

Cabinet Meeting		Agenda Item: 5
Meeting Date	2 September 2015	
Report Title	Discretionary Rate Relief Policy	
Cabinet Member	Cllr Duncan Dewar-Whalley, Cabinet Member for Finance	
SMT Lead	Pete Raine	
Head of Service	Amber Christou	
Lead Officer	Zoe Kent	
Recommendations	1. That the Discretionary Rate Relief policy is adopted	

1 Purpose of Report and Executive Summary

- 1.1 In 1997 Schedule 1, Local Government and Rating Act 1997 was passed to amend the Local Government and Finance Act 1988 (LGFA 1988). This introduced a scheme of relief for village shops from non domestic rates that are situated in rural settlements in England and Wales. The scheme began on 1 April 1998 as a result of the passing of the Local Government Rating Act 1997 (Commencement No.2) Order 1997 S.I 2792. Certain criteria must be satisfied before a rate payer can be considered for relief, which is made up of two parts, a mandatory and a discretionary scheme.
- 1.2 In April 2013 there was a change in the base-line funding to the authority. Prior to this Swale Borough Council reviewed the discretionary rate relief (DRR) policy to ensure it met the needs of the Borough in light of the changes to funding. This report analyses the cost of the scheme to the Council since April 2013.

2 Background

- 2.1 Under Section 47 of the Local Government Finance Act 1998 rating authorities are given the discretion to award relief to businesses in the following circumstances:
- registered charities and Community and Amateur Sports Clubs (CASCs) are entitled to mandatory relief of 80%. The Council has the discretion to award a further rate relief of up to 20%;
 - rural properties are entitled to mandatory relief of 50% providing the relevant qualifying criteria are met. The Council has the discretion to award a further rate relief of up to 50%; and
 - the Council has the discretion to award relief up to 100% to organisations which are established not for profit and which meet the relevant criteria.

- 2.2 The amount of discretionary relief awarded is entirely at the discretion of the Council.
- 2.3 The Localism Act 2011 gave rating authorities the power to decide locally to award relief in any circumstances if it would be reasonable to do so having regard to the interests of council tax payers in its area. Guidance issued by the Secretary of State must be followed when granting this relief.
- 2.4 Under European Union competition rules, Government subsidies are restricted to businesses (state aid). Relief from taxes, including business rates, could be considered state aid.
- 2.5 Since April 2013 the major change to the base-line funding for local authorities meant that the income from the business rates collected in the Borough was divided as follows:
- Central Government – 50%
 - Swale Borough Council – 40%
 - Kent County Council – 9%
 - Kent & Medway Fire & Rescue – 1%
- 2.6 The income received from business rates is then reduced to allow for the receipt of the revenue support grant. This means the actual amount retained is 10%.
- 2.7 The reduction on the gross rates from the award of mandatory and discretionary relief has been reduced as set out in table 1.

Table 1: Award of rate relief under the previous funding arrangements

Type of relief	DCLG 50%	SBC 40%	KCC 9%	K&MFRS 1%
Mandatory 2013/14	£1,377,976	£1,102,381	£248,036	£27,560
Discretionary 2013/14	£213,539	£170,831	£38,437	4,271
Mandatory 2014/15	£1,406,656	£1,125,325	£253,198	£28,133
Discretionary 2014/15	£220,281	£176,225	£39,651	4,406
Mandatory 2015/16 as @ 01.08.2015	£1,458,894	£1,167,115	£262,601	£29,178
Discretionary 2015/16 as @ 01.08.2015	£232,352	£185,882	£41,823	£4,647

- 2.8 As at 1 April 2013 the base-line funding was set using figures from business rates from 2012/13. Since 1 April 2013 any increase in awards of these reliefs will have an effect on the Council's budget.

- 2.9 The amount of mandatory relief cannot be influenced by the policy set by the Council. However, a very generous discretionary relief policy could encourage businesses entitled to claim mandatory relief to move to the Borough to gain the extra discretionary relief.

3 Proposal

3.1 It is proposed that the Discretionary Rate Relief Policy is adopted. The Policy will give guidance on the award of the following discretionary reliefs:

- discretionary relief for charities and non-profit making organisations who provide services for residents of the Borough;
- discretionary relief to businesses in rural areas. Relief can be awarded to businesses such as local stores and garages in rural areas that provide services to residents who may have limited access to transport. The award of rural relief can encourage rural businesses to continue to trade in small communities;
- Section 44a relief, which is awarded to businesses that are partially occupied for a temporary period. This can help businesses that are gradually moving in or out of a property;
- the Policy provides the discretion to award hardship relief to a business that is suffering hardship, and if the business was to close it would have a detrimental effect on the community; and
- retail relief, which is a temporary relief for a two year period (ending in March 2016) awarded to retail premises in town centres. It was brought in to help local high streets.

4 Alternative Options

4.1 The alternative option is to continue to use the current policy which is not recommended as it is out of date.

5 Consultation Undertaken or Proposed

5.1 A public consultation was carried out between January and March 2015. The consultation was promoted on the website and emails were sent out to all businesses who receive e-alerts from the Council. Disappointingly only four responses were received.

5.2 All those who responded are currently in receipt of Discretionary Rate Relief and were happy with the draft Policy and the relief that they currently received. All expressed hope that relief would continue to be awarded in a similar manner in the future. No specific suggestions for amendments to the Policy were received.

6 Implications

Issue	Implications
Corporate Plan	A Council to be proud of – the award of discretionary rate relief helps charities, non-profit making organisations and rural businesses to provide services to residents that may be harder to provide if the relief was not awarded.
Financial, Resource and Property	Review of this Policy is necessary to ensure that the budget is monitored effectively and the relief is awarded to help local businesses appropriately.
Legal and Statutory	Local Government Finance Acts 1998 and 2012.
Crime and Disorder	None.
Sustainability	An increase in the DRR budget could improve the sustainability of businesses that are already established in the Borough, and those that may be set up in the future.
Health and Wellbeing	None.
Risk Management and Health and Safety	The award of DRR needs to be monitored with a clear policy in place so that the budget does not increase significantly.
Equality and Diversity	Reviewing this Policy will ensure that we are continuing to meet the needs of the communities within the Borough.

7 Appendices

7.1 The following documents are to be published with this report and form part of the report:

- Appendix I: Discretionary Rate Relief Policy Draft 2015
- Appendix II: CIA Discretionary Rate Relief Policy 2015