

Proposed amendments to the Business Rates Discretionary Rate Relief Policy

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Purpose of the Report

To request that the District Executive approve the proposed amendments to the Council's Business Rates Discretionary Rate Relief Policy

Forward Plan

This report appeared on the District Executive Forward Plan with an anticipated Committee date of 3 March 2016.

Public Interest

A range of Mandatory and Discretionary Rate Reliefs exist to reduce (in some cases to Nil) the amount of Non-Domestic Rates (commonly known as business rates) a business or organisation has to pay. The qualifying rules and levels of relief for Mandatory Reliefs are set by Government and are the same throughout the country. The rules and levels of award for Discretionary Rate reliefs are set by each Council and as such may vary from Council to Council. A full review and updating of the policy was undertaken in 2014 with the policy coming in to effect from 1 April 2015.

Recommendations

The District Executive is requested to:

- (a) Approve the amended Discretionary Rate Relief Policy(DRRP) which will come into effect on 1 April 2016;
- (b) Note the DRRP Overview and Scrutiny Committee Task and Finish Group have considered and support the proposed amendments

Background

The Local Government Finance Bill 2012 introduced the Business Rates Retention Scheme. The scheme is designed to help achieve two of Government's key priorities: economic growth and localism. The scheme enables the retention of a proportion of the business rates revenue generated in a local area by the relevant local authorities. Business rates retention is intended to provide incentives for local authorities to drive economic growth, as the authorities will be able to retain a share of the growth that is generated in business rates revenue in their areas, as opposed to the current system where all business rates revenues are held centrally. The government has announced that the share to be paid to central

government from business rates collected will be 50%. Therefore 50% of business rates will be retained locally (40% District, 9% County, 1% Fire authorities). However, in reality only 5% is retained by SSDC once other deductions are made.

As part of the Retention Scheme Government changed the contribution it makes to the various rate reliefs. Reliefs were previously broken down into mandatory support (support set by central Government) that was repaid to the local authority in full from the Government on the basis that local authorities had no choice but to award it under set criteria. The remaining discretionary relief (support set through SSDC) that the authority had to pay either in full or a proportion of but allocation was based on the authority's own criteria.

Under the new Government rules SSDC has to contribute 40% towards all reliefs even those that it has no choice about awarding. It has therefore been important to recognise the financial risk of applying reliefs when considering the new policy. The financing of reliefs need to be both affordable and balance the needs of the business and those of the local tax payer.

This current policy was created after extensive work by the Council's Overview and Scrutiny Committee Task & Finish group and in consultation with both internal and external (business stakeholders). It came in to effect on 1 April 2015 with a transitional period of one year for current recipients.

Re-application process

During this financial year we have been inviting current recipients of discretionary rate relief to reapply under the policy introduced on 1 April 2015.

It has come to light when processing applications under the new policy that a number of minor amendments and additions to the policy are required. These changes will improve clarity of the award criteria upon which a decision is based, and removes the incorrect requirement for certain organisations to be in a rural settlement.

These changes are highlighted in the policy shown at Appendix A as follows. The blue text is to be removed and the red text is to be added.

There are two types of organisation; Hostels and Stores/Warehouses (local and national charities) which formed part of the original policy review but were omitted from the award criteria table. These have now been added.

In the pre-April 2015 policy there was a £50k rateable value limit for applications by small Museum/Heritage, Theatres or Arts centres with charitable status. This limit was omitted from the award criteria table in the April 2015 Policy, and has been included in the proposed amendments.

As part of this policy content review we have also taken the opportunity to incorporate the following into the policy document:

1. The sliding scale award rates table which was previously contained in Schedule 1 to the original policy
2. The Retail Rate Relief and Transitional Rate Relief schemes which were approved by Council on 5 March 2015 (Item 5)

.Future monitoring and review

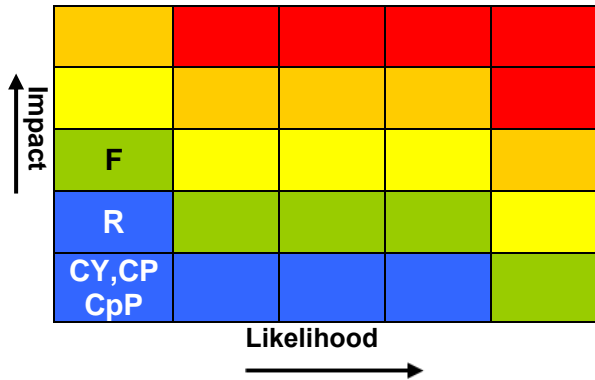
The content of the policy will be reviewed annually and brought back before members where further updates are required.

Financial Implications

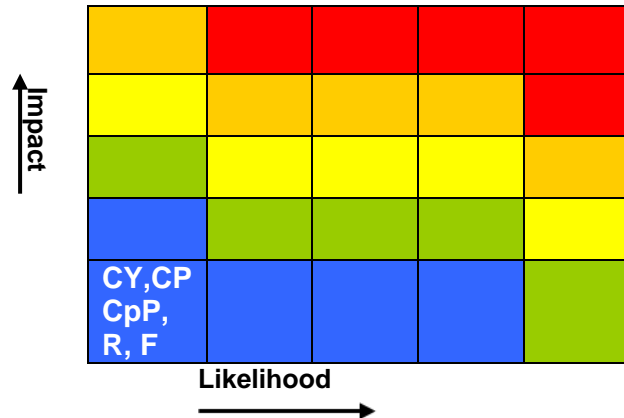
There are no financial implications associated with the amended policy in this report.

Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

None associated with this report

Carbon Emissions and Climate Change Implications

None associated with this report

Equality and Diversity Implications

An equalities impact was carried out as part of the original policy review.

Privacy Impact Assessment

None associated with this report

Background Papers

- Report to District Executive – November 2014 item 8
- Report to Council – March 2015 item 5