

**ECONOMY AND RESOURCES SCRUTINY COMMITTEE
4 JANUARY 2024**

COUNCIL TAX AND BUSINESS RATES DISCRETIONARY RELIEF POLICY 2024-2029

**Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio**

**Responsible Director -
Elizabeth Davison, Group Director of Operations**

SUMMARY REPORT

Purpose of the Report

1. To consider the draft Council Tax and Business Rates Discretionary Relief Policy 2024-2029 before approval by Cabinet on 9 January 2024.

Summary

2. Section 49 of the Local Government Finance Act 1988 provides the Council with discretionary powers to reduce a person's Business Rates liability in cases of hardship. In addition, section 69 of the Localism Act 2011 amends the Local Government Finance Act 1988 to allow Councils the discretion to award discretionary relief to all types of businesses.
3. Section 13a (1) (c) of the Local Government Finance Act 1992 provides the Council with discretionary powers to reduce a person's Council Tax liability to such an extent as we think fit.
4. The Council Tax and Business Rates Discretionary Relief Policy 2024-2029 at **Appendix 1** sets out the aims of the Council's discretionary powers and the priorities for awards, although all applications are decided on their own individual merits.

Recommendation

5. It is recommended that :-
 - (a) Members consider the draft Council Tax and Business Rates Discretionary Relief Policy 2024-2029 at **Appendix 1** and agree its onward submission to Cabinet.

Reasons

6. The recommendations are supported by the following reasons :-

- (a) The Council is responsible for administering discretionary relief in accordance with the Local Government Finance Act 1988, the Localism Act 2011 and the Local Government Finance Act 1992.
- (b) The adoption of a formal Council Tax and Business Rates Discretionary Relief Policy will help to demonstrate how we will exercise our discretionary powers and ensure consistency of decision making and appeals.

Anthony Sandys
Assistant Director – Housing and Revenues

Background Papers

- (i) Local Government Finance Act 1988
- (ii) Localism Act 2011
- (iii) Local Government Finance Act 1992

Anthony Sandys: Extension 6926

S17 Crime and Disorder	There are no issues
Health and Wellbeing	There are no issues
Carbon Impact and Climate Change	There is no impact in this report
Diversity	The Council Tax and Business Rates Discretionary Relief Policy aims to provide financial assistance to low income and vulnerable groups
Wards Affected	All wards are affected
Groups Affected	People with liability to pay Council Tax and Business Rates
Budget and Policy Framework	The issues contained within this report do not represent a change to Council budget or the Council's policy framework
Key Decision	This is not a key decision
Urgent Decision	This is not an urgent decision
Council Plan	This report supports the Council Plan to support the most vulnerable in the borough when needed and maximising the benefits of a growing economy
Efficiency	Awards of Council Tax and Business Rates Discretionary Relief are fully met from the Council's collection fund
Impact on Looked After Children and Care Leavers	Care leavers under 25 are eligible for 100% Council Tax Discretionary Relief

MAIN REPORT

Information and Analysis

Business Rates

7. Section 49 of the Local Government Finance Act 1988 provides the Council with discretionary powers to reduce a person's Business Rates liability in cases of hardship. In addition, section 69 of the Localism Act 2011 amends the Local Government Finance Act 1988 to allow Councils the discretion to award discretionary relief to all types of businesses.
8. The Council Tax and Business Rates Discretionary Relief Policy 2024-2029 at **Appendix 1** sets out how the Council will administer Business Rates Discretionary Relief and covers the following areas:
 - (a) Making discretionary awards to provide short-term assistance to businesses that are suffering unexpected hardship, arising from circumstances beyond their control and outside of the normal risks associated with running a business of that type, to the extent that the viability of the business would be threatened if an award were not made.
 - (b) Making discretionary awards to help existing businesses in Darlington retain jobs and grow their business. Specifically, awards will be made to encourage and support the retention and improvement in employment delivering inclusive growth. Additionally, supporting businesses that can demonstrate financial sustainability and a focus on social value.
 - (c) Making discretionary awards to help attract firms, investment and jobs to Darlington. Specifically, awards will be made to encourage economic development to attract investment into designated areas in and around the town centre, to support growth from the independent sector and to enhance Darlington's offer to shoppers and visitors.
 - (d) The process for claiming Business Rates Discretionary Relief, decision making and appeals.
 - (e) The factors used to decide the amount and period of a Business Rates Discretionary Relief award.
9. There is no separate budget for these awards, they are financed by Council Tax payers within the borough and are paid from the Council's Collection Fund.
10. **Table 1** below provides details of Business Rates Discretionary Relief expenditure each year since 2016.

Table 1: Business Rates Discretionary Relief expenditure

Year	Total Paid	Awards
2022-23	£0	0

2021-22	£2,877	1
2020-21	£0	0
2019-20	£0	0
2018-19	£2,329	1
2017-18	£0	0
2016-17	£0	0

Council Tax

11. Section 13a (1) (c) of the Local Government Finance Act 1992 provides the Council with discretionary powers to reduce a person’s Council Tax liability to such an extent as we think fit.
12. The Council Tax and Business Rates Discretionary Relief Policy 2024-2029 at **Appendix 1** sets out how the Council will administer Council Tax Discretionary Relief and covers the following areas:
 - (a) Making discretionary awards to care leavers under 25. A decision was made by Council on the 24 November 2022 to grant a Council Tax exemption for Care Leavers using the Council’s discretionary powers, from 1 April 2023.
 - (b) Making discretionary awards to Council Tax Payers experiencing severe financial hardship.
 - (c) Making discretionary awards to Council Tax Payers who, through no fault of their own, have experienced a crisis or event that has made their home uninhabitable, and do not have insurance which covers their Council Tax liability.
 - (d) The process for claiming Council Tax Discretionary Relief, decision making and appeals.
 - (e) The factors used to decide the amount and period of a Council Tax Discretionary Relief award.
13. There is no separate budget for these awards, they are financed by Council Tax payers within the borough and are paid from the Council’s Collection Fund.
14. **Table 2** below provides details of Council Discretionary Relief expenditure each year since 2016. The Council Tax exemption for care leavers did not come into effect Until April 2023, so the additional applications in 2022-23 are purely down to increased hardship claims.

Table 2: Council Tax Discretionary Relief expenditure

Year	Total Paid	Awards
2022-23	£34,091	64
2021-22	£9,989	33
2020-21	£6,777	17
2019-20	£15,428	47

2018-19	£12,546	34
2017-18	£3,575	10
2016-17	£4,444	11

Financial Implications

15. The recommendation in paragraph 5 will not have any significant financial implications and therefore it is not intended to amend the budget in the MTFP.