



Council Cabinet
13 February 2019

ITEM 8

Report sponsor: Don McLure, Strategic Director
of Corporate Resources
Report author: John Massey, Head of
Revenues, Benefits and Exchequer Services

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 number of changes including:
 - Adding a new Scheme announced at the Autumn Budget 2018 (Retail Discount, Section 20, page 23);
 - Extending an existing Scheme following announcements made at Autumn Budget 2018 (Office Space Occupied by Local Newspapers Relief, Section 16, page 15).
- 1.3 Any award made as a result of adding the new Scheme or as a result of extending the existing Scheme will be fully funded by the Government by way of Section 31 grants. As such there will be no additional cost to the Council as a result of the recommended changes to the Policy.
- 1.4 Much of the Policy, including the criteria for awarding Reliefs to charities and non-profit making organisations has not changed as a result of this update. The revised DRR Policy is at Appendix 1.

Recommendation

- 2.1 To approve the revised DRR Policy at Appendix 1.

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 which reduce the amount of Business Rates payable. 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. 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. DCC's DRR Policy covers how applications for DRR are considered. Much of the Policy, including the criteria for awarding reliefs to charities, non-profit making organisations and certain sport clubs has not changed as a result of this update.
- 4.2 In the Autumn Budget 2018, the Government announced that eligible retailers will receive a one third discount on their Business Rates bills and that this Scheme will run for both the 2019/20 and 2020/21 financial years.

For a business to be eligible they must;

- Occupy a property that has a rateable value of less than £51,000 (based upon the 2017 Rating List). Examples of typical businesses that may qualify for this Relief are:
 - Craft shop
 - Small restaurant
 - Public House
 - Cake Shop
 - Book Shop
- Be using the property wholly or mainly as a shop, restaurant, cafe or drinking establishment.

The full qualifying criteria is set out in Section 20, pages 23 to 25 of the Council's revised DRR Policy.

- 4.3 In the Autumn Budget 2018 the Government also announced the extension of an existing Scheme for properties occupied by a local newspaper. Under this extension qualifying businesses can now claim DRR for the whole of 2019/20 financial year.

The full qualifying criteria are set out in Section 16, page 15 of the Council's revised DRR Policy.

- 4.4 The new Scheme added to the Council's DRR Policy at Sections 20 (Retail Discount) and the extension to the existing Office Space Occupied by Local Newspaper Relief, Section 16, will be fully funded by the Government through Section 31 grants. As such any award made as a result of the changes being recommended will have no cost to the Council.

- 4.5 The Council's DRR Policy had a full Equalities Impact Assessment (EIA) completed in August 2017. Given that the changes proposed in this version are to enter new Schemes or to extend existing Schemes a further EIA has not been completed. 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. The EIA from August 2017 is at Appendix 2.

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 All the changes recommended to the Council's DRR Policy 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 funding to DCC to meet this initiative.

Other significant implications

- 9.1 The software changes required to enable the correct calculation and award of the new Retail Discount will not be delivered until Release 82.01 is implemented which is due in February 2019.

This report has been approved by the following people:

Role	Name	Date of sign-off
Legal	Olu Idowu, Head of Legal Services	04 February 2019
Finance	Toni Nash, Head of Finance	30 January 2019
Service Director(s)	Don McLure, Strategic Director of Corporate Resources	18 January 2019
Report sponsor	Don McLure, Strategic Director of Corporate Resources	18 January 2019
Other(s)	Lynda Innocent, Head of Transformation & Business Applications	14 January 2019

Background papers:

List of appendices:

Appendix 1: DRR Policy

Appendix 2: EIA