

15 January 2018

Policy, Projects and Resources Committee

National Non-Domestic Rate Relief Policy

Report of: *Rob Manser - Shared Services Revenues and Benefits Manager*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 The Committee is asked to consider approving the Policy for granting Discretionary Non-Domestic Rate Relief as set out in Appendix A. The purpose of the policy is to ensure that a fair and consistent approach by the Council is taken when granting Discretionary Non-Domestic Rate Relief, reducing the risk of legal challenge.
- 1.2 The Council can grant discretionary relief in addition to mandatory relief, the current policy which covers these reliefs is set out in 3.2 below. The government has introduced three new Non-domestic discretionary rate reliefs, Public House Relief, Supporting Small Business Relief and Discretionary Business Rates Relief Scheme. The Council has been providing the first two of these reliefs with the Discretionary Business Rates Relief Scheme due to administrated by the end of January 2018.

2. Recommendation(s)

- 2.1 That the Policy for the granting of Discretionary Non-Domestic Rate Relief as set out in Appendix A be approved.**

3. Introduction and Background

- 3.1 Non-Domestic Rates (NNDR) is a statutory tax paid by businesses to the Council on behalf of Central Government. Non-domestic rates are typically charged on properties such as shops, cafes, warehouses and community centres but also telephone masts, advertising rights, storage and cash machines. There are approximately 2,375 Non-Domestic properties in Brentwood.

3.2 There are a number of reliefs available to help Non-domestic rate payers, some are fully funded by Central Government, and others are funded by both Central Government and Local Government. Certain organisations can apply for mandatory rate relief to reduce their rates bill and subject to meeting the qualifying criteria this will be granted to them. In addition to mandatory relief the Council can also grant discretionary relief. The Council's current policy covers the below reliefs:

- Charity Relief – mandatory and/or discretionary
- Rural Rate Relief – mandatory and/or discretionary
- Hardship Relief – discretionary
- Localism Relief – discretionary

3.3 In addition to the above, the Chancellor has since introduced the following three new Non-domestic discretionary rate reliefs, each have their own qualifying criteria:

- Public House Relief
- Supporting Small Business Relief
- Discretionary Business Rates Relief Scheme

3.4 With the introduction of these new reliefs, and in collaboration with all Essex authorities, we have worked with an external consultant to create a new policy. The purpose of this new policy is to incorporate all available reliefs, old and new, within one policy, whilst determining the level of rate relief to be granted to defined rate payers within the borough. This policy will replace the existing policy. Non-domestic rates legislation is complex and by seeking external advice and assistance in creating this policy the intention was to ensure a consistent approach across Essex and reduce the risk of legal challenge.

Changes reflected within the new policy

- The new policy incorporates the new three Non-Domestic discretionary rate reliefs.
- New Non-domestic discretionary rate reliefs – Public House relief
- The introduction of Public House relief, which is a temporary relief for one year only. The Council will be compensated for any relief granted.
- New Non-domestic discretionary rate reliefs – Supporting Small Business relief

- The introduction of Supporting Small Business relief, which is a relief for a period of five years or until the business pays their full rate charge or their transitional rate charge. The Council will be compensated for any relief granted.

New Discretionary Business Rates relief

- 3.5 In March 2017, Central Government announced that it would make available a discretionary fund of £300m over four years from 2017-18, to support those businesses that face the steepest increases in their Business Rates bills as a result of the revaluation. It was determined that Councils would be best placed to decide how this fund should be targeted and administered to support those businesses and locations within their area that are in the greatest need. The decision to grant (or not to grant) Discretionary Business Rates relief is a matter purely for the Council.
- 3.6 Every authority within England has been provided with a share of the £300m to support their local businesses. For Brentwood we have been awarded £215k. The funding is provided over the four-year period and is to be allocated in the following proportions:

Year 1 (2017/18)	58%	£125k
Year 2 (2018/19)	28%	£61k
Year 3 (2019/20)	12%	£25k
Year 4 (2020/21)	2%	£4k

- 3.7 The Council will be compensated for any relief granted.
- 3.8 The Council has already identified ratepayers who may qualify for the Discretionary Business Rate Relief for Year 1 and year 2 and as such an application process will not be required. Approximately 230 Business Rate Accounts will benefit from the Relief and this will be administered by January 2018.
- 3.9 A fixed amount of relief be granted for the first two years, with a case by case award for years three and four. The amount to be awarded under this new Discretionary Business Rates relief will not exceed the maximum level set by Central Government.

- 3.10 The Council recognises the importance of supporting local businesses and organisations to promote the provision of local facilities, economic growth, employment and investment to improve prosperity across the borough and in particular support the most disadvantaged communities.
- 3.11 Public funds are not unlimited, as a proportion of the costs of relief granted are borne by the council tax payers of the borough. In making decisions the Council must be confident that money invested in this way will be repaid in economic and/or community benefit.

Legislation

- 3.12 Section 31 of the Local Government Act 2003 allows a Minister of the Crown to pay a grant to a local authority in England towards the expenditure incurred or to be incurred by it.
- 3.13 Section 43 of the Local Government Finance Act 1988 allows mandatory relief to be granted on premises if a ratepayer is a charity or trustee of a charity and the premises are wholly or mainly used for charitable purposes.
- 3.14 Section 47 of the Local Government Finance Act 1988 gives discretionary power to billing authorities to grant partial or full relief to certain categories of non-domestic rates.
- 3.15 The Non-Domestic Rating (Discretionary Relief) regulations 1989 allow for this relief to be restricted to a fixed period.
- 3.16 Section 69 of the Localism Act 2011 provides a new discretionary power to reduce business rates for any local ratepayer. It is this new power that the Government is directing billing authorities to use to award the new categories of relief.
- 3.17 It will be for the Council to ensure that any relief granted does not exceed 'State Aid' rules.

4. Issue, Options and Analysis of Options

- 4.1 Approve the recommendation – this will enable Officers to take a fair and consistent approach to the award of Discretionary Non-Domestic Rate Reliefs, this will reduce the risk of legal challenge to the council and will provide a clear statement as to when relief will be granted.
- 4.2 Do Nothing – this is not an option as the current policy is now out of date and does not include the more recently announced reliefs. There is the risk of

challenge to the Council where we make decisions that are not supported by a comprehensive policy.

5. Reasons for Recommendation

- 5.1 To reduce the risk of legal challenge to the council and will provide a clear statement as to when relief will be granted.

6. Consultation

- 6.1 Consultation with precepting authorities has been carried out.

7. References to Corporate Plan

- 7.1 Administration of Business Rates, effects the local community of Brentwood as a whole. The Reliefs for qualifying Businesses will help Economic Development and the Community by making Rates more affordable.

8. Implications

Financial Implications

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- 8.1 Discretionary reliefs under Section 47 of the Local Government Finance Act 1988 are funded partly from the Council's general fund and partly compensated by Central Government, Brentwood Council would fund 40% of the below reliefs;

- Charity Relief
- Rural Rate Relief – for other premises within a rural settlement with a rateable value (RV) of less than £16,500
- Localism – discretionary rate relief granted to ratepayers generally
- Hardship Relief

- 8.2 For all discretionary reliefs granted under Section 47 of the Local Government Finance Act 1988, the Council will be compensated for any relief granted by Central Government under Section 31 of the Local Government Act 2003;

- Rural Rate Relief – granted to mandatory rural relief recipients
- Local Newspaper Relief – granted from 1 April 2017 to 31 March 2019 (new)
- Public House Relief – granted from 1 April 2017 to 31 March 2018 (new)
- Supporting Small Business Relief – 1 April 2017 for up to 5 years if conditions met (new)

- Discretionary Business Rates Relief Scheme – 1 April 2017 for a period of up to 4 years (new)

Legal Implications

Name & Title: Daniel Toohey, Head of Legal Services & Monitoring Officer

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- 8.1 Legal implications and requirements are set out in the body of this report and its attachments.

Other Implications (where significant) – i.e. Health and Safety, Asset Management, Equality and Diversity, Risk Management, Section 17 – Crime & Disorder, Sustainability, ICT.

- 8.2 An equalities impact assessment has been carried out.

9. **Background Papers** (include their location and identify whether any are exempt or protected by copyright)

- 9.1 None

10. **Appendices to this report**

Appendix A – Non-Domestic Discretionary Rate Relief Policy

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