



Derby City Council

COUNCIL CABINET
4 October 2017

Report of the Cabinet Member for Finance and
Governance

ITEM 11

Revision to the National Non-Domestic Rates Policy for the award of Discretionary Rate Relief (DRR)

SUMMARY

- 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 At the Spring Budget 2017 Central Government introduced three new discretionary Reliefs:
 - Supporting Small Business Relief;
 - Revaluation Support Relief;
 - Pub Relief.
- 1.3 DCC's DRR Policy has been updated to include these new Reliefs, which are covered in sections 19 – 21 of the revised Policy. 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 2.
- 1.4 An Equalities Impact Assessment (EIA) was conducted on 16 August 2017. The outcome of this is at Appendix 3.
- 1.5 Consultation has also taken place with the Derbyshire Fire and Rescue Service and the Derbyshire Police and Crime Commission.

RECOMMENDATION

- 2.1 To approve the revised DRR policy attached at Appendix 2.

REASONS FOR RECOMMENDATION

- 3.1 To ensure that qualifying businesses can receive DRR.

SUPPORTING INFORMATION

Background

- 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. The Policy has not changed in terms of how applications from charities, non-profit organisations or sports organisations are handled.
- 4.2 At the Spring Budget 2017 the Government announced three new discretionary Reliefs:
- Supporting Small Business Relief;
 - Pub Relief;
 - Revaluation Support Relief.

Providing the relevant criteria are met, both Supporting Small Business Relief and Pub Relief are fully funded by Central Government. The third, Revaluation Support Relief, is cash limited and Derby's allocation is set out below.

Year	2017/18	2018/19	2019/20	2020/21
Amount (£s)	522,000	254,000	104,000	15,000

For Revaluation Support Relief, awards made beyond our allocation will have a direct cost to DCC of 49 pence in every pound awarded.

- 4.3 A condition for receiving the cash-limited funding for Revaluation Support Relief is that DCC consults about its proposed Scheme with its Major Precepting Authorities (MPAs) - the Derbyshire Fire and Rescue Service and the Derbyshire Police and Crime Commission. This was done on 2 August 2017. Both MPAs had no objections to DCC's proposals.
- 4.4 Modelling on the proposed Scheme has been done, to ensure that total spend on potential applications for Revaluation Support Relief would not exceed the cash-limited amount available from Central Government.

- 4.5 All three of the new discretionary Reliefs are subject to State Aid limits, which currently stand at 200,000 euros in a rolling three year period. Any organisation receiving State Aid in excess of this limit will not be able to receive these new Reliefs.
- 4.6 Benchmarking has been conducted against a small number of other Local Authorities' DRR Policies. Whilst DCC has the right to develop its own Policy, the benchmarking has ensured that DCC's Policy has not accidentally omitted any significant qualifying criteria being used by other Authorities.
- 4.7 An EIA on the revised Policy was conducted on 16 August 2017. The EIA found that the changes would have a positive impact as no diversity groups would be adversely affected.

OTHER OPTIONS CONSIDERED

- 5.1 Do not amend the Policy. This option would mean that DCC would not have a basis for awarding the new discretionary Reliefs announced at the Spring Budget 2017. This could result in reputational damage for DCC and may create undue hardship for the business community, and is therefore is not recommended.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Olu Idowu, Head of Legal Services Amanda Fletcher, Head of Finance Liz Moore, Head of HR Lynda Innocent, Head of Transformation and Business Applications Mark Taylor, Interim Director of Finance Janie Berry, Director of Governance and Monitoring Officer Ann Webster, Equality and Diversity Lead
For more information contact: Background papers: List of appendices:	John Massey 01332 643774 john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 – Business Rates Discretionary Rate Relief Policy Appendix 3 – Equalities Impact Assessment

IMPLICATIONS

Financial and Value for Money

- 1.1 Of the three new Reliefs introduced in the updated Policy, Supporting Small Business Relief and Pub Relief are fully funded by Central Government, whereas Revaluation Support Relief is cash limited. Providing DCC does not overspend its allocation, it will receive full funding for this. If DCC does overspend it will need to fund 49p in every pound granted above its allocation.
- 1.2 The funding arrangements and cost to DCC for the other Reliefs set out in this Policy are shown in the table below;

Type of organisation or Relief	Cost to DCC
Charities and charity shops	49 pence for every pound awarded
Non-profit making organisations	49 pence for every pound awarded
Sports clubs	49 pence for every pound awarded
Reoccupation Relief	Fully funded
Newly Built, Unoccupied Property Relief	Fully funded
Enterprise Zone Relief	Fully funded
Office Space Occupied By Local Newspaper Relief	Fully funded

Legal

- 2.1 The rules governing the award of DRR are contained within the Local Government Finance Act 1988 (as amended) and subsequent Statutory Instruments.
- 2.2 All three of the new discretionary Reliefs are subject to State Aid limits, which currently stand at 200,000 euros in a rolling three year period.
- 2.3 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. The need to undertake an EIA, and for its impact to be taken account of, if need be by a further mini review, is in line with our statutory obligations under the Equality Act, as well as our corporate commitment.
- 2.4 Pursuant to section 31 (4) of the Local Government Act 2003, the grant will be paid subject to the requirement that DCC consults its relevant precepting authorities on the Scheme design.

Personnel

- 3.1 Claims for the new Reliefs will require staff resource within the Business Rates team – this will be met within existing resources.

IT

- 4.1 A new release of software will be required to administer the new Supporting Small Business Relief. DCC's software provider has made a charge for this, however Central Government has provided new burdens funding which covers this expense.

Equalities Impact

- 5.1 The EIA on 16 August 2017 found that the changes would have a positive impact as no diversity groups would be adversely affected.
- 5.2 Many charities and voluntary groups in Derby support people with protected characteristics under the Equality Act and these groups can and do apply for DRR.

Health and Safety

- 6.1 None

Environmental Sustainability

- 7.1 None

Property and Asset Management

- 8.1 None

Risk Management and Safeguarding

- 9.1 The Policy mitigates the risk of any reputational damage to DCC. Through the criteria set out, DCC is aiming to create positive behaviours, such as encouraging responsible debt management, and also trying to encourage business premises to be occupied in the City to generate positive impacts in the local economy.

Corporate objectives and priorities for change

- 10.1 Awarding DRR will support DCC's aim to have a safe, strong and ambitious City.