

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** National Non Domestic Rating - Changes to Discretionary Rate Relief Policy from 1 April 2014.

**Meeting/Date:** Cabinet – 10 April 2014  
O&S (Economic) - 3 April 2014  
COMT – 31 March 2014

**Executive Portfolio:** Customer Services

**Report by:** Head of Customer Services

**Ward(s) affected:** All

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**Executive Summary:**

The Chancellor announced at the Autumn Statement of 5 December 2013 a package of business rates measures, two of which are to be temporary discounts:

- A discount of £1,000 (subject to state aid limits) for all occupied retail properties with a rateable value not exceeding £50,000. These are generally described as shops, restaurants, cafes and drinking establishments.
- A 50% business rate relief for 18 months for businesses that move into retail premises that have been empty for a year or more.

Since then, on 17 February 2014 and in response to recent atrocious weather conditions causing major flooding in some areas, the Government has also now announced 100% rate relief for 3 months for any day between 1 December 2013 and 31 March 2014 where non domestic properties have been flooded and meet other qualifying criteria.

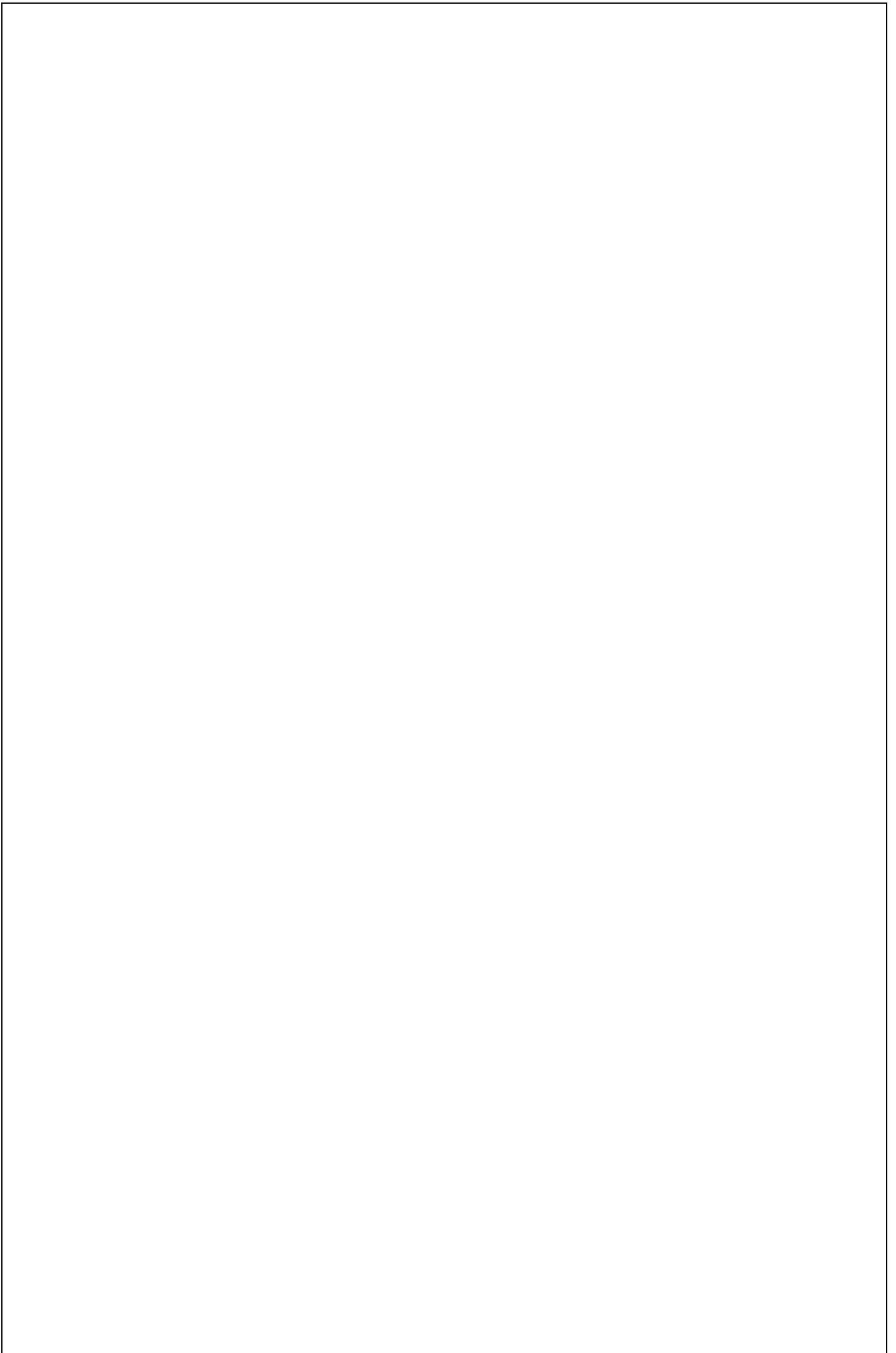
As these are temporary measures the government do not propose to change the relevant regulations, but instead will provide the discounts by reimbursing billing authorities that use their discretionary rate relief powers (under Section 47 of the Local Government Finance Act 1988) for the local share of the discretionary relief (by providing a grant under Section 31 of the Local Government Act 2003).

Through this mechanism, central government will guarantee to reimburse local authorities (both billing authorities and those major precepting authorities within the rates retention system) for the cost to them under these specific circumstances.

**Recommendation:**

**It is recommended that:**

- **Cabinet approve the award of (Section 47) Discretionary Rate Relief where all qualifying conditions are satisfied for the reliefs intended as listed above, provided the government makes 100% reimbursement by grant(s).**
- **Delegated Authority is given to the Head of Customer Services and the Local Taxation Manager to award these discounts.**



## **1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

- 1.1 The purpose of this report is to enable Members to make an informed decision on the proposed use of discretionary rate relief in essence to deliver the new temporary reliefs announced in the Chancellor's 2013 Autumn Statement, and following the recent floods in some areas. (No reports have been received of flooded business premises in Huntingdonshire at this time).

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 Central Government do not propose to change the existing regulations because they say this is a temporary measure only.
- 2.2 Instead they are asking that local authorities use their discretionary rate relief powers under Section 47 of the Local Government Act 1988, and that requires a change to the Council's discretionary policy.
- 2.3 A similar report was considered and approved by Cabinet on 12 December 2013 for a temporary relief on newly built non domestic properties following a consultation exercise conducted by the Government and announced separately in advance of the Autumn Statement.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 Other options could be to either decline to grant the intended discounts by way of discretionary rate relief, or vary the level of the relief but this would not provide the help and financial support to the local "Retail" ratepayers nor encourage new occupations. Most importantly, if the council does not grant the relief to the full extent of the Governments intention it will not be 100% reimbursed by way of grant.

## **4. KEY IMPACTS/RISKS HOW WILL THEY BE ADDRESSED?**

- 4.1 It will be for individual billing authorities to grant relief and to ensure that each application fully meets the qualifying criteria, and obviously the payment of the grant, paid in arrears by the government, will be subject to full external audit. Accordingly there will be an administrative and cost burden to the council which should be also be met by an administrative grant although no specific details are available at this time. Nor does it recognise or compensate for the cash flow impact for the council.
- 4.2 The biggest risk is the unlikely outcome that the government does not honour its guarantee of 100% reimbursement or problems with the auditing of the claims (rather than relying on the legal definition of "retail" the government has issued specific guidance on what it considers to be retail and what it does not).
- 4.3 This position is further complicated by the fact that billing authorities must also ensure that the rules on the maximum amount of "state aid" are not breached.

## **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 If agreed, a comprehensive checklist of all the relevant circumstances matching the qualifying criteria will be prepared for each application; awards will be separately identified in the accounts and reimbursement claimed as part of the

non domestic rates year-end reconciliations (and again subject to external audit certification).

5.2 No application for a temporary discount will be considered without the necessary accompanying statement on State Aid so as to mitigate any financial risk to the Council in that particular regard. (A practice that has become essential when considering discounts in the Enterprise Zone).

5.3 The government amended the relevant demand notice regulations in time for annual billing in March 2014, and every ratepayer has notice of the new reliefs in pages 35 to 38 of the Council Tax Booklet (which must also go to all ratepayers as the prescribed "Non-Domestic Rates Explanatory Notes").

## **6. LINK TO THE LEADERSHIP DIRECTION**

6.1 This policy change will meet the aim of generating business growth in the district by encouraging re-occupation of empty properties and supporting the Retail Sector. Whilst retail relief was heralded as help for the High Street, it is not exclusively prescribed that way in the guidance and so rural retail businesses and pubs for example could also benefit.

## **7. CONSULTATION**

7.1 There is no requirement for any consultation exercise on policy changes on discretionary rate relief

## **8. LEGAL IMPLICATIONS**

8.1 There is no legal implication other than for the decision to be formally resolved in order to amend the Discretionary Relief policy. The Head of Customer Services and Local Taxation Manager already hold Delegated Authority to grant discretionary relief under the Council's policy.

## **9. RESOURCE IMPLICATIONS**

9.1 As outlined above there is a significant burden for the business rates team, and in terms of accounting and completing external audit (which may also increase audit fees), it would have certainly been simpler and less of a financial risk had the government amended the appropriate regulations albeit for a temporary period.

9.2 The cost of reliefs awarded by the Council will ultimately be reimbursed by the government; therefore there is no direct net cost to the Council other than in terms of (unfunded) administration, resource, and cash flow.

9.3 As outlined previously, the "Retail" relief is likely to be extensive and certainly, in the short/medium term, more resource intensive. This includes the uploading, testing and implementation of a software module (Discounts are normally calculated as a percentage rather than the monetary value of the new "retail discount") from Northgate Information Systems.

## **10 REASONS FOR THE RECOMMENDED DECISIONS**

10.1 The recommendation will encourage, it is hoped, reoccupation of buildings left empty for some time and thus re-generation but perhaps most immediately it will give some financial support directly to retail businesses already facing difficult times.

**Recommendation:**

Based on the information contained within this report, it is recommended that Cabinet agrees :

- **To include 100% discretionary rate relief for all qualifying new (temporary) reliefs as listed above.**
- **Awards to be made under delegated powers to Head of Customer Services and Local Taxation Manager**

**11. LIST OF APPENDICES INCLUDED**

None

**BACKGROUND PAPERS**

- Business Rates Information Letter (9/2013) - dated 6 December 2013.
- Business Rates Retail Relief Guidance- dated 29 January 2014.
- Business Rates Information Letter (2/2014) - dated 6 February 2014.
- Business Rates Information Letter (3/2014) - dated 17 February 2014.

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