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WIRRAL

Cabinet

Date:	**Thursday, 14 March 2013**
Time:	**6.15 pm**
Venue:	Committee Room 1 - Wallasey Town Hall

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SUPPLEMENTARY AGENDA

22. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR (PART 1)

The Chair has approved consideration of the following matter as an item of urgent business.

22A BUSINESS RATES DISCRETIONARY RATE RELIEF (Pages 1 – 4)

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WIRRAL COUNCIL

CABINET

14 MARCH 2013

SUBJECT:	**BUSINESS RATES DISCRETIONARY RATE RELIEF**
WARD/S AFFECTED:	**ALL**
REPORT OF:	**INTERIM DIRECTOR OF FINANCE**
RESPONSIBLE PORTFOLIO HOLDER:	**COUNCILLOR PHIL DAVIES**
KEY DECISION	**YES**

1.0 EXECUTIVE SUMMARY

1.1 As part of the Officer Budget Options a change in awarding discretionary rate relief for non domestic charge payers was proposed and accepted at Budget Cabinet (minute 198, 21 February 2013). This reduces the budget for this relief by £320,000 from 2014/15. To do this all current recipients must be given twelve months notice for any change to start in the next financial year. This will be done by giving an end date for all current awards of 31 March 2014. During the next financial year new criteria will be developed for member consideration and approval and new applications will be invited from relevant organisations.

1.2 Cabinet is asked to agree for this to be implemented by 31 March 2013 to realise the required savings and allow the new criteria to be used from 1 April 2014 for the current recipients.

2.0 BACKGROUND AND KEY ISSUES

2.1 The Government has reformed the existing system of local authorities collecting business rates and paying it into a national pool for redistribution around the country, to allow councils to retain a share of the growth in business rates in their areas. The aim is to make local government less dependent on central government grants and also provide a greater incentive to promote local business growth. In view of both these changes and the Council's reduced financial resources it is appropriate to review our current discretionary relief policy.

2.2 The Council's Budget Options consultation asked the following question; "*Wirral last year paid discretionary business rate relief for charities, voluntary, social, educational and sporting organisations for a total of over £1m. The option here is to review and potentially reduce the amount of businesses and funding which is used to help these businesses with their rates.*"

2.3 Section 47 of the Local Government Finance Act 1988 permits billing authorities to grant discretionary rate relief to charities and other organisations of prescribed types. Wirral last reviewed its policy on Discretionary Relief on 3 February 2011 (minute 306).

2.4 Wirral pays Discretionary Relief in 426 cases, with a current total of £1,008,661. The net cost of Discretionary Relief to Wirral is £655,630, the Government funds £353,057.

2.5. The majority of cases receive Mandatory Relief of 80%, the Discretionary Relief covers the remaining 20%, and this is applicable in 392 cases; of the 34 cases remaining 100% Discretionary Relief is awarded apart from one case that receives 50% Mandatory and 50% Discretionary Relief as it is in a designated rural settlement area and treated accordingly.

2.6. Where a ratepayer is in receipt of Mandatory relief, which is met in full by the National Pool, 75% of any Discretionary Relief paid is borne by the local authority. Where only Discretionary relief applies, 25% is borne by the local authority. The remaining amount is borne by the national pool.

2.7 The recipients are shown by category below in Table 1.

TABLE 1

Description	% awarded	Total	Numbers
Academy Schools	20	£289,951	16
Advice Centres	100	£9,847	2
Bowling Clubs	100	£414	2
Charity Shops	20	£95,158	71
Comm Amateur Sports Clubs	20	£7,534	9
Comm & Residents Assoc	20	£70,793	57
Community Centres	100	£6,559	4
Community Interest Comp	100	£9,990	2
Cricket	100	£8,082	2
Golf Club	100	£333	1
Housing Associations	20	£2,176	2
Miscellaneous	20+100	£70,318	27
Misc. Sports Clubs	20+100	£32,917	6
Museums	20	£17,679	2
National Charities	20	£53,556	22
Playgroups	20	£467	1
Religious Groups	20	£5,280	10
Rugby Clubs	100	£34,473	1
Rural Relief	50	£550	1
Sailing Clubs	100	£7,151	4
Soccer Clubs	100	£11,649	2
Tennis Clubs	100	£4,511	2
Theatre	20	£3,266	4
Training Organisations	20	£12,590	2
Voluntary & Aided Schools	20	£108,180	27
Welfare Organisations	20	£120,777	106
Youth Organisations	20	£24,461	49
		£1,008,661	434

2.8 Members are asked to agree that all awards are given an end date for all current awards of 31 March 2014 and this must be notified to them by 31 March 2013 to give the required 12 months notice. Organisations will also be

advised that new criteria are to be developed for the award of discretionary rate relief from 2014/15

2.9. Officers will subsequently present new criteria for consideration to agree a revised discretionary rate relief policy. This will look to reflect the needs of local organisations and the authority's own requirements in supporting these clubs and organisations, within the context of the reducing resource that the authority has available. These proposals will be reported to members and will include comparison with neighbouring authority schemes.

2.10. Once a new policy is approved all current applicants will be advised and invited to reapply under the revised criteria for awards starting from 1 April 2014.

2.11. From 1 April 2013 any additional relief awarded will be borne equally between the Council and Central Government. Any changes in funding levels will be reported to Members. Any new applications from organisations will be judged under the current criteria until the new policy is approved and will be for a specific period ending on 31 March 2014. This ensures all organisations will apply for assistance from 2014/15 under the new policy.

3.0 RELEVANT RISKS

3.1 There are none arising out this report specifically. New criteria will remove or reduce this relief to a number of organisations which will impact on the financial position of the organisation. This will be one of the considerations in the development of revised criteria.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 There is no statutory requirement to consult ratepayers on a revision to the authority's Discretionary Relief policy, however the question to amend this relief was in Part 2 of the Budget Options "What Really Matters" consultation and 76.7% supported the proposal to reduce Discretionary Relief support.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 A significant number of organisations in these categories receive this relief and its reduction or removal will impact on their financial position. This will be one of the considerations in the development of revised criteria.

7.0 RESOURCE IMPLICATIONS, FINANCIAL; IT; STAFFING AND ASSETS

7.1 Financial – the savings currently proposed in the budget option are £320,000 per annum from 2014/15. The current budget is £649,600.

7.4. IT, Staffing and Assets – There are none arising directly from this report.

8.0 LEGAL IMPLICATIONS

8.1 Legislation requires twelve months notice is given prior to amending this relief to current applicants.

9.0 EQUALITIES IMPLICATIONS

9.1 An EIA has been completed and is available at: http://www.wirral.gov.uk/my-services/community-and-living/equality-diversity-cohesion/equality-impact-assessments/eias-2010/finance

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are none arising from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are none arising from this report.

12.0 RECOMMENDATIONS

12.1 That Members agree that all current awards of Discretionary Rate Relief are given an end date of 31 March 2014 and notice be given by all organisations by 31 March 2013, as well as highlighting that new criteria are to be developed for the award of discretionary rate relief from 2014/15.

12.2. That Members are presented new criteria for consideration to allow development of an amended discretionary rate relief policy and that this should include comparison with other neighbouring authority schemes.

13.0 REASON FOR RECOMMENDATION

13.1 To ensure the Council can amend its Discretionary Rate Relief policy for current applicants from 1 April 2014 which will allow it to reduce its discretionary rate relief budget by £320,000 for 2014/15 and to request new criteria for consideration.

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APPENDICES
None

REFERENCE MATERIAL
Department for Communities and Local Government Circulars / Guidance;
Local Government Finance Act 1988
Local Government Finance Act 2012

SUBJECT HISTORY THE LAST 3 YEARS

Council Meeting	Date
Cabinet **Cabinet** **Cabinet**	**23 June 2011** **3 February 2011** **22 July 2010**