

MEETING:	CABINET
MEETING DATE:	12 JUNE 2014
TITLE OF REPORT:	NATIONAL NON DOMESTIC RATE DISCRETIONARY RELIEF
REPORT BY:	CHIEF FINANCIAL OFFICER

Classification

Open

Key Decision

This is a key decision because it is likely to be significant in terms of its effect on charities, organisations and communities living or working in an area comprising one or more wards in the county.

NOTICE has been served in accordance with Part 3, Section 9 (Publicity in connection with key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards Affected

Countywide

Purpose

This report requests the approval of a new Discretionary Rate Relief Charter that will facilitate a revised "Policy for Awarding Discretionary Rate Relief" that will be implemented in April 2015.

Recommendation

THAT:

- (a) **Cabinet approve the Discretionary Rate Relief Charter, as set out in the Appendix to the report, so that a revised "Policy for Awarding Discretionary Rate Relief" can be introduced in April 2015.**

Alternative Options

- 1 The existing policy could continue, or other alternatives could be pursued, including options to remove all or other sections of National Non Domestic Rates (NNDR) Discretionary Relief.

Reasons for Recommendations

- 2 To implement a new charter that will link the distribution of NNDR Discretionary Relief to the delivery of activities and services which directly benefit Herefordshire residents.

Key Considerations

- 3 Both charities and other organisations have access to apply for NNDR relief subject to qualification of the relevant criteria. Depending on the organisation's legal status, they could receive Mandatory Relief, of up to 80% of their NNDR and / or also apply for Discretionary Relief. Some organisations can also claim Rural Rate Relief if they are based within a qualifying rural settlement. This is further explained in the background papers to this report.
- 4 Revisions to the discretionary relief to achieve budget reduction targets need to take into account the impact on those organisations; charities, voluntary sector organisations and community groups assist in delivering corporate objectives.
- 5 The policy has been revised to incentivise organisations to do more in their communities, resulting in more services and activities that will benefit those communities and contribute towards the council's objectives.
- 6 Officers from each service, set up a working group to undertake a mapping exercise using a questionnaire sent to all NNDR relief recipients, to assess what services / activities they were delivering that support / contribute to the council's objectives. In addition they were asked to explain what expansion plans they had for future services that would support council priorities. This information will also help commissioning leads to understand available opportunities to encourage more service delivery in the communities.
- 7 The responses confirmed that many organisations are already delivering activities that satisfy the council's objectives:
 - Keep children and young people safe and give them a great start in life
 - Enable residents to live safe, healthy and independent lives
 - Invest in projects to improve roads, create jobs and build more homes
- 8 The working group then developed a Discretionary Rate Relief Charter, which is shown in Appendix A.
- 9 This Charter will be used to update the "Policy for Awarding Discretionary Rate Relief", after which all applications will be assessed on "what contributions the organisation makes in supporting the council's objectives".

Community Impact

- 10 The Discretionary Rate Relief Charter will allow many organisations to continue to receive Discretionary Relief. It will also encourage them to improve and increase their activities within the communities, which will directly benefit Herefordshire residents and meet the priorities of the council.

Equality and Human Rights

- 11 An Equality Impact Assessment (EIA) was done in December 2014, which confirmed that Mandatory Relief was available for all those complying with the criteria set nationally, whilst the Discretionary Relief policy changes implemented in April 2103 could impact on those who did not fit the criteria set out in the local policy.
- 12 The report presented to Members in November 2013, suggested a revised policy for 2015, that would significantly reduce the use of Discretionary Rate Relief, the EIA confirmed that these policy changes would not be discriminatory, but

“...the proposals set out in this report could see charities and applicable organisations having reduced NNDR discounts which could affect their viability. Legally any policy change is subject to 12 months notice for existing recipients.”
- 13 The Discretionary Rate Relief Charter allows the existing organisations as well as potential new organisations to access the relief providing they demonstrate that they are delivering activities that support council objectives. There may be organisations that do not apply in future because they undertake activities not beneficial to Herefordshire communities.

Financial Implications

- 14 All discretionary reliefs are funded in part (50%) by the National NNDR Funding Pool through national Government, Herefordshire Council (49%) and the fire authority (1%).
- 15 The current cost of NNDR Discretionary Relief is £470k, but, because of the funding mechanism, Herefordshire Council’s contribution is only £230k. Thus the council gets the full benefit from the organisation and what it delivers for the community / county, but only has to contribute to 49% of the relief.
- 16 The Medium Term Financial Plan includes a savings target from this budget heading of £150k, which was based on the original policy changes set out in November 2013.
- 17 Approval of the new charter will see organisations applying for relief, resulting in direct benefits to Herefordshire Council, and more specifically on Services, this is should facilitate corresponding reductions to service budgets.
- 18 Conversely it is likely that a number of organisations will cease to receive the relief because they are not prepared to extend their service offerings, this will reduce costs of this service.

Legal Implications

- 19 Section 47 Local Government Finance Act 1988 (as amended) provides the framework for the mandatory and discretionary reliefs that local authorities can exercise on NNDR.
- 20 Before 2012, local authorities were able to grant Discretionary Rate Relief only in specified circumstances. In each case the Government bore part of the cost of the relief. Eligibility was restricted to small rural businesses; charities; Community Amateur Sports Clubs (CASCs); non-profit organisations; and organisations experiencing ‘hardship’.

- 21 A council is now allowed to grant discretionary rate relief of up to 100% to any ratepayer. Section 69 of the Localism Act 2011 amended section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities could currently give discretionary relief with a power to grant relief in any circumstances.
- 22 The new power applied from April 2012. This is subject to the condition that, except in the limited circumstances specified, the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council taxpayers in its area.
- 23 The council may adopt rules for the consideration of discretionary cases, but they should not adopt a blanket policy either to give or not to give relief and each case should be considered on its own merits.
- 24 If the correct procedures for applications for discretionary relief are not followed by the council, or an applicant is not satisfied with the council's decision, following any internal appeal, then ultimately the applicant for relief may challenge that decision by way of judicial review in the High Court.
- 25 Charities and Community Amateur Sports Clubs (CASCs) enjoy a mandatory reduction of 80% in business rates. Local authorities have the discretion to increase this to 100%. Most not-for-profit bodies can be granted up to 100% discretionary relief.

Risk Management

- 26 Implementing this policy change will impact on resources for staff both within the Services and Revenues and Benefits Team. It is proposed to manage this risk by preparing the application and guidance in advance, working with the Services to ensure we have clear criteria for assessment and approval, all of which will be concluded by October 2014. Then correspondence with the ratepayers will take place through the autumn. This managed approach should then ensure most communication is concluded before year end, mitigating the amount of appeals and correspondence in 2015.

Consultees

- 27 All existing recipients of NNDR Discretionary Relief were sent a covering letter and questionnaire that explained the rationale for the mapping exercise and the proposal to change the criteria, as well as incentivising access to Discretionary Relief.
- 28 Consultation and engagement took place across all council directorates, with nominated leads developing the charter and establishing what benefits would be received from this relief.

Appendices

Appendix A - Discretionary Rate Relief Charter for Herefordshire

Appendix B - NNDR Overview, including a brief explanation of NNDR and the available reliefs.

Background Papers

- None identified.