

Meeting: EXECUTIVE

Agenda Item:

4

Portfolio Area: Resources

Date: 14 MARCH 2017

DISCRETIONARY RATE RELIEF BUSINESS RATES

KEY DECISION

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1. PURPOSE

- 1.1 To update members on Discretionary Rate Relief (DRR) and to refresh the policy and procedure.
- 1.2 To review and approve proposed changes to the current level and scope of awards being made.

2. RECOMMENDATIONS

- 2.1 That the proposals made by the Members of the Overview and Scrutiny Committee (section 4.3 of the report) be included in the revised policy.
- 2.2 That the new policy and process as appended to this report be approved.
- 2.3 That the current maximum percentage of award continues.

3. BACKGROUND

- 3.1 Local Authorities have the power to grant Discretionary Rate Relief to organisations that meet certain criteria. The amount of relief granted is used to reduce the amount the organisation is liable to pay in Non Domestic Rates.
- 3.2 The cost of the relief is shared between; Central Government (50%), Herts County Council (10%) and Stevenage Borough Council (40%).
- 3.3 The law governing the granting of Discretionary Rate Relief is found in the Local Government Finance Act 1988 and subsequent amending legislation and Section 69 of the Localism Act 2011.

3.4 The policy has not been reviewed in recent years, during which time the significance of Business Rates and the costs borne by the Borough has changed. The proposed policy and the existing policy are attached at appendix A and B respectively.

3.4.1 The following table summarises the main changes:

Reason to change existing Policy	Proposed Policy	Comment
Description of powers to award is incomplete	Updated for Localism Act	Updating legislative powers
Criteria for award under legislation incomplete	Updated	Updated scope for awards
References incorrect regarding Government department	Updated	Updated
Criteria insufficiently clear as to whether they are absolute requirements in every case, or indicative of the type of characteristic that would be supported	Greater transparency	Avoids lack of clarity
Paragraph 8 of old policy regarding funding of DRR corrected.	Details correct funding of DRR	Correction and updating
Some criteria are questions, but no indication is given to an organisation as to the level that is required. i.e. how much of the activities are likely to benefit the local community?	Criteria more explicit; <i>The organisation must provide services primarily (minimum 75%) to people who live in Stevenage</i>	Greater transparency
Lack of clarity over requirements, making it difficult for applicants to comply with the requirement. How do they demonstrate this? <i>“The organisation must be actively seeking to eliminate all forms of discrimination whether in its programme of activities or as an employer and provider of services” “The organisation must operate in Stevenage and the majority of its members be Stevenage residents...”</i>	Clearer criteria; <i>The organisation must be accessible to all. Membership should be open to all sections of the community. Applicant organisations should operate to equal opportunities policies; The organisation must provide services primarily (minimum 75%) to people who live in Stevenage.</i>	Greater transparency

Reason to change existing Policy	Proposed Policy	Comment
Does not detail decision making, application or appeal process clearly	Clear explanation of decision making, application and appeal process	Greater transparency
Does not detail Council's commitment to prosecute fraud	Clear explanation of Councils commitment to prosecute fraud	Greater transparency
Does not detail information requirements to support an application	Clear explanation of information requirements to support an application	Greater transparency
Does not detail, payment, notification or overpayment process	Clear explanation of payment, notification and overpayment process	Greater transparency
Does not detail excluded applicants	Details those organisations which are <i>unlikely</i> to qualify for assistance. All applicants will be considered on their own merits.	Aim to focus on local organisations, and not those which include gaming or where licenced bars are keys activities.
Does not specify the types of organisation that can be awarded relief outside of the key decision process.	Lists those types of organisations, which subject to satisfying the other criteria will qualify for relief in the appropriate category <ul style="list-style-type: none"> • Youth associations • Older persons organisations • Community associations • Citizens advice Bureau • Disabled persons organisations • Hospice –(and retail activity) • Animal rescue/animal welfare • Support and rehabilitation centres • Sports and social clubs • Cultural societies 	Greater transparency

3.5 The procedure for granting Discretionary Rates Relief requires updating to -

- reflect previous key decisions,
- ensure that the level and type of relief being granted is consistent with the Council's objectives, and
- demonstrate greater transparency in decision making.

3.6 The revised policy includes details of the application process, assessment criteria, and decision making process.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 A policy and development meeting with the Members of the Overview and Scrutiny Committee was held on 14 November 2016.

4.2 Members received a presentation on DRR, including its costs, funding, categories and types of recipients, together with the proposed administrative changes to awards and reviews.

4.3 The Overview and Scrutiny Members proposed that in the Key Criteria (page 9 of the policy), the following:

- (i) The word 'financial' be inserted in the following criteria:
*Sports clubs must not provide (**financial**) payments or other significant benefits to players*
- (ii) The following paragraph be interpreted to acknowledge that not all organisations can be accessible to all, where they provide a service to a specific group, i.e. those with a disability:
The organisation must be accessible to all. Membership should be open to all sections of the community. Applicant organisations should operate to equal opportunities policies;
- (iii) That where an organisation provides essential services to residents in other districts as well as to Stevenage residents, that the 75% minimum in the following criteria be disregarded:
The organisation must provide services primarily (minimum 75%) to people who live in Stevenage. (Where hereditaments combine different accommodation types, organisations will need to evidence that each satisfy the above criteria.)

These essential services would include for example;

- a woman's refuge in Stevenage which takes referrals from the surrounding districts/boroughs,
- a hospice shop supporting a hospice in another district but which provides outreach services and accepts referrals from Stevenage residents,

4.4 Members also considered the potential to change the percentage of relief granted to charitable organisations (20% maximum) and non-profit making organisations (100%). They recommend that the current process of awarding the maximum assistance be continued.

- 4.5 Members also considered the impact on national charities if they became *generally* excluded from entitlement. Officers advised that state aid rules often exclude national charities from applying for Discretionary Rate Relief in the first instance, and that where this is not the case, if the provision of services to local people can be demonstrated, they may still qualify.
- 4.6 At 1 November 2016 £145,683 had been awarded in DRR for 2016/17. This costs Stevenage £58,273, being 40% of the total spend. This supports;
- 53 charitable top up reliefs at 20%,
 - 1 Community amateur sports club at 20% relief
 - 6 100% discretionary relief awards.
- 4.7 If Executive support the revised policy any changes to existing entitlement will take affect from April 2018. New applicants would be subject to the new policy immediately.
- 4.8 Current applicants will be asked to re-apply shortly as a routine review of their circumstances. This will also inform any potential changes in entitlement from April 2018 onwards.
- 4.9 It is anticipated that other than national charities (see 4.5 above), only those organisations which provide gaming or a licensed bar as the major function in relation to the service provided, or those that cannot prove that they serve Stevenage residents may fall outside of the new scheme. However the policy does include an appeal process which can be used in these cases (see page 8 of the policy).

5. Implications

5.1 Financial Implications

- 5.1.1 This report is financial in nature and as such all implications are contained in the main body of the report.

5.2 Legal Implications

- 5.2.1 The law governing the granting of Discretionary Rate Relief is found in the Local Government Finance Act 1988 and subsequent amending legislation and Section 69 of the Localism Act 2011.
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5.2 Equalities and Diversity Implications

- 5.3. The Equality Act 2010 S149 sets out the public sector equality duty which requires the Council, when exercising its functions (including those as an employer) to have 'due regard' to the need to eliminate discrimination (both direct and indirect discrimination), harassment and victimization and other conduct prohibited under the Act, and to advance equality of opportunity and

foster good relations between those who share a 'protected characteristic' and those who do not share that protected characteristic.

- 5.3.2 A draft EQIA has been prepared and is attached at Appendix C and will need to be updated as the review of current applicants is carried out. A new application form has been designed which will gather more information in relation to equality issues. The Council must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider.

5.3 Risk Implications

- 5.3.1 The Council derives a large portion of its income from retained Business rates. In setting the General Fund risked assessed level of balances an allowance is made for fluctuations in retained business rates income. In addition the Council holds an allocated NDR reserve to mitigate changes in NDR income due to SBC.

5.4 Policy Implications

- 5.4.1 This report proposes revisions to the Discretionary Rate Relief Policy.

BACKGROUND PAPERS

None

APPENDICES

- Appendix A Draft Discretionary Rate Relief Policy & Procedure
- Appendix B Existing Discretionary Rate Relief Policy & Procedure
- Appendix C EQIA