



Report sponsor: Simon Riley, Director of
Financial Services
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Revision to the National Non-Domestic Rates Policy for the award of Discretionary Rate Relief

Purpose

- 1.1 Discretionary Rate Relief (DRR) is a means by which Derby City Council (DCC) can use its discretionary powers to reduce the amount of Business Rates a business has to pay. Generally, there is a direct cost to DCC in awarding DRR and therefore expenditure has been controlled through the operation of a Policy for a number of years.
- 1.2 The Council's Policy is being refreshed to take account of a recent Written Ministerial Statement on 27 January 2020 that clarified the position for a number of discretionary rate reliefs from 1 April 2020.
- 1.3 Any DRR award made as a result of the recommended changes from 1 April 2020 will be fully funded by the Government by way of grant paid under Section 31 of the Local Government Act 2003. As such there will be no additional cost to the Council as a result of the recommended changes to the Policy included in this report.
- 1.4 The main changes to the Policy, which is at Appendix 1 of this report, are to sections 1, 3, 5, 16, 19, 20 and Appendix A of the Policy. Much of the Policy, including the main criteria for awarding reliefs to charities and non-profit making organisations has not changed as a result of this update. The revised Policy aims to support the vision and priorities of the Council, whilst ensuring that help is given to those organisations that can demonstrate that they are in the greatest financial need and whose services benefit the citizens of Derby.

Recommendation

- 2.1 To approve the revised Discretionary Rate Relief Policy effective from 1 April 2020.

Reason

- 3.1 To ensure that qualifying businesses can receive DRR.

Supporting information

- 4.1 Business Rates are payable on most commercial properties across the City and the money collected helps to pay for local services. Within the Business Rates Scheme a number of reliefs are available to the ratepayer which reduces the amount of Business Rates payable.

- 4.2 Some of these reliefs are 'mandatory' and have to be awarded if relevant criteria are met. Others are classed as 'discretionary,' and for these, DCC can decide whether or not to grant relief.
- 4.3 Generally, there is a direct cost to DCC in awarding DRR and therefore expenditure has been controlled through the operation of a Policy for a number of years. Through the operation of DCC'S DRR Policy the Council will aim to prioritise help to those organisations who can clearly demonstrate that the services they provide help the Council achieve its stated vision which is to create a city that is; "A caring and successful city at the heart of the Midlands, proud of its heritage and ambitious for the future and priorities" and which will deliver on its priorities which are:
- A city with big ambitions;
 - A city of health and happiness;
 - A Council focused on the things that matter.

Further, through the financial and other tests the Policy will ensure that support is given to those organisations that can demonstrate that they are in the greatest financial need and whose services benefit the citizens of Derby.

- 4.4 Much of the Policy, including the main criteria for awarding reliefs to charities and non-profit making organisations, has not changed as a result of this update. The main changes to the Policy are as follows;
- Section 1 – changes to the background in which the Policy operates;
 - Section 3 – firming up the commitment that the Policy will aim to support those organisations whose services support the Council's vision and priorities;
 - Section 5 – a change to clarify backdating of awards;
 - Section 16 – to update the Policy to reflect the Written Ministerial Statement on 27 January 2020;
 - Section 19 - to update the Policy to reflect the Written Ministerial Statement on 27 January 2020;
 - Section 20 - to update the Policy to reflect the Written Ministerial Statement on 27 January 2020;
 - Appendix A – to update the Policy to reflect the Written Ministerial Statement on 27 January 2020.

These changes are highlighted in the Policy at Appendix 1 of this report.

- 4.5 Any DRR award made as a result of the changes in this Policy will be fully funded by the Government through Section 31 grant. As such any award made as a result of the changes being recommended in this paper will have no cost implications for the Council.

- 4.6 The Council's DRR Policy had a full Equalities Impact Assessment (EIA) completed in August 2017. The EIA completed in August 2017 found that our Scheme broadly had a positive impact on our diversity groups and the fact that more businesses can potentially access relief will only enhance that. In reviewing the EIA as part of the process of preparing and presenting this report, it was found that the assessment remains valid and there are no other additional impacts to consider. Given that, other than the ministerial update, the changes proposed in this version are only minor and mainly amount to extending the existing Scheme, a further EIA is not considered necessary.
- 4.7 The Written Ministerial Statement of 27 January 2020 included a clear message that the Government expects local authorities to ensure that the changes to discretionary rate reliefs announced are included with the 2020/21 annual Business Rate bills. Given the statutory deadlines the Council has to work to, the annual Business Rate bills for 2020/21 will have been generated, including the new discretionary rate reliefs, before Cabinet considers this report. That approach has been approved by the Council's Section 151 Officer, who is the sponsor of this report.

Public/stakeholder engagement

- 5.1 The changes recommended to the Council's DRR Policy will deliver support to more businesses and organisations within the city. Further, the Council will not suffer any financial loss. As a result there has been no public or stakeholder engagement in determining the revised Policy.

Other options

- 6.1 Do not amend the Policy. This option would mean that DCC loses the opportunity to support more businesses and organisations within the city potentially resulting in reputational damage for DCC and creating undue hardship for the business community. Therefore this is not recommended.

Financial and value for money issues

- 7.1 The Council does not get S31 grant for all DRR awarded – however all the changes recommended to the Council's DRR Policy in this instance will be fully funded by the Government through Section 31 grant. As such there will be no direct financial impact to the Council.

Legal implications

- 8.1 The rules governing the award of DRR are contained within the Local Government Finance Act 1988 (as amended) and subsequent Statutory Instruments.

There is a need to revise the existing Policy in order to give effect to Central Government policy and the award of grant to DCC to meet this initiative.

Other significant implications

- 9.1 None with this report.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	11 February 2020
Finance	Toni Nash, Head of Finance	11 February 2020
Service Director(s)	Simon Riley, Director of Financial Services	13 February 2020
Report sponsor	Simon Riley, Director of Financial Services	13 February 2020
Other(s)	Lynda Innocent, Head of Transformation & Business Applications	13 February 2020
	Liz Moore, Head of HR	17 February 2020

Background papers:

List of appendices:

Appendix 1 – National Non-Domestic Rates Policy for the award of Discretionary Rate Relief V6.0