

Report to Portfolio Holder for Resources and Reputation

Subject: National Non-Domestic Rates | Local Discretionary Relief

Date: 31st January 2018

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Wards Affected

All

Purpose

The purpose of this report is:

- 1) To seek approval for the Council's guidance for determining an application for local discretionary relief (phase 2).

Key Decision

This is not a key decision.

Background

- 1.1 The Chancellor of the Exchequer announced in his spring budget on 8th March 2017 that the Government will provide a relief from business rates to businesses facing the steepest increase as a result of the 2017 revaluation. This scheme is to be administered at the discretion of the Council up to certain funding limits. Any such relief would be granted from 2017/18 until 2020/21 on a scale steadily decreasing each year. This relief is known as "local discretionary relief".
- 1.2 On 20th June 2017, the Department for Communities and Local Government (DCLG) issued guidance to all Councils to assist in the administration and application of this relief in the form of a Business Rates Information Letter. A copy of this letter is attached as a background document to this report.
- 1.3 In recent years, the Government has chosen not to make amendments to legislation in the administration of business rates reliefs, rather it coerces

Councils to use their existing powers of discretion to grant reliefs in line with its guidance.

- 1.4 Section 47 of the Local Government Finance Act 1988 (as amended by s69 Localism Act 2011) gives local authorities the power to grant discretionary relief of any amount to non-domestic rate payers for any reason.
- 1.5 The Government intends that Gedling Borough Council should grant local discretionary relief to businesses under its existing powers to grant discretionary relief after taking account of its guidance.
- 1.6 Gedling Borough Council's Constitution currently provides for initial applications for discretionary relief to be submitted to the Portfolio Holder for determination. This requirement can be found under the heading Specific Delegations at paragraph 9 on page 256 of the Constitution (updated 3rd July 2017). This paragraph is set out in paragraph 1.7 of this report below.
- 1.7 *Power to grant applications for other discretionary rate relief to be submitted to the Portfolio Holder for determination in the first instance and thereafter renewals to be delegated and any new application to be referred to the Portfolio Holder if they are clearly not subject to precedent.*
- 1.8 The Government's expectation is that local authorities should grant relief to qualifying ratepayers. This expectation is clearly expressed in a letter to local authority leaders from Marcus Jones MP on 22nd June 2017. This letter is attached as a background document to this report.
- 1.9 Delegation to determine applications for local discretionary relief in the first instance was given to the Director responsible for Revenues Services in September 2017 ([decision D614](#)) and guidance was adopted at the same time. Following this delegation, reliefs were granted to ratepayers in line with the adopted guidance.
- 1.10 Following an underspend of the amount of relief granted in the 2017/18 financial period by most local authorities, a letter was sent to local authority leaders from Marcus Jones MP on 21st December 2017 requesting that any underspent amount is now granted in further relief to ratepayers. This letter is attached as a background document to this report.
- 1.11 Further modelling has been undertaken and an underspend of approximately £45k has been identified. This is mostly due to the cancellation of small business rates relief in a number of cases where at the time of modelling, ratepayers were entitled to small business rates relief and therefore not eligible for local discretionary relief. Some such ratepayers have since lost their entitlement to small business rates relief following a review of that relief and have now become eligible for local discretionary relief.
- 1.12 Previous guidance required the net charge (rates payable) for the account for which relief may be granted to be at least 10% greater in 2017/18 than it was in 2016/17.

- 1.13 The newly proposed guidance (termed phase 2 guidance) requires the net charge (rates payable) for the account for which relief may be granted to be at least 9% greater in 2017/18 than it was in 2016/17. This change would increase the amount of relief to be granted.

Proposal

- 2.1 It is proposed that the guidance at Appendix 1 (termed phase 2 guidance) is approved for use in the determination of applications for local discretionary relief.

Alternative Options

- 3.1 The alternative to the proposal would be to not approve the guidance for use in the determination of applications for local discretionary relief and continue to grant relief in line with the guidance approved under [decision D614](#). This would mean that the current underspend would continue without change.

Financial Implications

- 4.1 The Government has allocated funding to the Council, part of which is already paid, for the local share of the discretionary relief using a grant under section 31 of the Local Government Act 2003. Therefore, the financial implications to the Council are neutral.

Appendices

- 5.1 Appendix 1 – Gedling Borough Council Local Discretionary Relief Guidance (Phase 2)

Background Papers

- 6.1 DCLG Business Rates Information Letter – 20th June 2017
- 6.2 Marcus Jones MP Letter to Local Authority Leaders – 22nd June 2017
- 6.3 Marcus Jones MP Letter to Local Authority Leaders – 21st December 2017

Recommendations

THAT:

- (a) the Council's guidance for determining an application for local discretionary relief (phase 2) at Appendix 1 is approved.

Reasons for Recommendations

7.1 The Council is expected by Government to grant relief in the value of its total grant allocation for each financial period.