

## **Report to Portfolio Holder for Resources and Reputation**

**Subject:** National Non-Domestic Rates | Retail Discount

**Date:** 10<sup>th</sup> January 2019

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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 discretionary retail discount.
- 2) To delegate to the Director responsible for Revenues Services the authority to determine applications for discretionary relief under section 47 of the Local Government Finance Act 1988 in relation to non-domestic retail premises in the Borough of Gedling.

### **Key Decision**

This is not a key decision.

### **Background**

- 1.1 The Chancellor of the Exchequer announced in the Budget on 29<sup>th</sup> October 2018 that the Government will provide a business rates discount of one third of the business rates bill to certain types of occupied retail properties with a rateable value of £51,000 or less in each of the financial years 2019/20 and 2020/21.
- 1.2 In November 2018, the Ministry of Housing, Communities and Local Government (MHCLG) issued guidance to all Councils to assist Councils in the administration and application of this discount. A copy of this guidance is attached as a background document to this report.

- 1.3 As this is a measure which will be in place for two years only, it is not the Government's intention to make any alteration to the existing legislation in relation to reliefs.
- 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 and for any reason, to the occupiers of non-domestic property.
- 1.5 The Government intends that Gedling Borough Council should grant retail 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 257 of the Constitution (updated 27<sup>th</sup> March 2018). 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.

## **Proposal**

- 2.1 It is proposed that the guidance at Appendix 1 is approved for use in the determination of applications for discretionary retail discount.
- 2.2 It is proposed that the Portfolio Holder for Resources and Reputation allows the determination of discretionary relief in the first instance to be delegated to the Director responsible for Revenues Services in relation to retail discount as described above.
- 2.3 It is not proposed that any other form of discretionary relief, other than retail discount, is delegated to the Director for determination in the first instance. Therefore the delegation set out in paragraph 1.7 will continue to apply in cases other than applications for retail discount.

## **Alternative Options**

- 3.1 The alternative to the proposal would be to report each application for retail discount to the Portfolio Holder for Resources and Reputation for his determination as directed by the Council's constitution. Currently this would mean the Portfolio Holder would have to consider over 400 applications in the

first instance and then an estimated 5-10 applications per week over the next two financial years. This would place an unnecessary burden on the Executive.

## **Financial Implications**

- 4.1 The Council is required to make an estimate of the amount of relief to be granted in the National Non-Domestic Rate Return 1 for 2019/20 and 2020/21. The current estimate stands at £350,000 per annum.
- 4.2 Government will fully reimburse local authorities for the local share of the discretionary discount using a grant under s31 of the Local Government Act 2003. Therefore, the financial implications to the Council are neutral.

## **Appendices**

- 5.1 Appendix 1 – Gedling Borough Council Retail Discount Guidance

## **Background Papers**

- 6.1 MHLG Business Rates Retail Discount Guidance.

## **Recommendations**

THAT:

- (a) the Council's guidance for determining an application for discretionary retail discount at Appendix 1 is approved.
- (b) the determination of applications for discretionary retail discount in the first instance is delegated to the Director responsible for Revenues Services.

## **Reasons for Recommendations**

- 7.1 The Council is expected by Government to grant relief in line with the guidance it has published. No other guidance has been published by Government on this subject.
- 7.2 To ensure efficient decision making and avoid the Executive from becoming overwhelmed by applications, it is appropriate that this function is delegated to Officers.
- 7.3 It is considered that such determinations, where explicit guidance is accepted and adopted, are a standard revenues function and should be performed by the Council's officers and not its members.