

Cabinet Member Strategic Finance and Resources

19 January 2015

**Name of Cabinet Member:**

Cabinet Member (Strategic Finance and Resources) – Councillor Gannon

**Director Approving Submission of the report:**

Executive Director of Resources

**Ward(s) affected:**

All

**Title:**

Discretionary rate relief policy (excluding charities and not for profit organisations)

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**Is this a key decision?**

No. Although the matter within the Report can affect all wards in the City, it is not anticipated that the impact will be significant and it is therefore not deemed to be a key decision.

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**Executive Summary:**

Following the business rates retention scheme in 2013 came the introduction of some new reliefs. To prevent the need for a change to primary legislation, the Government has introduced these as additional discretionary rate reliefs (not to be confused with the discretionary rate relief for charitable and non-profit making organisations).

Within the guidelines there is a best practice statement that Councils should ensure they have a policy to cover all of the discretionary reliefs in the event of any challenges. This has also been reiterated by CIPFA & IRRV. This report sets out a draft policy for the granting of discretionary rate reliefs and the Cabinet Member is asked to approve the same.

**Recommendations:**

The Cabinet Member is requested to:

- 1) Approve the policy

**List of Appendices included:**

Discretionary rate relief policy

**Other useful background papers:**

None

**Has it or will it be considered by Scrutiny?**

No

**Has it, or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**

Discretionary rate relief policy (excluding charities and not for profit organisations)

**1. Context (or background)**

The business rates service is responsible for the collection of more than £122 million of non-domestic rates and following the introduction of the rates retention scheme in 2013 the Government introduced a number of reliefs.

To prevent the need for a change to primary legislation, the government have introduced these as additional discretionary rate reliefs.

**2. Options considered and recommended proposal**

A copy of the policy is attached. All of the principles for each type of relief (6 in total) are covered by either legislation or guidance notes. Therefore the policy covers implementation and decision making to ensure we maximise revenue. The Cabinet Member, when considering the policy, should be aware of the following points:

- Where Hardship Relief (Section 49) and Part-occupation relief (Section 44a) are awarded the Council is responsible for 49 per cent of the cost of funding any relief. Therefore, any relief awarded represents a direct cost to council tax payers in the City.
- Discretionary relief, extended powers under the LGFA 1988, if awarded, is fully funded by the Council and again any relief awarded represents a direct cost to council tax payers in the City.
- However, if Retail Relief, New Build exemption and Re-Occupation Relief are awarded, these are fully funded by the Government by way of a Section 31 grant under the Local Government Act 2003.

This policy seeks to ensure that the discretionary scheme is fair, transparent and ultimately affordable to the Council and the local council tax payers that it serves.

**3. Results of consultation undertaken**

3.1 No consultation has been undertaken.

**4. Timetable for implementing this decision**

4.1 Not applicable.

**5. Comments from Executive Director of Resources**

5.1 Business rates are an important source of income for the City Council. Reliefs fully funded by the Government provide an overall benefit to the city and the Council should seek to maximise these whilst ensuring that the Government's guidelines are followed.

5.2 Those reliefs that have a direct cost to the Council should also have robust procedures in place and it is important for the Council to have a clear policy on how it will apply discretionary rate reliefs in order to minimise the risk of its decisions being challenged. The total level of these locally determined reliefs was £372,000 in 2013/14.

## **6. Financial Implications**

See point 2. Where relief not fully covered by a Section 31 grant is considered, there is a recognised approval process already in operation.

## **7. Other implications**

None

### **7.1 How will this contribute to achievement of the Council's key objectives / corporate priorities (corporate plan/scorecard) / organisational blueprint / LAA (or Coventry SCS)?**

The effective granting of reliefs for Business Rates is crucial to ensuring the tax base is accurate and revenue is maximised.

### **7.2 How is risk being managed?**

The award of reliefs is subject to an annual audit and reported to the Head of Revenues and Benefits and any potential variations in the relief granted are highlighted.

### **7.3 What is the impact on the organisation?**

None

### **7.4 Equalities / EIA**

An equality impact assessment has been carried out however no issues emerged as the policy does not set out any limitations on, or criteria for, the awarding of discretionary relief beyond those in the legislation or guidance.

### **7.5 Implications for (or impact on) the environment**

None

### **7.6 Implications for partner organisations?**

None

#### **Report author(s):**

Tim Savill

#### **Name and job title:**

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#### **Directorate:**

Resources

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