

**IMPLEMENTATION EXECUTIVE  
10 DECEMBER 2008**

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**COUNCIL TAX POLICY HARMONISATION**

**NATIONAL NON-DOMESTIC RATE DISCRETIONARY RATE RELIEF**

**Executive Summary**

Wiltshire Council will inherit the power from April 2009 to award discretionary rate relief to certain sporting, philanthropic or rural businesses who pay national non-domestic rates (NNDR). Currently district councils grant NNDR relief totalling approximately £350,000 each year, on a total NNDR income of around £27m at district level. Some work has been carried out by the Revenues Management Team to ensure that current awards meet the objectives of the new Council, and whilst they generally do, there are some minor exceptions and discrepancies that will need review.

The creation of one Council requires the merger of different policies and approaches to the way in which the Revenues and Benefits service is administered. Whilst some processes have still to be aligned, those currently entitled to rate relief are generally those whom the council would wish to support in the future; rural post offices and shops, small sports clubs and those organisations which provide services that unite their communities.

It is suggested that the current awards continue for the next financial year, enabling a full review of entitlement against Wiltshire Council priorities that could be introduced from April 2010. This will allow recipients to be notified of the Council's policy in good time for their own budgeting for 2009-10.

**Proposals**

That the Implementation Executive:

- a) approve the level of NNDR relief currently granted to recipients for 2008-09 be continued for 2009-10.
- b) continue in 2009-10 to grant applications for relief of up to £35,000 in total for the year; relief being limited to rural post offices and shops, small sports clubs and those organisations which provide services that unite their communities.
- c) refer to members for decision any award increasing net costs by more than £35,000 (10%).
- d) develop an overall policy recognising the priorities of Wiltshire Council of the Revenue and Benefits team, for consideration and approval by members and implementation by April 2010.

**Reason for Proposals**

To demonstrate continued support for Wiltshire business communities and provide time to harmonise a comprehensive policy for Wiltshire Council.

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## **Purpose of the Report**

1. This report summarises the work already carried out on the award of national non-domestic rate (NNDR) discretionary relief, in harmonising the current policies across the former districts to meet the requirements of the new authority.

## **Background**

2. Legislation contained in the Local Government Finance Act 1988 enables billing authorities (Wiltshire Council) to award a discretionary reduction in non-domestic rates to organisations which indirectly support the community or provide a unique service. A complex variety of reliefs is available to what tend to be smaller businesses or sole traders – small business rate relief, mandatory relief, rural rate relief and transitional relief. Often entitlement is determined by the rateable value of the property or rating hereditament (a 'hereditament' is a complex legal term meaning a property that has a liability to national non-domestic rates).

## **Main considerations for the Council**

3. The current recipients of discretionary rate relief include a variety of village halls, sports clubs, rural shops and general stores and topically post offices, all believed to enhance and contribute toward healthy and cohesive communities. This already contributes toward the objectives of the new council. Every recipient has already been subject to a degree of scrutiny. Once awarded entitlements have only infrequently been reviewed.

4. The schemes vary in generosity where certain organisations may receive relief in one district but not in another. The percentage of relief awarded also varies between 50% and 100% of the rates due. To develop a new policy will require the data-gathering and mapping of relief against those areas and business sectors which most need help. This will be more straightforward once the new Revenues structure is in place.

## **Risk Assessment**

5. The granting of reliefs is in total too small to carry major financial risk for the Council. However, there is potential for significant reputational risk if the process is not transparent and consistent, or seen to favour one element of the business community over another.

## **Financial Implications**

6. The Government covers 75% of all discretionary relief awarded. The gearing effect means over 600 organisations can be supported through the scheme at relatively low cost to local authorities.

7. Costs in total across the Districts in 2007/8 were around £350,000. The costs have however increased in 2008/9 as a result of the decision to support former local authority leisure centres in West and North Wiltshire. The cost of the full rate would however have been met in full by each Council, albeit from a different fund.

## **Background to Proposals**

8. The current district-operated schemes are sufficiently robust to have identified those organisations most needing discretionary rate relief. The first proposal is therefore that the level of NNDR relief currently granted to recipients for 2008-09 be continued for 2009-10.

9. The chosen scheme of delegation should allow for quick responses to applications for relief. The second proposal is therefore that during 2009-10 the current heads of service should continue to grant applications for relief of up to £35,000 in total for the year; relief being limited to rural post offices and shops, small sports clubs and those organisations which provide services that unite their communities.

10. However, it is recognised that that any applications with significant financial or reputational risk to the Council should be brought to the attention of members. The third proposal is therefore that any award increasing net costs by more than £35,000 (10%) would be referred to members for decision.

11. There is a wide variety of interested parties whose views must be considered to build a robust and cohesive approach ensuring relief is delivered where it is most needed, and in doing so meets the aims of the Wiltshire Council. The final proposal is therefore that an overall policy recognising the priorities of Wiltshire Council is developed by officers of the Revenue and Benefits team for consideration and approval by Members and implementation by April 2010.

## **Conclusions**

12. After careful consideration it is believed that only a minority of recipients could claim unfair treatment if the current scheme were to continue until April 2010.

13. The district schemes in place already meet the objectives of the new authority by supporting rural shops, post offices, sporting clubs and community halls.

14. The relief scheme should be reviewed more frequently to ensure maximum community benefit, for example identifying new recipients or encouraging small businesses to start up in those areas where they are needed. A review may also reveal some current recipients should no longer receive relief.

15. The financial cost to the Council is relatively small in comparison to the benefit to the community. To obtain the greatest benefit, the policy for rate relief should be considered alongside other schemes for rural regenerations and targeting to those areas where the need is greatest.

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### **Background Papers:**

Unpublished documents relied upon in the preparation of this report:	None
Published documents referred to in the preparation of this report:	None
Environmental impact of the recommendations contained in this report:	None

**Appendices:** None