
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	7th JANUARY 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@southderbyshire.gov.uk	DOC: u/ks/business rates/Discretionary Relief/Discretionary Relief Proposals Feb 19
SUBJECT:	DISCRETIONARY BUSINESS RATES RELIEF	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 12

1.0 Recommendations

1.1 That consideration is given to granting Discretionary Relief for Charitable and Rural organisations for a period of two years to cover the financial years 2021/22 and 2022/23.

2.0 Purpose of Report

2.1 The report provides an update on the discretionary business rates relief awarded by the Council. This includes the Council's Local Scheme for allocating discretionary relief, to various organisations in accordance with the Council's policy.

2.2 This does not include temporary relief awarded by the Government to protect businesses adversely affected by the last Business Rates Revaluation in 2017. This temporary relief ends on 31 March 2021, having been phased out since 2018.

3.0 Detail

3.1 Many businesses qualify for various exemptions, transitional relief and discounts which are awarded by the Council under national schemes (mandatory relief). As previously reported to the Committee, the Government have provided additional support to businesses in 2020/21 adversely affected by Covid-19.

3.2 In addition, councils have discretion to award further relief in limited circumstances and to "top-up" the mandatory relief where it is not 100%.

3.3 The main relief schemes are as follows:

- Small Business Rates Relief
- Rural Rate Relief
- Charitable Rate Relief
- Hardship Relief
- Part-occupied Relief

3.4 The cost of these reliefs is met through the national funding system.

Small Business Rates Relief

3.5 No business nationally pays any rates on a property with a Rateable Value (RV) of £12,000 or less, i.e. they are awarded 100% relief. For properties with a RV between £12,001 and £15,000, the rate relief is tapered down from 100% to 0%.

3.6 If a property has a RV lower than £51,000, the rates payable are calculated using the small business multiplier, i.e. currently 49.9p in the pound compared to the full rate of 51.2p for 2020/21.

Rural Rate Relief

3.7 This applies to businesses in a rural area with a population below 3,000. Qualifying businesses do not pay business rates if:

- Their property is the only village shop or post office with a RV up to £8,500.
- Their property is the only public house or petrol station with a RV up to £12,500.

3.8 The Council also has discretion to award up to 50% relief on other business properties in a rural settlement if the RV is £16,500 or less and the Council is satisfied that the property is being used for a purpose which benefits the local community.

Rural Settlement List

3.9 Prior to the start of every financial year, all councils are required to publish this List, which sets out the areas which are classified as rural on the basis that the population is less than 3,000, based on the 2011 census.

3.10 For South Derbyshire, this effectively includes all Parished areas, excluding Etwall, Hilton, Melbourne, Stenson Fields, Hartshorne, Willington, and Woodville, together with the Swadlincote Urban Core.

Charitable Rate Relief

3.11 Charities and community amateur sports clubs are entitled to 80% mandatory rates relief if their property is used solely for charitable purposes. The Council has discretion to top-up the 80% relief and award a further 20% relief so that an organisation may not pay any rates under this scheme.

3.12 The Council also has discretion to award up to 100% relief to non-profit or voluntary organisations, although many local charitable organisations and sports clubs automatically qualify for other Relief and therefore, pay no rates.

Hardship Relief

3.13 The Council has discretion to reduce the business rates by up to 100% for certain businesses subject to the business demonstrating that:

- It would suffer financial difficulties without the relief, and

- It would be in the interests of local people and the Council is satisfied that the granting of relief would benefit the general body of local taxpayers.

3.14 Hardship relief can only be granted in exceptional circumstances and is dealt with on a case-by-case basis.

Part-occupied Relief

3.15 The Council has discretion to grant up to 100% relief in respect of non-productive or unused parts of premises on a temporary basis. Again, this is dealt with on a case-by-case basis. The Council has previously used this discretion in support of major businesses in the District to safeguard local employment.

Other Reliefs

3.16 From time-to-time, the Government grant other reliefs to support a particular business type or to support national policy. For example, in previous years, pubs and newsagents have received one-off discounts.

Current Discretionary Relief Awarded

3.17 Where the Council awards discretionary relief, 50% of the cost is met by the Council through the Collection Fund. In order for the Council to award discretionary relief, it must adopt a local Policy/Scheme which sets out the criteria for awarding additional relief when applications are received. The Council's Policy (for information) is detailed in **Appendix 2**.

3.18 The current list of organisations who currently receive discretionary relief under the Policy from the Council is attached at **Appendix 1** and this is reviewed and paid every two years to give eligible organisations certainty over funding.

3.19 However, although the discretionary relief scheme is publicised, it is the responsibility of each organisation to apply for the relief (every two years) and demonstrate that they qualify.

Active Nation

3.20 Consideration may be given to the relief awarded to Active Nation as the Council's Leisure Management Contractor. Under the Contract, they are responsible for Business Rates at Green Bank and Etwall Leisure Centres and receive 80% mandatory relief as a Charitable Trust.

3.21 They operate nationally but work in partnership with the Council to further the health and well-being of local communities in South Derbyshire. The Committee may wish to consider for example, evidence that the 20% discretionary relief is being reinvested in the local facilities prior to relief being awarded.

Sharpe's and Peoples Express

3.22 Discretionary relief provided to Sharpe's and Peoples Express, including the Magic Attic and Visitor Centre, is in addition to the annual grant-aid provided to Sharpe's and the Tourist Information Centre.

Rural Rate Relief

3.23 The Council currently awards rural rate relief to just one organisation, namely the Ukrainian Youth Association based in Weston-on-Trent.

4.0 Financial Implications

4.1 The Council's 50% share of the discretionary relief granted, which is approximately £40,000 in 2020/21, is paid from the Collection Fund. Any changes to the relief would eventually impact on the General Fund depending on whether the Business Rates Account overall, achieves a surplus or deficit.

4.2 However, given the turnover on Business Rates at approximately £25million per year, the cost to the Council is relatively insignificant.

5.0 Corporate Implications

Employment Implications

5.1 None

Legal Implications

5.2 None

Corporate Plan Implications

5.3 There is no specific aim or target contained in the Corporate Plan. However, it is considered that the awarding of discretionary relief supports local businesses which is a key part of the "*Our Future*" priority in the Corporate Plan.

Risk Impact

5.4 None

6.0 Community Impact

Consultation

6.1 As detailed in the report, all affected organisations have been informed that their entitlement to discretionary relief will cease on 31 March 2021 and that they will need to reapply.

Equality and Diversity Impact

6.2 The proposed Revaluation Relief Scheme is generic and is therefore considered to be neutral regarding protected characteristics under the Equality Act 2010, i.e. there should be no negative impacts.

6.3 Relief provided to charitable and rural organisations should be considered on an individual case-by-case basis to ensure that there is no negative impact.

Social Value Impact

- 6.4 The awarding of discretionary relief supports local community groups who provide cultural, recreational, and educational facilities for local residents. Several of these groups also seek to support more vulnerable members of the local community and people on low incomes, etc.

Environmental Sustainability

- 6.5 None directly

7.0 Background Papers

- 7.1 None

Relief Granted to Charitable Organisations		Mandatory Relief	Discretionary Relief
		2020/21 £:p	2020/21 £:p
Active Nation UK Limited - Etwall Leisure Centre	20% Discretionary	62,668.00	15,667.20
Active Nation UK Limited - Green Bank Leisure Centre	20% Discretionary	104,448.00	26,112.00
Goseley Community Centre	20% Discretionary	778.24	194.56
Hilton Village Hall	20% Discretionary	3,645.44	911.36
Melbourne Community Care Group (Derby Road, Melbourne)	20% Discretionary	1,964.10	491.02
People Express (Sharpe's Pottery)	20% Discretionary	3,495.20	873.80
Bus Park Community Café, Swadlincote	20% Discretionary	376.83	94.21
Swarkestone Cricket Club	20% Discretionary	1,393.18	348.30
Shardlow Canal and River Trust (Heritage Centre)	20% Discretionary	757.76	189.44
Sharpe's Pottery Heritage and Arts (Unit 16)	20% Discretionary	1,290.24	322.56
Community Transport (Swadlincote)	20% Discretionary	5,726.54	1,431.64
Diocese of Derby (Community Hall and Car Park, Hartshorne)	20% Discretionary	655.36	163.84
Community Club, Darklands Road	20% Discretionary	3,809.28	952.32
South Derbyshire Citizens Advice Bureau	20% Discretionary	5,427.00	1,356.80
1st Newhall Scouts	20% Discretionary	1,536.00	384.00
Sharpe's Pottery Heritage and Arts (Magic Attic)	20% Discretionary	3,635.20	908.80
Sharpe's Pottery Heritage and Arts (Visitor Centre)	20% Discretionary	8,192.00	2,048.00
Old Post Centre, Newhall	20% Discretionary	3,563.52	890.88
Hilton Harriers FC	20% Discretionary	6,041.60	1,510.40
Our Monkey Club Community Interest Company, Church Gresley	80% Discretionary	0.00	19,960.00
Total Relief - Charitable Organisations		219,403.49	74,811.13

Relief Granted to Rural Organisations

Ukrainian Youth Association (UK) Tarasivka Camp Weston-on-Trent	50% Discretionary	0.00	6,237.00
Total Relief - Rural Organisations		0.00	6,237.00

Appendix 1

Total Discretionary Relief Granted 2020/21

81,048.13

Cost to the Council at 50%

40,524.07