle and sets out the Council's approach to applying discretionary elements of relief.

RECOMMENDATIONS

2. It is recommended that the Executive:
 - (a) approve the updated policy for the granting of Discretionary Non-Domestic Rate Relief provided at [Appendix A](#), and
 - (b) support the intention to review the current level of relief awarded to identify if any savings can be made from 2019/20 and authorise officers to put current recipients of relief on notice that their award will come to an end on 31/3/19 pending the outcome of this review.

REASONS FOR RECOMMENDATION

3. To seek approval to an updated policy following a number of additional rate relief measures implemented by Government arising from the 2017 NNDR Revaluation and to facilitate a review of current reliefs to assess the scope for making savings.

ISSUE

4. The Executive has received two reports during this year in June and August which outlined new schemes of rate relief introduced by the Government to provide support to business and help mitigate the impact of business rates, particularly following the 2017 Revaluation.
5. Whilst the detail of these schemes is not repeated here, the purposes of this report is to present a consolidated policy document which brings together the various schemes of relief and sets out the Council's approach to each.

6. The policy is attached at **Appendix A** and has been prepared with external consultancy support by the same organisation that helps design our local scheme of council tax support. The policy sets out the following forms of relief:
- **Mandatory Relief**
 - Charity relief
 - Rural rate relief
 - **Discretionary Relief**
 - Top up relief to recipients of mandatory relief
 - Local Newspaper relief
 - Supporting Small Businesses relief
 - Public Houses relief
 - Local discretionary scheme of business rate relief
 - Hardship relief
- } Spring Budget measures
7. Many of the reliefs are not new and the Council has an existing policy. This has been incorporated in the updated document at Appendix A. The latest schemes of relief are those which stem from the Spring Budget 2017 and details of these have been reported to the Executive earlier this year. This included a local discretionary scheme of relief designed to use the allocation of £100k funding from government in this year. The Executive approved this policy back in August.
8. Given all the changes in business rates relief it is considered timely to update our policy and consolidate the various schemes of relief in to one document. This is attached at Appendix A and reflects a consolidation of our current arrangements.
9. There is a cost in some cases to discretionary relief and the Council must have regard to the wider interests of taxpayers generally when granting relief. The effect on the Council's finances is set out in Section 4 of the updated policy. The cost of some reliefs is reimbursed by Government via a Section 31 grant. Others cost the Council 40% of the amount awarded and suppress our share of business rate income in the year of award.
10. If the Council wishes to revoke any previous decisions to award discretionary relief it must give a one-year period of notice and any change will take effect at the expiry of a financial year. Given the ongoing need for financial savings, the award of reliefs is an area that should be reviewed from time to time to ensure the granting of relief remains appropriate and in line with the Council's objectives.
11. As a review has not been carried out for some time it is suggested that a full review be undertaken during 2018/19 with a view to changes (if any) being implemented from 1st April 2019. In readiness for this it is recommended that all current recipients of discretionary rate relief are made aware of the review and put on notice that their current award will cease on 31/3/2019 when their next rate bills are issued in March.
12. This will be unpopular but is proposed at this time purely as a defensive measure to enable the Council to make any changes, should it wish to do so, with effect from 1st April 2019.

IMPLICATIONS

Policy

13. There are no new policy implications arising directly from the contents of this report.

Financial

14. In the current year, the cost of discretionary rate relief is £220k comprised of £121k charity top-up relief (i.e. the 20% awarded in addition to 80% mandatory relief) and £99k discretionary relief. This excludes the schemes established and funded by Government arising from the Spring Budget.
15. The cost of the £220k relief is shared as follows between the following parties:
 - Government 50%
 - Pendle 40%
 - County Council 9%
 - Fire Authority 1%
16. Each parties share is offset from its overall share of business rates income each year under the current business rates retention scheme. The saving to the Council if it opted not to award relief as currently provided would fall within the range of £0 to £88k depending on the level of changes made. Whilst this is a difficult decision it needs to be viewed in the context of the Council having to find savings of more than £3m over the next three years.
17. The cost of consultancy support to prepare the updated policy at Appendix A was £800 and this has been met from the New Burdens money received from Government for the design and implementation of recent schemes of rate relief.

Legal

18. There is a requirement to provide notice in line with statutory requirements if any decision to grant discretionary rate relief is to be revoked.

Risk Management

19. There are no immediate risks at this time arising from the recommendation. This will require fuller consideration once the review (if approved) has been undertaken and in the light of any recommendations arising from it.

Health and Safety

20. There are no health and safety implications arising directly from the contents of this report.

Climate Change

21. There are no sustainability implications arising directly from the contents of this report.

Community Safety

22. There are no community safety implications arising directly from the contents of this report.

Equality and Diversity

23. There are no equality and diversity implications arising directly from the contents of this report. Again this will need further consideration depending on what the review concludes.

APPENDICES

Appendix A – Policy for the granting of Discretionary Non-Domestic Rate relief.

LIST OF BACKGROUND PAPERS - None