



**COTSWOLD**  
DISTRICT COUNCIL

Council name	COTSWOLD DISTRICT COUNCIL
Name and date of Committee	CABINET – 19 <sup>th</sup> JUNE 2023
Subject	BUSINESS RATES DISCRETIONARY RATE RELIEF RECONSIDERATION
Wards affected	St. Michael's
Accountable member	Cllr Mike Every. Deputy Leader and Member for Finance Email: <a href="mailto:mike.every@cotswold.gov.uk">mike.every@cotswold.gov.uk</a>
Accountable officer	Mandy Fathers – Business Manager for Environmental, Welfare and Revenues e-mail: <a href="mailto:mandy.fathers@publicagroup.uk">mandy.fathers@publicagroup.uk</a>
Author	Chris Kent – Revenues Manger e-mail: <a href="mailto:chris.kent@publicagroup.uk">chris.kent@publicagroup.uk</a>
Summary/Purpose	To reconsider an application for Discretionary Rate Relief submitted under Section 47 of the Local Government Finance Act 1998 for the financial year 2021/22
Annexes	None
Recommendation(s)	That Cabinet resolves to: <i>a) reconsider the original decision not to award a Discretionary Rate Relief submitted under S47; and approve the relief of £1,404.53</i>
Corporate priorities	<ul style="list-style-type: none"> <li>Delivering our services to the highest standards</li> </ul>
Key Decision	NO
Exempt	NO
Consultees/ Consultation	The Leader and Deputy Leader, Chief Executive Officer, Chief Finance Officer, Monitoring Officer, Head of Legal Services, Finance Business Partner, Group Manager, Director of Finance (Publica)



## **1. BACKGROUND**

- 1.1** Cotswold District Council has the power (exercised through powers delegated to the Deputy Leader and Cabinet Member for Finance) to consider granting, on an individual basis, Discretionary Rates Relief to non-profit making organisations and organisations suffering financial hardship.
- 1.2** In the decision making meeting of 9<sup>th</sup> May 2022, the Deputy Leader and Cabinet Member for Finance considered a recommendation put forward by the Revenues Officer who was dealing with the application and made the decision to refuse the relief based on the level of unrestricted reserves held by the applicant.

## **2. MAIN POINTS**

- 2.1** The policy for Discretionary Rates Relief states that there is no statutory right of appeal against a decision other than by way of judicial review. An unsuccessful applicant may make a request for the Council to review its decision if there is relevant information that was not available at the time the decision was originally made, or that the supporting information was not interpreted correctly. This request must be made within one calendar month.
- 2.2** Although the request for review was not received within the accepted time, it transpired that the applicant was not given this information in the letter that advised of the refusal. Therefore, it has been asked that the out-of-time review is still considered. Such cases should be reviewed by Cabinet.
- 2.3** The applicant is a local pre-school providing integrated education for pre-school children and support for their families. Their premises has a rateable value of 19,500, resulting in a charge for 2021/22 of £7,022.63. The business is in receipt of an 80% charitable relief (£5,618.10) and an additional reduction for the Nursery Relief introduced during the Covid-19 pandemic. This reduction was 100% for April to June, followed by a 66% reduction from July to March (£1,046.05). The remaining payable charge is £358.48.
- 2.4** The hierarchy of reliefs means that if Cotswold District Council agrees to grant Discretionary Rates relief, the government will not provide Nursery Relief and therefore the outstanding amount of £358.48 increases to £1,404.53.
- 2.5** The original recommendation was made taking into account information from the applicant's published accounts. These stated the business held free cash reserves of £68,053 on 31<sup>st</sup> August 2021. This fell within the target of free cash reserves set in the business' policy. It was also noted that the business made a net profit of £16,386 as at 31<sup>st</sup> August 2021. The



interpretation of the accounts suggested the financial ability to pay the sum due for Business Rates for 2021/22.

- 2.6** The review was requested following a representation from the applicant that the Reserve policy of the charity is to hold a minimum of 3 months operating costs (£52,500) and a maximum of 6 months (£105,000). Therefore the sum of £68,053 in reserves is not a particularly significant sum given the number of months that it allows the business to trade in an emergency. It was also highlighted that operating costs had increased whilst their free cash reserves had remained constant. The Council's Discretionary Relief Policy suggests that as a guide, to be eligible for discretionary rate relief an organisation must not have enough reserves to continue to operate for more than 12 months

### **3. CONCLUSIONS**

- 3.1** Taking into account the comments made by the applicant in their request for a review it is suggested that the supporting information considered in the original recommendation was misinterpreted. With the added effect the pandemic had on such organisations, it is now proposed that the Council supports the continued running of this business by agreeing to award Discretionary Rates Relief against the business rates for 2021/22.

### **4. FINANCIAL IMPLICATIONS**

- 4.1** Cotswold District Council is part of the Gloucestershire 50% Business Rates pool and the costs of awarding discretionary rate relief is shared as follows:

- Central Government      50%
- County Council              10%
- District Council             40%

The hierarchy of reliefs means that if Cotswold District Council agrees to grant Discretionary Rates relief, the government will not provide Nursery Relief introduced during the Covid-19 pandemic. Therefore the current outstanding amount of £358.48 increases to £1,404.53.

A 40% share of this equates to £561.81, being the cost to Cotswold District Council which would be funded from the Council's General Fund.

### **5. LEGAL IMPLICATIONS**

- 5.1** Section 47 of the Local Government Finance Act (1988) permits the billing authority to grant discretionary rate relief to charities and other organisations of prescribed types

## **6. RISK ASSESSMENT**



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- 6.1** The approval, or otherwise, of the individual application does not set a precedent or carry any significant risk to the Council or its residents as each application is considered on an individual basis.

## **7. EQUALITIES IMPACT**

- 7.1** There are no equalities impacts for these Discretionary Rates Relief applications.

## **8. CLIMATE AND ECOLOGICAL EMERGENCIES IMPLICATIONS**

- 8.1** There are no direct climate change implications for the Council.

## **9. ALTERNATIVE OPTIONS**

- 9.1** Cabinet could decide to award a different level of Rate Relief to that recommended or could decide to keep to the original decision not to grant relief at all.

<b>Percentage</b>	<b>Amount of Discount</b>	<b>Cost to Cotswold District Council</b>
15%	£1,053.39	£421.36
10%	£702.26	£280.90