

Policy and Resources Committee Meeting	
Meeting Date	7 February 2024
Report Title	Discretionary Rate Relief Policy
EMT Lead	Lisa Fillery, Director of Resources
Head of Service	Zoe Kent, Revenues and Benefits Manager
Lead Officer	Zoe Kent, Revenues and Benefits Manager
Classification	Open
Recommendations	<ol style="list-style-type: none"> 1. To approve the backdating of discretionary rate relief for a maximum period of 12 months. 2. To approve that a review of the current Discretionary Rate Relief Scheme is carried out in 2024/25.

1 Purpose of Report and Executive Summary

- 1.1 The Local Government and Finance Act 1988 (LGFA 1988) and subsequent legislation requires Local Authorities to grant discretionary relief to premises occupied by charities or, to organisations that are non-profit making, that own or occupy a premise wholly or mainly for charitable purposes. Certain premises situated within a rural settlement area are also eligible for relief.
- 1.2 Powers have been granted under the Localism Act 2011, which allows for the granting of discretionary relief to any premises where the Council feels that the granting of such relief would be of benefit to the local community. Certain criteria must be satisfied before a rate payer can be considered for relief, which is made up of two parts, a mandatory and a discretionary scheme.

2 Background

- 2.1 Under Section 47 of the LGFA 1998 rating authorities are given the discretion to award relief to businesses in the following circumstances:
 - Registered charities and community and amateur sports clubs (CASCs) are entitled to mandatory relief of 80%, the Council has the discretion to award a further discretionary relief up to 20%;
 - The Council has the discretion to award discretionary relief to rural properties which are not entitled to mandatory rural rate relief, providing the relevant criteria are met.
 - The Council has the discretion to award relief up to 100% to organisations which are established as not for profit and meet the relevant criteria. The

amount of discretionary relief awarded is entirely at the discretion of the Council.

- 2.2 The Localism Act 2011 gave rating authorities the power to decide locally to award relief in any circumstances if it would be reasonable to do so having regard to the interest of Council Tax payers in its area. Guidance issued by the Secretary of State must be followed when granting this relief. In 2017, as a result of the business rates revaluation exercise, more reliefs were introduced by the government. This has included the Supporting Small Businesses Scheme, Local Newspaper Relief, and Retail, Hospitality and Leisure Relief which are awarded following government guidance.
- 2.3 In November 2023 the Non-Domestic Rating Act (Consequential and Other Amendments) Regulations 2023 were passed. These regulations revoked the previous rules concerning the application of discretionary relief by local authorities.
- 2.4 Currently discretionary relief should be backdated (if the business is entitled) to the April of the previous financial year, if the claim is made by the September of the current financial year. Claims made after September are backdated to the beginning of the current financial year.
- 2.5 From April 2024 local authorities are able to decide whether to award backdating of discretionary relief locally. This then becomes part of the Discretionary Rate Relief policy. The policy has been reviewed and updated, with changes made to paragraph 2.10 and Part 5. Table one gives the amount of discretionary relief awarded over the last 3 years and the cost to Swale.

Table 1

Year	Total	Central Government	Swale Borough Council	Kent County Council	Kent Fire Authority
	100%	50%	40%	9%	1%
2020/21	£371,482	£185,741	£148,593	£33,433	£3,715
2021/22	£383,310	£191,655	£153,324	£34,498	£3,833
2022/23	£417,815	£208,907	£167,260	£37,603	£4,178

3 Proposals

- 3.1 It is proposed that backdating is awarded to those businesses considered eligible to receive discretionary relief for a maximum period of 12 months from the date they make their application. This should not increase the cost of the scheme by more than a minimal amount. Backdating relief helps charities and non-profit making businesses in the Borough to provide support to the local communities.

3.2 It is also proposed that the policy is reviewed in 2024/25. A year’s notice must be given to those businesses currently in receipt of discretionary relief.

4 Alternative Options Considered and Rejected

4.1 An alternative option would be to follow the current guidelines, backdating to the April of the previous financial year or if the application is made after September to April of the current financial year. This option is not recommended because the period of backdating is based on the date of the application, which can be confusing for businesses. It also means that businesses receive different periods of backdating which could be considered unfair.

4.2 The Council could decide to not backdate applications. This option is not recommended because it could cause difficulties for some businesses who may not be aware that they can apply for relief to reduce their business rate relief charge.

5 Consultation Undertaken or Proposed

5.1 A full review of the Discretionary Rate Relief policy will be carried out in 2024/25, businesses receiving Discretionary Rate Relief must be given a year’s notice that the relief may be withdrawn. This notice will be given when the annual bills are issued in March 2024.

5.2 A consultation will be carried out with businesses as part of the review.

Issue	Implications
Corporate Plan	The objectives and priorities in the corporate plan.
Financial, Resource and Property	The cost of Discretionary Rate Relief reduces the amount of Non-Domestic Rates collected from businesses. In considering the backdating of this relief, the effect on the Council Taxpayers and the budget should be considered.
Legal, Statutory and Procurement	The Council has the authority under Section 47 of the Local Government Finance Act 1998 and the Localism Act 2011 to award discretionary relief to charities and non-profit making businesses. The Non-Domestic Rating Act (Consequential & Other Amendments) Regulations 2023 gives the Council the power to decide the maximum length of backdating of discretionary relief. This report recommends the period of backdating of this relief following these regulations.
Crime and Disorder	Not applicable

Environment and Climate/Ecological Emergency	Not applicable
Health and Wellbeing	Not applicable
Safeguarding of Children, Young People and Vulnerable Adults	Not applicable
Risk Management and Health and Safety	The cost of implementing this change is no higher than the current scheme. Any risks will be picked up as part of the overall business rate retention scheme.
Equality and Diversity	Not applicable
Privacy and Data Protection	Not applicable

7 Appendices

- 7.1 The following documents are to be published with this report and form part of the report:
- Appendix I: Draft Discretionary Rate Relief Policy