

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 several years.
- 1.2 The Council's Policy is being refreshed to take account of the discretionary rate relief schemes announced by the Chancellor of the Exchequer during the Budget announcement on 3<sup>rd</sup> March 2021 that take effect from 1 April 2021. The Government confirmed that they will continue to provide eligible retail, hospitality and leisure properties in England with 100% business rates relief from 1 April 2021 to 30 June 2021 followed by 66% business rates relief for the period from 1 July 2021 to 31 March 2022, capped at £2 million per business for properties that were required to be closed on 5 January 2021, or £105,000 per business for other eligible properties.
- 1.3 The Government have also confirmed that any DRR award made because of the recommended changes from 1 April 2021 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 from the recommended changes to the Policy included in this report.
- 1.4 As well as updating the policy to take account of the relief schemes announced during the Budget the policy has also been updated to take account of the UK leaving the European Union. As a result, State aid rules no longer apply although they have been replaced by new domestic rules called subsidy control. Under the new subsidy control regime aid under £350,000 in any three year rolling period will be classed as de minimis. 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.

## **Recommendations**

- 2.1 To approve the revised Discretionary Rate Relief Policy effective from 4<sup>th</sup> March 2021.
- 2.2 To delegate any future changes to the Policy, where the relief is fully funded by Central Government grant, to the Director of Finance or Strategic Director of Corporate Resources in consultation with the Cabinet Member for Finance and Procurement.

## **Reason**

- 3.1 To ensure that qualifying businesses can receive DRR.
- 3.2 To enable decisions that benefit our business community to be made as quickly as possible whilst ensuring that the Council's financial position is protected.

## **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 several reliefs are available to the ratepayer which reduces the amount of Business Rates payable.
- 4.2 Some of these reliefs are 'mandatory' and must 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 several 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 it's 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 deliver on its priorities;
  - 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, remains unchanged. The main changes to the Policy are as follows;
- Section 15 – new section on subsidy control  
Section 16 -22 – replacement of paragraphs on State aid with subsidies  
Section 21 – details on how the relief will work in 2021/22  
Section 22 – details on how the relief will work in 2021/22  
Appendix A – added 21/22 rates where appropriate
- 4.5 Any DRR award made because of the new relief schemes announced during the Budget on 3<sup>rd</sup> March will be fully funded by the Government through Section 31 grant. As such any award resulting from 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. Given that the change proposed in this version is to extend an existing scheme a further EIA is not necessary. 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 it as part of the process of preparing and presenting this report, the impact remains valid and there are no other additional impacts.
- 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 it.

## **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.

## Climate implications

- 9.1 None with this report.

## Other significant implications

- 10 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	3 March 2021
Finance	Toni Nash, Head of Finance	3 March 2021
Service Director(s)		
Report sponsor		
Other(s)		

Background papers:
List of appendices: