

MIDDLESBROUGH COUNCIL	
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Report of:	Director of Finance
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Relevant Executive Member:	Executive Member for Finance and Governance
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Submitted to:	Executive
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Date:	13 March 2024
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Title:	Discretionary Rates Relief Policy
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Report for:	Decision
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Status:	Public
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Strategic priority:	Quality of service
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Key decision:	Yes
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Why:	Decision(s) will have a significant impact in two or more wards
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Subject to call in?:	Yes
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Why:	Non urgent report only
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Proposed decision(s)
That Executive approves the following: <ul style="list-style-type: none">• The proposed amendments and updates to the Discretionary Rates Relief Policy with effect from 1 April 2024.• That delegated authority to approve any future revisions/modifications to the policy be provided to the Director of Finance, in order to comply with legislation changes.

Executive summary

The report sets out the proposed amendments and updates to the Council's Discretionary Rates Relief Policy which now incorporates the Council's National Non-Domestic Rates (NNDR) Discretionary Relief schemes.

The amendments proposed include:

- Clearly defined criteria, the introduction of a decision-making panel and e-form solution, all of which are designed to improve the customer experience of the application and governance process.
- A cap of 50% for hardship relief applications in year one, with an option for an enhanced rate of 100% relief in year one if applicants can evidence greater impact to the local economy, as outlined in the policy.
 - in addition, the introduction of tapered reduction in consecutive years for hardship relief up to a maximum of three years subject to appropriate supporting evidence.
- For organisations that are not registered as charities or Community Amateur Sports Clubs (CASC), discretionary relief will be applied at a rate of 20% (subject to scheme eligibility). This is a reduction from the existing scheme where non-registered organisations have been eligible for up to 100% discretionary relief.
- For Partly Occupied Hereditaments, applicants will need to demonstrate inward investment in order to qualify e.g. businesses relocating into Middlesbrough (as opposed to businesses relocating away from the town).

These recommendations are proposed on the basis that they tighten the qualifying criteria in some areas, provide clarity around the criteria and support the decision-making process. All of which have due regard to the interests of the town's council tax payers and economy; the sustainability of the applicant organisation, and the impact on the Council's income and its overall financial position. The changes have been developed with input from Regeneration colleagues in the context of the impact upon the wider regeneration strategy for the town.

Purpose

1. To provide the necessary amendment and updates to the Council's Discretionary Rates Relief policy.

Recommendations

2. That Executive approve the proposals as set out below and approves the updated Discretionary Rates Relief policy.
3. That Executive approve that delegated authority to approve any future minor revisions/modifications required for clarification or legislative requirements to the policy be provided to the Director of Finance.

4. That Executive note that the policy brings together three existing schemes, against which discretionary rate relief can be awarded, to be replaced by one policy which provides clarity and consistency for those organisations wishing to apply for the relevant relief.
5. The proposed key changes to the policy include:
 - i. Clearly defined criteria, decision making panel and e-form to improve the user experience of the application and governance process.
 - ii. A cap of 50% for Hardship relief applications in year one, with an option for an enhanced rate of 100% relief in year one if applicants can evidence greater impact to the local economy, as outlined in the policy.
 - In addition, an introduction of tapered reductions in consecutive hardship relief awards up to a maximum of three years subject to appropriate supporting evidence.
 - iii. For organisations that are not registered as charities or Community Amateur Sports Clubs (CASC), a 20% discretionary relief award will be applied (subject to scheme eligibility). This is a reduction from the existing scheme where non-registered organisations have been eligible for up to 100%.
 - iv. For Partly Occupied Hereditaments, applicants will need to demonstrate inward investment in order to qualify e.g., businesses relocating into Middlesbrough (as opposed to businesses relocating away from the town).

Rationale for the recommended decision(s)

6. The Policy is a key decision that impacts on two or more wards and as such requires Executive approval.
7. Delegated authority to the Director of Finance to approve future minor modifications to the policy maintains service operation levels. As a working policy failure to keep pace with new legislation leaves the Council at risk and can result in inconsistent practices.
8. The proposals which are contained within the policy distinguish between registered and non-registered organisations. Charitable and sporting organisations that are registered with the Charities Commission and HMRC respectively, often present with a robust operational structure which improves their status and long-term viability. In addition, registered organisations can apply for mandatory rates relief that reduces liability by 80%.
9. Focusing support on registered organisations ensures that applications are awarded fairly and appropriately to those organisations that are sustainable and can continue to provide a long-term Service which is of value to the town.
10. Organisations that are not registered charities/non-profit making organisations/ sporting organisations etc will be signposted by Resident and Business Support to register with

the respective governing bodies to improve their status and maximise funding opportunities for their organisation.

11. For organisations that choose not to register, whist relief can be provided subject to qualification, this will be capped.
12. To support organisations through the application process, the proposed policy brings together the three sections under which discretionary rate relief can be awarded. Previously, these sat independently and so had the potential to lack clarity for the applicant about the relief available.
13. The policy now provides better value in the form of appropriate targeted support to those organisations that can demonstrate a positive contribution to the town's economy. The policy also limits any potential loss of income to the Council, given Central Government is currently providing temporary support for enhanced discretionary rates relief which they have provided on a single year basis.
14. The proposed policy clarifies the qualifying criteria, which also includes proposed amendments to some of the criteria and improves the timeliness of the decision-making process. All of which have due regard to the interests of the town's council taxpayers and economy, the sustainability of the applicant organisation, and the impact on the Council's income and its overall financial position.
15. The policy meets the aims of the Mayor's priorities - 'A Successful and Ambitious Town' and 'Delivering Best Value' as set out in the Council Plan 2024 – 2027.
16. The proposed amends to the policy have been informed where relevant by input from the Councils Regeneration Team.

Background and relevant information

17. The Council's current policy has been refreshed and now incorporates a number of proposed amendments as outlined under the heading '**proposed changes to the current policy/scheme**'- see below.
18. The Local Government Finance Act 1988 provides the Council with mandatory and discretionary powers to award relief from liability for National Non-Domestic Rates (NNDR) against Non-Domestic Properties (Hereditaments).
19. Mandatory relief is awarded at 80% where the ratepayer in occupation is a charity or trustees for a charity or registered Community Amateur Sports Club.
20. Discretionary relief can be awarded to non-profit making bodies and organisations whose main objectives are philanthropic, religious, concerned with education, social welfare, science, literature, or the fine arts, and to non-profit making clubs, societies or similar bodies that are used mainly for the purposes of recreation.

21. Awards are considered by application only. Further details can be found at the GOV.UK website www.gov.uk/apply-for-business-rate-relief/charitable-rate-relief.
22. Discretionary Relief can be awarded under the following defined sections which are contained in the Local Government Finance Act 1988:
 - i. **Charitable Rate Relief:** Awarded under section 47 (amended by Section 69 of the Localism Act) and provided to registered charities, charitable organisations and sport organisations that are registered as a Community Amateur Sports Club (CASC). Registered charities and CASCs are eligible for 80% mandatory relief and can be considered for a further 20% (top up) discretionary relief. Non-registered charities and organisations can apply for the discretionary relief only. The occupied property must be used for a specified charitable purpose.
 - ii. **Hardship Relief (Reduction or Remission):** Awarded under section 49 of the Act to ratepayers that would otherwise suffer hardship or be in financial difficulties without it, and where it is in the interests of the town's council taxpayers.
 - iii. **Partly Occupied Hereditaments:** Awarded under Section 44a of the Act against business rated properties that are partly unoccupied for a specified period.

Proposed change to the current policy/schemes

23. The policy has been designed on the basis that it provides clarity in terms of the criteria and to enhance the decision-making process. All of which have due regard to the interests of the town's council taxpayers and economy, the sustainability of the organisation, and the impact on the Council's income and its overall financial position.
24. An improved process and clearly defined criteria will ensure that those businesses and organisations seeking support under this policy, particularly in difficult economic conditions, are processed fairly and within an acceptable timescale.
25. The existing policy does not distinguish clearly enough between registered and non-registered organisations.
26. Reducing the discretionary relief award available to non-registered organisations from the current level of 100% to 20% will align discretionary relief awards for both registered and non-registered charities.
27. Non-registered organisations will be signposted to seek official registration with their respective governing bodies, and so to qualify for mandatory relief and support their long-term viability.
28. The existing Hardship scheme does not limit reapplications, therefore introducing a tapered reduction for hardship relief to a maximum of three years will prevent perpetual applications from same name organisations and support long term viability.

29. Introducing a cap of 50% for hardship relief applications will enable the Council to provide support sustainably. An enhanced rate of 100% relief in year one is available but will only be considered for applicants that can evidence greater impact to the local economy as outlined in the policy. Previously the policy did not specifically identify the duration of the relief.
30. The current scheme does not distinguish between inward investment and vacating businesses for partly occupied hereditaments. The proposed changes focus the relief on inward investments in order to qualify e.g., businesses relocating into Middlesbrough (as opposed to businesses relocating away from Middlesbrough).

Other potential alternative(s) and why these have not been recommended.

31. Leaving the existing policies in place: although the current schemes do not provide sufficient defined criteria, lack any focus for awarding discretionary relief and present the possibility of a significant increase in applications once Government funding for other reliefs end and as such is not financially viable, hence not recommended.
32. Recent applications have been evaluated against the proposed recommendations. The findings of which would indicate an appropriate level of support, whilst also limiting the financial impact to the Council.

Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

33. The number of Discretionary Relief applications for consideration under the existing criteria has been relatively low and totals c £0.256 awards in the 2023/24 financial year to date. This low level, however, is likely attributed to the current level of grant funded relief by Central Government (retail relief), which has been further extended to 2024/25. Should Central Government relief end this may increase the number of Discretionary Relief applications over the medium term.
34. The cost of the awards is borne initially by the Council's Collection Fund, and the Council's share of this cost is 49%, which is in turn the cost to the Council's general fund budget. The proposals seek to provide a discretionary scheme within affordable parameters for the Council.

Legal

35. The Local Government Finance Act 1988 provides the Council discretionary powers to award relief from payment of National Non-Domestic Rates (NNDR) under three sections: Charitable Rate Relief, Hardship and Partly Occupied Hereditaments.
36. The Council is responsible for designing a suitable policy under which to award discretionary relief appropriately that supports the town's economy and has due regard to its council taxpayers.

Risk

- 37. The policy supports the delivery of the Council’s strategic priorities of ‘Creating a Successful and Ambitious Town and to deliver ‘Best Value’ as set out in the Council Plan 2024-2027.
- 38. The implementation of the policy ensures that there is adequate governance in place to comply with all relevant legislation and the Council does not breach governance requirements or fail to deliver organisational priorities (Risk 08-054).
- 39. By incorporating the three sections under one policy and bringing the policy into line with Directorate processes, the Council continues to effectively review and amend the policy to comply with legislative changes (Risk 08-055).
- 40. Any change in legislation by Central Government will be applied in accordance with the Council’s regulatory framework.

Human Rights, Public Sector Equality Duty and Community Cohesion

- 41. An initial Human Rights and Equality impact assessment has been undertaken, which did not identify any significant issues at this stage (see background papers).

Climate Change / Environmental

- 42. There are no disproportionate adverse impacts on the aspirations of the Council to achieve net zero, net carbon neutral or be the lead authority on environmental issues.

Children and Young People Cared for by the Authority and Care Leavers

- 43. The scheme is aimed at National Non-Domestic Ratepayers and does not impact on cared for children or care leavers or any other domestic resident, given the stated due consideration given to the interests of the town’s council taxpayers.

Data Protection / GDPR

- 44. The collation and use of any personal data will be managed in accordance with the Council’s Data Protection policy and the Benefits, Council Tax and Business Rates Privacy Notice. [Privacy notice - Revenues | Middlesbrough Council](#)

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
Adopt Revised Policy Implement Process and convene a panel to process applications	Janette Savage	On Approval
Update eforms and website communications	Janette Savage	On Approval

Appendices

1	Discretionary Rates Relief Policy
2	Equality Impact Assessment

Background papers

Body	Report title	Date
Middlesbrough Council	Discretionary Rates Relief Policy	30 January 2024
Middlesbrough Council	Impact Assessment Level 1	12 January 2024

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