



WEST OXFORDSHIRE
DISTRICT COUNCIL

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Name and date of Committee	CABINET – 19 JANUARY 2022
Report Number	Agenda Item 7
Subject	DISCRETIONARY RATE RELIEF POLICY
Wards affected	All
Accountable member	Cllr Suzi Coul – Cabinet Member with Responsibility for Finance Email: suzi.coul@westoxon.gov.uk
Accountable officer	Mandy Fathers – Business Manager for Operations and Enabling Email: mandy.fathers@publicagroup.uk
Summary/Purpose	To consider the implementation of a Discretionary Rate Relief Policy in line with Section 47 of the Local Government Finance Act (1988)
Annexes	Annex A – Discretionary Rate Relief Policy
Recommendation(s)	Cabinet is recommended: <i>a) To approve the Discretionary Rate Relief Policy at Annex A</i>
Corporate priorities	<ul style="list-style-type: none">Delivering excellent modern services whilst ensuring the financial sustainability of the Council.
Key Decision	NO
Exempt	NO
Consultees/ Consultation	Cabinet Member with Responsibility for Finance, Chief Executive Officer, Chief Finance Officer, Monitoring Officer, Interim Head of Legal Services, Group Manager for Resident Services, Revenues Manager.

1. BACKGROUND

- 1.1** The Council is responsible for collecting Business Rates on behalf of the Government, a share of which now forms part of the Council's core funding.
- 1.2** The powers to grant relief from Business Rates are set out within the Local Government Finance Act 1988 (LGFA). Relief may be divided into two types: mandatory and discretionary relief.
- 1.3** In addition, section 69 of the Localism Act 2011 amended section 47 of the LGFA to allow billing authorities to reduce the Business Rates of any local ratepayer. Applications for this category of relief must be in writing and will be considered on an individual basis by Cabinet.

2. MAIN POINTS

- 2.1** The Council does not have in place a Discretionary Rate Relief policy. Instead, it has relied on Government legislation, guidance manuals and the Council's Constitution when administering and awarding such reliefs.
- 2.2** However, following on from the Local Government Ombudsman's (LGO) recommendations to the Council in August 2021 to implement a Discretionary Council Tax Discount policy, and to ensure the Council is not at risk of future criticisms, a Policy to address Business Rate reliefs has been created as set out in Annex A (attached).
- 2.3** The Policy will be implemented from 1 April 2022 and does not change the current delegated arrangements or how the Council has previously administered its discretionary rate relief in previous years. It simply sets out to formalise the Council's process.

5. FINANCIAL IMPLICATIONS

- 5.1** Following the introduction of the Localised Business Rates Retention scheme in 2013/14 the cost of rate relief falls differently between organisations. The Localised Business Rates regime now has all rate relief funded by the Collection Fund and therefore it is split in the pre-set proportions of the Collection Fund as follows:

Central Government	50%
County Council	10%
District Council	40%

- 5.2** As relief is funded directly from the Collection Fund its cost is less transparent as there is no longer a financing line with the General Fund. Any relief granted will merely reduce the share the Council receives from Business Rates income.
- 5.3** This changes the Council's relationship with the cost implications of all types of relief as it now funds 40%, including mandatory relief. Clearly this puts the Council at a significant disadvantage to the previous situation where mandatory relief (the bulk of reliefs awarded) was funded by the Government.

5.4 The total impact on the Council in 2020/21 through its awarding of mandatory and discretionary reliefs was:

Total mandatory relief applied	£3,591,030
Total discretionary relief applied	£ 131,044
Total impact on West Oxfordshire District (40%)	£1,488,830

5.5 It should also be noted that £29,317 applied to discretionary relief for 2020/21 was in respect of rural rate relief. Government increased the mandatory rural rate relief from 50% to 100% in April 2017, but has not, as yet, amended its legislation. This means the additional 50% (although now mandatory) is reported as discretionary.

6. LEGAL IMPLICATIONS

6.1 Section 47 of the Local Government Finance Act 1988 gives powers to local Councils to grant discretionary rate relief. Subsequent provisions in the Localism Act 2011 have extended these powers to allow wider granting of local discretionary relief.

7. RISK ASSESSMENT

7.1 There is a risk that if government increases the rate retention percentage from 50% (of which 10% is for the County Council) to 75% (as currently anticipated) the financial impact on the local Councils would increase significantly. The potential split between County and District remains unclear.

8. EQUALITIES IMPACT

8.1 There are no specific Equality issues but the Council will consider more favourably applications from organisations that work in the District with vulnerable, disadvantaged or underrepresented groups.

9. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS

9.1 There are no specific implications in relation to climate change.

10. ALTERNATIVE OPTIONS

10.1 An extended period of relief beyond the one-year period was considered, but, in the light of the potential risks outlined in Section 7 of this report, the view is taken that a one-year period is appropriate.

11. BACKGROUND PAPERS

11.1 None