

Taunton Deane Borough Council

Executive - 11 July 2012

Non-Domestic Rates - Discretionary Rate Relief

Report of the Head of Revenues and Benefits

(This matter is the responsibility of Executive Councillor Vivienne Stock-Williams)

1. Executive Summary

The report highlights new powers for a Billing Authority to award Discretionary Rate Relief to a Business Rate Payer and sets out a recommended procedure of delegation for who will be responsible for determining applications made under Section 47 of the Local Government Finance Act 1988.

This report does not seek to set out qualifying criteria, as each case will be considered on its merits, but seeks agreement on delegated powers to match those previously agreed by Council in respect of the corresponding Council Tax discretionary discount provisions.

2. Background

- 2.1. The Localism Bill received Royal Assent on 15 November 2011. Section 69 of the Localism Act amends Section 47 Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer for any reason, not just those that can currently be granted discretionary rate relief.
- 2.2. Billing Authorities, such as TDBC, are responsible for fully funding any discounts granted under these new powers. Whilst councils would need to meet the cost of any discount from local resources, it may be that the immediate cost of the discount is outweighed by the long-term benefit of attracting growth and jobs to the area
- 2.3. No provision is made for the other precepting authorities to contribute. Therefore it is anticipated that such reductions will only be awarded in exceptional circumstances.
- 2.4. The local authority may only grant relief if it is reasonable to do so having regard to the interests of council tax payers in its area.
- 2.5. We currently have some 3,730 business premises within Taunton Deane and would anticipate many applications could be received. It is not felt practical to have members consider each individual application. We must also bear in mind that many of the applicants may be supplying sensitive financial information, that they may not wish to be publicised.

3. Recommended Procedure

- 3.1. All requests for relief must be made in writing. The process detailed below should ensure that proper and consistent consideration is given to all applications and that the financial implications are considered.
- 3.2. Where the request does not contain sufficient information, the Revenues and Benefits Service will contact the ratepayer to seek any missing information or clarification where it is necessary. The ratepayer should provide the evidence within one month.
- 3.3. If the ratepayer does not provide the required evidence, the Council reserves the right to either treat the application as withdrawn or to consider the application in the absence of the missing evidence. However, the Council may disregard any unsubstantiated statements or draw its own conclusions from other evidence available.
- 3.4. The Council may in any circumstances verify any information or evidence provided by the ratepayer by contacting third parties, other organisations and the ratepayer.
- 3.5. The authority to **decline** applications for relief under these provisions should be delegated to the Section 151 Officer.
- 3.6. If the Section 151 Officer declines an application any appeal should be made to the Executive Portfolio Holder.
- 3.7. Where the Section 151 Officer decides there is sufficient merit in awarding relief under these provisions, a recommendation will be made to the Executive. The Executive should have the delegated power to decline or award relief under these provisions following referral of an application by the Section 151 Officer. **Where it supports the recommendation, the Executive will also need to make the necessary budget arrangements to meet the commitment.**
- 3.8. This system of delegation should ensure that proper and consistent consideration is given to all applications and that the financial implications are considered. This is consistent with our approach to dealing with Hardship Relief applications for Business Rates as well as for the corresponding discretionary powers relating to Council Tax.

4. Finance Comments

- 4.1. Any award of a discount under these new powers would have to be funded entirely at the Council's cost. There is currently no budgetary provision for meeting the cost of any such award.
- 4.2. The cost of any discretionary relief would be a charge to the General Fund. It is recommended that the Council considers an overall budget allowance as part of the Council's corporate and budget priorities. As there is no budget provision in 2012/13, should the Council support a scheme of discretionary relief it will need to establish a budget either by a budget transfer ("virement") from another existing budget or as a Supplementary Budget allocation from General Reserves. The latter would need Full Council approval.
- 4.3. In considering the above Members are reminded that, although the council set a balanced budget for 2012/13, there is a significant Budget Gap forecast for 2013/14 and beyond.

5. Legal Comments

- 5.1. Approval of such additional delegated powers is a matter requiring Full Council decision.

6. Links to Corporate Aims

- 6.1. The award of discretionary rate relief under Section 47 in the circumstances outlined in this report is most closely linked with the corporate aim of Regeneration.

7. Environmental and Community Safety Implications

- 7.1. None

8. Equalities

- 8.1. This report is confined to looking at a scheme of delegation rather than award criteria and as such it has been assessed as having no direct equalities implications. Awards of discretionary discount will however need to be made with equalities considerations as key parts of the decision making process.

9. Risk Management

- 9.1. The development and administration of the Business Rates Discount Scheme under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) is considered to be low risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

10. Partnership Implications

- 10.1. The Revenues & Benefits Service is delivered by Southwest One on behalf of Taunton Deane Borough Council. However, the decision on whether to decline or award relief remains with Taunton Deane Borough Council.

11. Recommendations

- 11.1. The Executive adopt this policy for considering applications for relief under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act).

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