

Shadow Dorset Council

Date of Meeting	Shadow Executive - 14 January 2019
Lead Member	Councillor Tony Ferrari, Lead Member for Finance
Subject of Report	Rates Relief
Executive Summary	<p>In order to ensure that a consistent approach is taken for the award of Discretionary Rates Relief to charities and not for profit organisations, Dorset Council will need to undertake a review of existing cases. As the majority of existing recipients are entitled to receive a minimum twelve months' notice of such a review, it is proposed that all existing awards continue for 2019/20 and that the review takes place, effective from 1 April 2020.</p> <p>Government has recently announced that it wishes to provide additional support to eligible retail businesses for the financial years 2019/20 and 2020/21. It has also confirmed its intention to continue to support eligible rural businesses. Government has, asked Councils to use their discretionary powers to award the support to eligible businesses, based on the criteria for the relevant scheme. The costs of the awards will be funded by government via a Section 31 grant.</p>
Impact Assessment:	<p>Equalities Impact Assessment:</p> <p>Unnecessary as the report proposes extension of existing arrangements for 2019/20.</p> <p>Use of Evidence:</p> <p>Details of existing discretionary rate relief awards</p> <p>Budget:</p> <p>The cost of Discretionary Rate Relief to charities and not for profit organisations will continue to be met from existing budgets. Government has confirmed that it will meet the costs of awards made under the schemes providing additional support to eligible rural and retail businesses.</p> <p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the LGR approved risk management methodology, the level of risk has been identified as: Current Risk: LOW</p>

	Residual Risk LOW
	Other Implications: None
Recommendation	That the Shadow Executive agree: <ol style="list-style-type: none"> 1. That existing discretionary rate relief awards to charities and not for profit organisations continue for 2019/20 and that a review be undertaken for 2020/21 2. That existing recipients are notified that a review will take place from 1 April 2020 and that they will be able to submit a new application for relief from that time 3. Where the government confirms that it will fully fund the award of rates relief (via a section 31 grant) the Council will award relief based on the criteria of that scheme.
Reason for Recommendation	That there is a clear approach to the award of Discretionary Rate Relief, so that recipient organisations and Officers can plan accordingly.
Appendices	Appendix 1 – Breakdown of current Discretionary Rate Relief awards
Background Papers	Existing Rate Relief guidelines for East Dorset, North Dorset, Purbeck, West Dorset and Weymouth & Portland Councils. Business Rates - Retail Discount – Guidance (MHCLG)
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Date agreed by Lead Member	
Date agreed by Statutory Officers	Matt Prosser – Chief Executive (Designate) Jason Vaughn – Interim Section 151 Officer- 18 December 2018 Jonathan Mair – Interim Monitoring Officer – 18 December 2018

1. Introduction

- 1.1 Under Section 47 of the Local Government Finance Act 1988 (as amended), Councils have the discretion to award rates relief (up to a maximum of 100% of the charges due) where it considers it to be appropriate, having regard to the circumstances of the case. Generally, 50% of the cost of awarding Discretionary Rate Relief is borne locally with the remainder being met by central government.
- 1.2 Councils can determine whether Discretionary Rate Relief is awarded for a fixed period or is “open ended”. In both cases, the expiry of the relief must coincide with the end of a financial year. Where the relief has been awarded “open ended” the Council must give the ratepayer at least one year’s notice of the award coming to an end.

1.3 In recent years, government has introduced a number of schemes which have looked to target additional support to specific types of businesses or in specific circumstances (e.g. retail relief, rural rate relief, etc.). In such cases, government has asked Councils to use their discretionary powers to grant the relief, rather than it having to introduce legislation allowing the award to be made. Government has agreed to meet the full costs of awards made under these schemes via a Section 31 grant.

2. Current position

2.1 To help ensure consistency with decision making, each of the existing sovereign Councils has adopted individual guidelines for determining applications for Discretionary Rate Relief. Whilst these are independent to the individual Council, they all look to award relief to charitable and/or “not for profit” organisations where it is in the interests of the local Council Taxpayer to do so.

2.2 Currently, £452,808 Discretionary Rate Relief is awarded to 363 organisations across the Dorset Council area. Of these, 315 relate to cases where the award is “open ended” and 48 relate to cases where the relief is due to end on 31 March 2019. A breakdown of the amount awarded is given at Appendix 1.

2.3 Committee may recall that the 2016 Autumn Statement confirmed the doubling of rural rate relief from 50% to 100% from 1st April 2017. As a result, businesses which are situated in a rural area, with a population below 3,000 will receive full rate relief if they are:

- A qualifying sole store, rural food shop or post office with a rateable value of £8,500 or less; or
- A qualifying sole filling station or public house with a rateable value of £12,500 or less.

Government has recently confirmed its intention for this relief to continue and has asked Councils to continue to use their discretionary powers to award the relief.

2.4 In his Autumn 2018 budget the Chancellor announced that additional rates support will be given to eligible retail businesses, for the financial years 2019/20 and 2020/21, if their property has a rateable value of less than £51,000. Government has, asked Councils to use their discretionary powers to award a “retail discount” to qualifying businesses and has recently issued guidance how this relief is to be administered. A copy of the guidance is attached at Appendix 2.

3. Proposal

3.1 In line with Committee’s decision in September 2018, concerning the award of grants to voluntary and community organisations, it is proposed that Discretionary Rate Relief awards to charities and/or not for profit organisations continue for 2019/20 and that a comprehensive review be undertaken for 2020/21. Existing recipients will be notified that, as part of the review, entitlement will cease on 31 March 2020, but that they will be able to submit a new application for relief from 1 April 2020.

3.2 As government has confirmed that it will fully fund the cost of rural rate relief top-up and retail discount, it is proposed that Committee agrees that the Council uses its discretionary powers to make these awards, having regard to the criteria of the individual scheme. Subject to software delivery, this will enable rates bills to be produced for April 2019, with details of the relief/discount already included.

