

**Report to:** Budget Panel  
**Date of meeting:** 10<sup>th</sup> September 2013  
**Report of:** Revenues Manager  
**Title:** Non Domestic Rates – Review of Discretionary Rate Relief

## **1.0 SUMMARY**

1.1 This report sets out the various reliefs available to businesses to help them towards their business rates.

## **2.0 RECOMMENDATION**

2.1 That the report is noted.

### **Contact Officer:**

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## **3.0 DETAILED PROPOSAL**

3.1 The various business rates reliefs available to businesses in Watford Borough's area are:

- Mandatory Relief
- Discretionary Top Up Relief
- Discretionary Relief
- Registered Sports Clubs (CASC's)
- Small Business Rate Relief
- Empty Property Rate Relief
- Partly Occupied Relief (s44a)
- Hardship Relief (s49)

3.2 Mandatory Relief of 80% must be awarded to any registered charity. The Council has no discretion not to award. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.

3.3 Discretionary Top Up Relief of up to 20% may be awarded to any charity or registered sports club (CASC) receiving the 80% mandatory relief. How much relief is awarded for this is entirely up to the Council. Until April 2013 the Council funded 75% of this relief. The way that this is funded from April 2013 is different.

3.4 Discretionary Relief of up to 100% may be awarded to any non profit making organisation. How much relief is awarded for this is entirely up to the Council.

- Until April 2013 the Council funded 25% of this relief. The way that this is funded from April 2013 is different.
- 3.5 Mandatory Relief of 80% must be awarded to any registered sports club (CASC). The Council has no discretion not to award. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
  - 3.6 Small Business Rates Relief will be awarded automatically to any business with a rateable value of less than £12,000 if specific nationally agreed criteria is met. The amount of relief depends on the rateable value. Businesses with a rateable value of £18,000 will pay less rates per year due to the rates they pay being calculated on a smaller rate in the pound. Until April 2013 the cost of this relief if any was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
  - 3.7 Empty Property Relief will be awarded automatically to any business if specific nationally agreed criteria is met. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council. Empty Property Rate Relief is being monitored closely by Council Officers due to recent examples of possible rates avoidance.
  - 3.8 Partly Occupied Rate Relief (section 44a) is awarded at the discretion of the Council. This will see the rates reduced for any part of the building not currently being used. Until April 2013 the cost of this relief was fully met by the Business Rates Pool. This meant that there was no cost to the Council. However from April 2013 there are potential costs for the Council.
  - 3.9 Hardship Relief (section 49) may be awarded by the Council for any business suffering hardship. It does not necessarily need to be financial hardship. Any award is at the discretion of the Council but the interests of the Council Tax Payers must be taken into account in making the decision. Until April 2013 the Council funded 25% of this relief. The way that this is funded from April 2013 is different.
  - 3.10 Members should be aware that the Cabinet reviewed the procedures previously adopted for considering applications for discretionary rate relief and hardship relief on the 19<sup>th</sup> March 2007 and agreed the criteria to be used in determining such applications for 2008/09 onwards. The current procedures for considering applications for discretionary rate or hardship relief are set out in Appendix A.
  - 3.11 The rating regulations require a Billing Authority to give one year's written notice if the level of discretionary rate relief is to be reduced or to be discontinued. Such decisions can only take effect from the commencement of a financial year. The Regulations restrict, therefore, any such reductions from taking effect until at least the 1<sup>st</sup> April 2015 if notice is given by the 31<sup>st</sup> March 2013. No notice is required of an increase in rate relief.

## 4.0 IMPLICATIONS

### Financial

- 4.1 The total cost of these awards over the last 4 years including the current year to date can be seen in the table below:

	2010/11	2011/12	2012/13	2013/14
	£	£	£	£
Mandatory Relief	£1,937,622	£2,295,115	£2,173,108	£2,436,865
Discretionary Top Up Relief	£171,090	£263,857	£282,327	£272,828
Discretionary Relief	£33,494	£33,083	£32,031	£29,283
Registered Sports Clubs (CASC's)	£0	£0	£0	£0
Small Business Rate Relief	£0	£0	£40,487	£17,716
Empty Property Rate	£3,000,286	£2,347,471	£2,940,684	£2,714,277
Partly Occupied Relief (s44a)	£156,305	£18,058	£155,561	£64,681
Hardship Relief (s49)	£0	£0	£0	£0

- 4.2 As identified above (Section 3) the award of some of the reliefs is mandatory and the Council has no control over this. But some of the reliefs are at the Council's discretion. If the Council wishes to change the awarding of any of the discretionary relief there would be a financial impact to the Council of 40% of the individual award that was changed. This means that if the total value of awards was increased the Council would lose 40% of this value in income from business rates. If the total value of awards was reduced then the Council would gain 40% of the value of this through increased business rates income.

### 4.3 Legal

None.

### Background Papers

No background papers were used in the preparation of this report.

### Appendix

Appendix A – Procedures for approving discretionary or hardship relief.