

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

**Subject** National Non-Domestic Rates | Local Discretionary Relief | Year 3

**Date** 19<sup>th</sup> February 2019

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### **Wards Affected**

All

### **Purpose**

The purpose of this report is:

To seek approval for the Council's guidance for determining an application for local discretionary relief (year 3) (2019/20).

### **Key Decision**

This is not a key decision.

### **Recommendation(s)**

#### **THAT:**

- 1) The Council's guidance for determining an application for local discretionary relief (year 3) at Appendix 1 is approved.**

## **1 Background**

- 1.1** The Chancellor of the Exchequer announced in his spring budget on 8<sup>th</sup> March 2017 that the Government will provide a relief from business rates to businesses facing the steepest increase as a result of the 2017

reevaluation. 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 20<sup>th</sup> 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” in the Council’s Constitution. 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 22<sup>nd</sup> 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 by Marcus Jones MP on 21<sup>st</sup> December 2017 requesting that any underspent amount was granted in further relief to ratepayers. This letter is attached as a background document to this report.
- 1.11 In response to that letter, Gedling Borough Council undertook modelling to identify its underspend and then took action to create a second phase of relief to ensure that the full amount for funding for 2017/18 was spent. This second phase of relief was authorised in [decision D671](#).
- 1.12 The amount of Government funding for year two of this relief decreased significantly and therefore the guidance adopted for year two altered the percentage of relief granted to ratepayers to reflect this reduction in funding. The adoption of the year two guidance was authorised in [decision D686](#).
- 1.13 The amount of Government funding for year three of this relief has decreased significantly and therefore the adopted guidance needs to alter the percentage of relief to be granted to ratepayers to reflect this reduction in funding. The funding levels can be found in paragraph 3 of the guidance attached at Appendix 1 and the proposed percentage of relief to be granted can be found in paragraph 4 of the same guidance.

## **2 Proposal**

- 2.1 It is proposed that the guidance at Appendix 1 (termed year 3 guidance) is approved for use in the determination of applications for local discretionary relief.

## **3 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 D686](#). This would mean that the current relief would cost significantly more than the Council's grant amount for the financial year 2019/20 as described in paragraph 3 of the guidance attached at Appendix 1.

## **4 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.

## **5 Appendices**

- 5.1 Appendix 1 – Gedling Borough Council Local Discretionary Relief Guidance (Year 3)

## **6 Background Papers**

- 6.1 [DCLG Business Rates Information Letter – 20<sup>th</sup> June 2017](#)
- 6.2 [Marcus Jones MP Letter to Local Authority Leaders – 22<sup>nd</sup> June 2017](#)
- 6.3 [Marcus Jones MP Letter to Local Authority Leaders – 21<sup>st</sup> December 2017](#)

## **7 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.