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| REPORT TO: | Management Board/ Cabinet |
| DATE: | 29 March 2021/ 31 March 2021 |
| SERVICE AREA: | Finance |
| REPORTING OFFICER: | Revenues, Welfare and Customer Services Manager (<i>Julie Gillett</i>) |
| SUBJECT: | Non-Domestic discretionary rates relief policy report 2021/22 |
| WARD/S AFFECTED: | ALL DISTRICT |
| FORWARD PLAN REF: | N/A |

1.0 PURPOSE OF REPORT

To seek approval for changes to the discretionary rates relief policy from April 2021 to reflect the rate reliefs available in 2021/22 including the Government Budget announcements continuing rate reliefs to support certain business significantly impacted by Coronavirus restrictions.

2.0 RECOMMENDATIONS

- 2.1 To approve the Non-domestic discretionary rates relief policy (Appendix A) to be implemented from 1 April 2021.
- 2.2 For Cabinet to delegate to the Director of Corporate Affairs the authority to make amendments to the policy in relation to UK subsidy control arrangements.

3.0 RECOMMENDED REASONS FOR DECISIONS

- 3.1 The policy includes the changes necessary to implement the national business rate measures announced by Government and the continuation of local support for businesses over and above what is available nationally to enhance the local economy.
- 3.2 Giving delegated authority to the Director of Corporate Affairs to make amendments to the policy to include requirements necessary to ensure discretionary rate relief awards are compliant with UK subsidy control arrangements will allow the policy to be updated quickly to provide clear

guidance to businesses and ensure discretionary rate reliefs awards are correct.

4.0 ALTERNATIVE OPTIONS CONSIDERED AND RECOMMENDED FOR REJECTION

4.1 To continue with the current Non-Domestic discretionary rate relief policy which would not allow for the proposed continuation of relief to be rolled out within the district and is not recommended as it is not in line with the proposed government measures.

4.2 Not to approve that delegated authority be given to the Director of Corporate Affairs as outlined in 2.2 would cause delay in updating the policy if required to ensure it is compliant with UK subsidy control requirements and this would cause uncertainty to businesses.

5.0 THE REPORT

5.1 Discretionary rates relief allows Local Authorities to have some flexibility in areas of relief awarded to businesses to support the local economy and/or focus on specific areas for development.

5.2 The policy includes additional areas of relief, such as Town Centre Improvement, to actively support the Councils corporate objectives. The different categories of relief currently available are listed below:

- Business Investment in targeted growth areas
- Nursery discount
- Hardship Relief
- Increasing the supply of high quality office space
- Mobile infrastructure rate relief
- Partly occupied (Section 44a) relief
- Re-occupation of empty listed buildings
- Expanded retail relief
- Rural rate relief
- Town centre improvement relief
- Local newspaper
- Discretionary relief for non-profit organisations

To date a total of £50,853 has been awarded in discretionary relief so far this year across these categories where support is met by Harrogate Borough Council. This is less than previous years, mainly due to the introduction of national reliefs, such as the nursery discount which replaced our own local childcare rate relief.

5.3 In this year's Budget the Government announced the continuation of business rates relief measures which was introduced last year in response to Coronavirus. As these are temporary measures there is no change to legislation and local authorities are required to award the reliefs using discretionary relief powers under section 47 of the LGFA 1988. These reliefs are fully reimbursed under section 31 grant The reliefs are:

- Expanded retail discount continues at 100% for 3 months, from 1 April 2021 to 30 June 2021 and then reduces to 66% from 1 July 2021 to 31 March 2022, subject to cash caps limits
- Ofsted registered nurseries relief continues at 100% from 1 April 2021 to 30 June 2021 and then reduces to 66% from 1 July 2021 to 31 March 2022, subject to cash caps limits

5.4 The Non Domestic Discretionary Rates Relief Policy has been updated to reflect these changes. Section 2.2.2 has been updated as a result of the changes to Nursery relief. Section 2.2.8 updated to reflect the changes to Expanded Retail discount.

5.5 The Council has approved the creation of a Local Authority Controlled Company (LACC) to provide the delivery of leisure services on behalf of the Council later in 2021/22. Discretionary business rate relief is granted under section 47 of the LGFA 1988 and whilst section 47(8A) states billing authorities may not grant the discount to themselves or a precepting authority, as the LACC is a separate business entity applications for Non Domestic discretionary rate relief can be considered in line with the award criteria in the discretionary business rate relief policy

5.6 Section 3.2 of the discretionary rate relief policy has been updated to clarify the position that such a company can receive 100% discretionary rate relief where it is providing recreation and social welfare services and is in the interests of Council Tax payers to do so.

5.75.8 Only one area of discretionary business rate relief has been removed from the scheme as it was limited Government funding until 31 March 2021 to support businesses facing rate bill increases following the 2017 revaluation.

5.9 Non Domestic discretionary rate relief was subject to EU State Aid rules, however since 1 January 2021, EU State aid rules no longer apply, however the UK remains bound by its international commitments, including subsidy obligations set out in the Trade and Cooperation Agreement (TCA) with the EU.

At the time of writing this report, the Council is still waiting for clarification of the requirement of subsidy control in respect of discretionary rate relief awards. A representative, on behalf of several local authorities, is seeking confirmation from the Government and therefore this report seeks approval to delegate authority to the Director of Corporate Affairs to make amendments to the policy in respect of subsidy control compliance. This will ensure that the necessary amendments to the policy are made, if applicable once clarification is obtained from the Government and to ensure that there is no delay for implementation of the policy for 1 April 2021 whilst awaiting confirmation from the Government.

The updated policy can be found at Appendix A.

6.0 REQUIRED ASSESSMENTS AND IMPLICATIONS

6.1 The following were considered: Financial Implications; Human Resources Implications; Legal Implications; ICT Implications; Strategic Property/Asset Management Considerations; Risk Assessment; Equality and Diversity (the Public Sector Equality Duty and impact upon people with protected characteristics). If applicable, the outcomes of any consultations, assessments, considerations and implications considered necessary during preparation of this report are detailed below.

6.2 Financial Implications:

In the budget for 2021/22, as set in the NNDR1 form that was submitted to the Ministry of Housing, Communities and Local Government in January 2021, and reflected in the Council's budget, a total of £43,400 has been included to provide for discretionary reliefs.

If the amount of discretionary relief granted in 2021/22 is greater than this, this would, all other things being equal, result in a deficit on the Collection Fund, which would need to be recouped in future years. The cost of this would be divided as follows:

Central Government 50%
Harrogate Borough Council 40%
North Yorkshire County Council 9%
North Yorkshire Fire and Rescue 1%

Conversely, any underspend against the £43,400 would result in a surplus on the Collection Fund, which would be redistributed in future years to authorities in the proportions set out above.

7.0 CONCLUSIONS

The performance of the policy over the previous twelve months demonstrates the effectiveness of the current categories and areas of relief on offer. The proposed amendments ensure the scheme allows the national business rate reliefs to be provided and provide the needed support as businesses reopen following the national coronavirus restrictions and continues to offer local support to businesses in the district which in turn support the development of the local economy.

Background Papers – None

OFFICER CONTACT: Please contact Julie Gillett (Revenues, Welfare and Customer Services Manager), if you require any further information on the contents of this report. The officer can be contacted by e-mail – julie.gillett@harrogate.gov.uk