

City of York Council

Discretionary Business Rate Discount Policy

OVERVIEW

This policy provides the councils guidance in relation to discretionary business rate discounts. It provides the principles upon which the council will deal with any application that may be received.

Version 1 February 2012

Background

1. The power for local authorities to grant business rate discounts is provided through the Localism Bill and came into effect on 1st April 2012. The purpose of this change is to empower local authorities that until now had very little latitude to reduce the tax burden on non-domestic rate payers. At present local authorities are only able to provide some limited discretionary rate relief (at its own expense) to not for profit organisations and topping up the mandatory relief provided by Central Government
2. The Government's objective for this change is to provide greater opportunity for local authorities to use innovative approaches in delivering a wide range of policy objectives through use of this new power..
3. The change in powers allows local authorities complete discretion allowing them to give no discounts at all through to the extreme of providing a 100% to all businesses. The key issue is that the amount of discount provided must be funded in totality by the council.
4. This policy provides the principles of how the council will apply this power.

Business Rate Discounts

5. The council cannot commit to provide business rate discounts to all or any businesses that may directly request one. The Government have made it clear within the Localism Act that the provision of business rate discounts is not a requirement but is a discretionary power. In providing any discount the council must also comply with the European State Aid rules.
6. The cost of any business rate discount granted will fall upon the local Council as any funding provided must come directly from council budgets. .
7. The localisation of business rates with effect from the 1st April 2013 may through continued economic growth and greater retained income help to provide funding against which applications can be considered.
8. This policy provides clarity in respect of how any application will need to be considered the formal process is set out at paragraph 13 – 16.

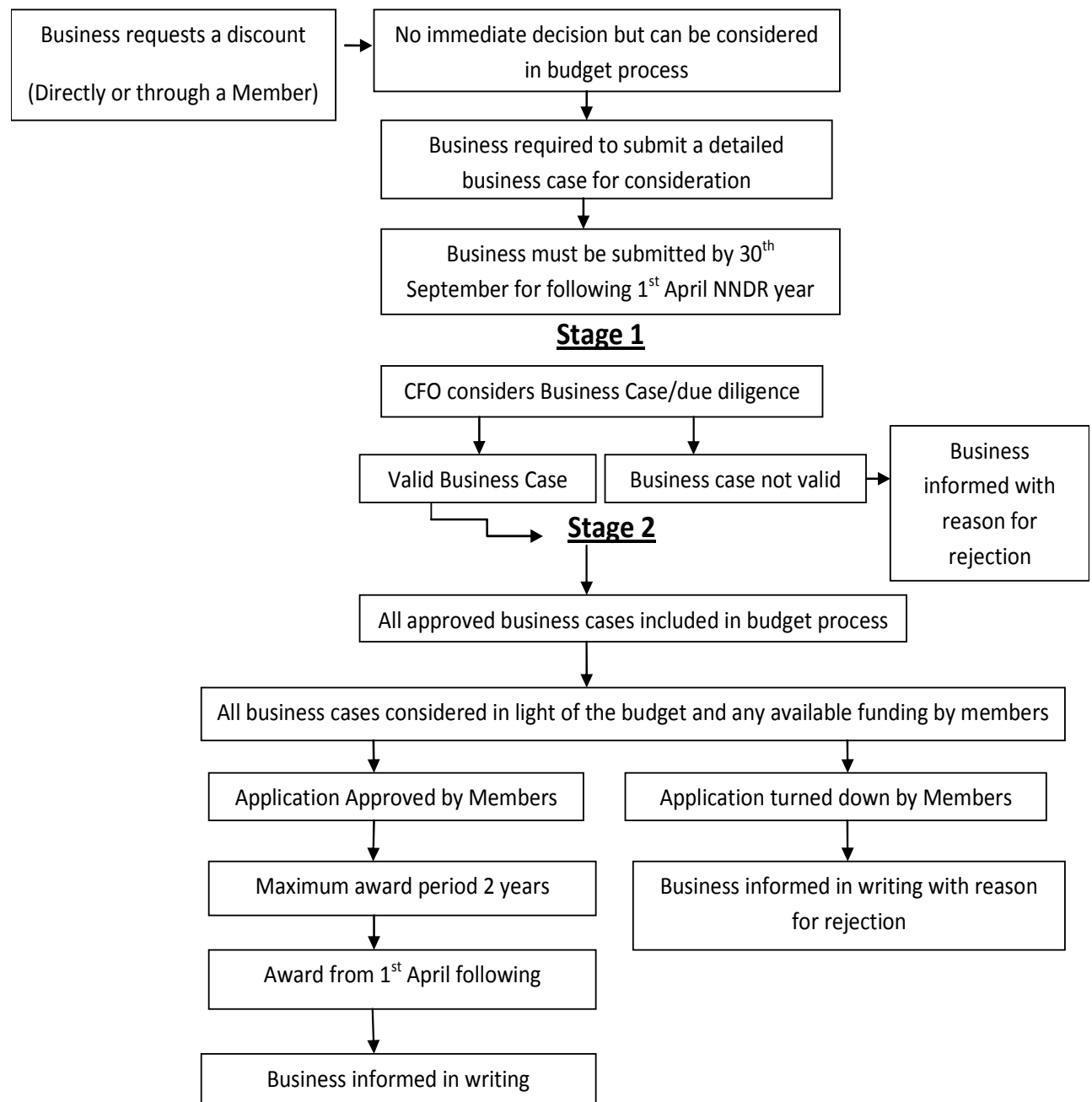
Council Discretion

9. The council operates strategically taking into account the medium and longer term challenges it faces. The key components of its strategic framework include the Council Plan, Medium Term Financial Forecast, Budget and Local Development Framework.
10. In managing its strategic objectives utilisation of new local powers including business rate discounts can be a useful tool. There may be circumstances where it is to the benefit of the council and the community as a whole to provide an element of discount.
11. It is important that any decision to provide a discount is based upon the council's strategic objectives and is rigorously controlled. This will avoid external criticism from both the business community and local tax payer. It will also ensure that a formal process to consider the financial implications has been undertaken and that the decision is both democratic and transparent.

Managing the Process

12. To ensure transparency and fairness any consideration to award a business rate discount must have a clear and measurable link to a council objective. In addition the business must provide a clear business case setting out the benefits to the council and its tax payers of providing any such discount.
13. The business case considered in the budget process must contain the full financial impact on the council along with measurable medium and longer term benefits.
14. Where the council chooses to consider requests for discounts it will do so through its current budget process and in line with its strategic objectives. The process will occur only once each year and has specific timelines and cut off points to ensure clarity for the applying business as well as officers and Members. Table 1 below sets out the process:

Table 1



15. Applications at Stage 1 as set out above (Table 1) must be signed off by the Chief Financial Officer (CFO) for all business cases including due diligence with regards to the applying organisations financial accounts. This will ensure that only business cases that are assessed as been financially sound and in line with the council's strategic objectives move to Stage 2. Stage 2 is the democratic decision to approve or reject a discount based upon the presented business case and any available funding. This will require as a minimum Cabinet

approval. No discount can move to stage two without the approval of the CFO. There is no right of appeal to either the stage 1 or 2 decision applicants can however make new applications in the following year.

.OBJECTIVES

16. This policy statement aims to help facilitate the following objectives: -
- I. Achieve the council plan;
 - II. Promote strong economic growth;
 - III. Provide flexibility to support the business community in the achievement of corporate objectives;
 - IV. Help maintain and grow the councils business rate income;
 - V. Assist in maintaining and increasing local employment;
 - VI. Provide a transparent and fair process to manage the new power of discretionary business rate discounts;
 - VII. Minimise the risk of financial loss to citizens, staff and service users;
 - VIII. Maintain a robust framework of controls and procedures in respect of the councils financial transactions;
 - IX. Promote transparent procedures and processes.

PRINCIPLES

17. The basic principles underpinning this policy are as follows: -
- I. The council wishes to operate in a fair and transparent way ensuring its powers are used sensibly and coherently to benefit the community as a whole;
 - II. The council wants to use where appropriate its powers to help stimulate and develop the local economy to the benefit of it's residents and service users ;
 - III. The council wants to deliver its services through a sound and well maintained corporate governance framework that provides clarity and certainty to both Officers and Members.

EVALUATION AND REVIEW

18. This policy will be reviewed annually to ensure its continued relevance and to assess its performance against its objectives as set out above.