
POLICY FOR SECTION 44A DISCRETIONARY BUSINESS RATE RELIEF

To: **Extraordinary Cabinet - 19th February 2015**

Main Portfolio Area: **Financial Services and Property**

By: **Cllr Rick Everitt**

Classification: **Unrestricted**

Ward: **All wards**

Summary: **To recommend changes to Section 3 of the Council Tax and Business Rates Discretionary and Hardship Relief Policy with immediate effect.**

For Decision

1.0 INTRODUCTION

1.1 Cabinet reviews this policy from time to time, last doing so on 3rd April 2014.

2.0 S44A relief

2.1 Under S44A of the Local Government Finance Act 1988, discretionary business rates relief may be granted where a property is partly occupied for a temporary period.

2.2 It is a local authority discretion whether to grant the relief.

2.3 The relief is put into effect by splitting the hereditament or land into occupied and unoccupied parts with the rateable value divided between the parts. Relief is then granted on the unoccupied part.

2.4 Section 3 of the current policy states that relief will be granted where the application 'meets the qualifying criteria'. The qualifying criteria are those set out in the Local Government Finance Act 1988, and these are set out in Section 3.1 of the Policy.

2.5 Section 3.2.1 of the current policy states 'There is no cost to each Local Authority, as the relief is fully funded by Central Government.' This is incorrect as any relief granted diminishes business rates achievement under the business retention system that came into force in the year 2013-14.

2.6 Thanet is a member of the Kent Business Rate Pool with effect from 2015-16. Any lost income in 2015-16 would reflect both on the council's guaranteed share – the retention share that would have applied had it not been a pool member – and any additional retention achievement through pool membership. The guaranteed share would be lost at a marginal rate of around 40%.

2.7 If relief is granted in respect of a high value hereditament, this impacts on the Council's overall financial position.

- 2.8 It is therefore proposed that the policy is revised to limit the gross rateable value before any proposed S44A changes are considered to £10,000. Exceptional circumstances would be considered if the RV is over £10,000. Any exceptional case would be considered by the S151 Officer and the Portfolio Holder for Financial Services and Property.
- 2.9 The proposed change would allow the Council to continue to support small businesses, whilst not having a significant adverse impact on the Council's overall financial position.
- 2.10 If agreed the revised policy would come into effect for any subsequent application from the date of the Cabinet meeting.

3.0 CORPORATE IMPLICATIONS

3.1 Financial and VAT

- 3.1.1 Set out in the main report

3.2 Legal

- 3.2.1 The proposed changes have been fully considered and advice has been obtained which confirms the legality of the changes to the policy as outlined in this report.

3.3 Corporate

- 3.3.1 The revised Section 3 of the policy would continue to promote economic development for smaller businesses whilst maintaining the Council's resource base to deliver all its service priorities.

3.4 Equity and Equalities

- 3.4.1 There is no issue arising from the report and recommendations which adversely affects any specific category of Equality group.

4.0 Recommendation

- 4.1 That the revised section 3 of the policy set out in Annex 1 be adopted.