

Report to: **Hub Committee**

Date: **30 January 2024**

Title: **Discretionary Rate Relief and Corporate Debt Policies**

Portfolio Area: **Cllr Mandy Ewings – Leader of the Council**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

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Recommendations:

That the Hub Committee:

- 1. Approves the Discretionary Rate Relief Policy attached at Appendix A.**
- 2. Approves the Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Scheme Policy attached at Appendix B.**
- 3. Approves the Corporate Debt Policy attached at Appendix C.**
- 4. Approves the amendment to the Council Tax, Non-Domestic Rates (Business Rates) and Housing Benefit Overpayments Write-Off Policy, to incorporate Sundry Debt attached at Appendix D.**

1. Executive summary

- 1.1 The report seeks approval for revised and updated policies in respect of key areas impacting on the Council's financial position. It is good practice to review policies at appropriate intervals to ensure they reflect current legislation and remain fit for purpose.
- 1.2 A revised Discretionary Rate Relief Policy, which sets out proposals for awarding discretionary rate relief to business ratepayers, is required because of the Non-Domestic Rating Act 2023 which repeals and re-enacts provisions of the Local Government Act 1988 including those relating to the administration of discretionary rate relief.

- 1.3 The report sets out changes to discretionary rate relief for business rates announced as part of the Autumn Budget. Although the Council intends to implement the changes, it is a discretionary decision and it is therefore good practice for the Council to endorse the implementation of the relief scheme through a policy document which clearly sets out the eligibility criteria for awarding the relief.
- 1.4 The current Corporate Debt Policy was approved by Hub Committee on 20 March 2016. The policy has been reviewed and amendments have been made to reflect current best practice in income collection.
- 1.5 The 2022/23 Debtors Audit included a recommendation that there should be a review of the Debt Recovery Policy and write-off procedures for all services responsible for the issue and collection of sundry debts and that documents should be available to users. The Council Tax, Non-Domestic Rate (Business Rates and Housing Benefit Overpayments Write-Off Policy, agreed by Hub Committee, on 7 March 2023 has been amended to include the writing-off of sundry debt.

2. Background

Discretionary Rate Relief Policy

- 2.1 The Non-Domestic Rating Act 2023 removes the restriction preventing billing authorities from deciding to award discretionary relief more than 6 months after the end of the relevant financial year.
- 2.2 The current Discretionary Rate Relief Policy was agreed by Hub Committee in December 2018. Considering the change to the legislation, Revaluation 2023 and the changes to the business landscape in recent years, it is considered best practice to review and refresh the policy to ensure it gives support to ratepayers in a way aligned to the Council's current ambitions.

Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Policy

- 2.3 At the Autumn Statement on 22 November, the Chancellor announced a package of support worth £4.3 billion over the next 5 years to support small businesses and the high street. This included confirming the 2024/25 Retail, Hospitality and Leisure (RHL) scheme will be extended for a fifth year into 2024/25.
- 2.4 Although the Council intends to follow Government guidance in implementing the scheme, it is a discretionary decision and therefore good practice for the Council to endorse the implementation of the relief scheme through a policy document which clearly sets out the criteria for awarding the relief.

- 2.5 The 2024/25 Retail, Hospitality and Leisure (RHL) scheme will provide eligible, occupied retail hospitality and leisure properties with 75% relief up to a cap of £110,000 per business.
- 2.6 As this is a temporary measure for 2024/25, the Government is not changing the legislation relating to relief available to hereditaments. Instead, the Government will, in line with the eligibility criteria set out in the guidance, reimburse local authorities that use their discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. It will be for individual billing authorities to adopt a local scheme and determine each individual case when, having regard to the guidance, they can grant relief under section 47.

Corporate Debt Policy

- 2.7 The Council has a duty to recover outstanding debt and, in doing so, should ensure that its policies and processes are fair, transparent and consistent in their application. The policy attached at Appendix C, covers the collection of Council Tax, Business Rates, Housing Benefit Overpayments and Sundry Debts due to West Devon Borough Council.
- 2.8 The current Corporate Debt Policy was approved by Hub Committee on 22 March 2016. The policy has been reviewed and amendments made to cover legislative and changes to best practice in income collection.
- 2.9 It is good practice for the Council to detail its approach to the collection of all debt owed to the Council. This will ensure that residents, businesses, advice agencies, Officers and Members are clear about the Council's approach to debt collection. It also ensures that a fair and consistent approach is taken to recovery and enforcement and that the Council identifies and assists more vulnerable groups to manage their payments.
- 2.10 The Corporate Debt Policy will ensure that debts are minimised and collection rates are maximised whilst ensuring that debtors are helped based on their individual financial circumstances. It will further ensure that officers are clear on the recovery, reporting and monitoring of debt.

Write-Off Policy

- 2.11 The 2022/23 Debtors internal audit report included a recommendation that there should be a review of the Debt Recovery Policy and write-off procedures for all services responsible for the issue and collection of sundry debts and that documents are available to users.
- 2.12 The Council Tax, Non, Domestic Rate (Business Rates) and Housing Overpayments Write-Off policy, which was approved by

Hub Committee on 7 March 2023, has been updated to include sundry debt.

3. Outcomes/outputs

- 3.1 A Corporate Debt Policy will ensure that all service areas have consistent debt recovery processes and fully understand their role and responsibilities in the process.
- 3.2 A decision to adopt the Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Policy will mean the Council will continue to be able to support businesses who are continuing to experience difficult trading conditions post pandemic and through the cost of living crisis.
- 3.3 By agreeing a scheme now we will be able to award the relief to ratepayers 2024/25 annual bills which will have an immediate benefit in reducing the amount of business rates payable.
- 3.4 Initial estimates suggest that we will be able to support approximately 395 businesses through Retail, Hospitality and Leisure relief.

4. Options available and consideration of risk

- 4.1 The Council could choose not to update the Discretionary Rate Relief Policy, however this would mean that there wouldn't be a clear policy framework for decision making based on the current legislation. This may leave the Council susceptible to complaints and possible legal challenge.
- 4.2 The Council could choose not to access the Government funding and exercise its discretionary powers in awarding rate relief to retail, hospitality and leisure businesses. This means that businesses would more business rates than they need to and may cause the Council unnecessary reputational damage.
- 4.3 The Council could choose not to adopt a new Corporate Debt Policy and amend its write-off policy to incorporate sundry debt, however in doing so this would mean we would be unable to demonstrate efficient and effective financial management.
- 4.4 Relevant officers from across the Council have contributed to the updated policies.

5. Proposed Way Forward

- 5.1 Approve the Discretionary Rate Relief policy attached at Appendix A. In doing so the Council will continue to provide support to businesses, charities and non-profit making organisations.

- 5.2 Approve the Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Scheme attached at Appendix B.
- 5.3 Approve the Corporate Debt Recovery Policy at Appendix C.
- 5.4 Approves the amendment to the Council Tax, Non-Domestic Rates (Business Rates) and Housing Benefit Overpayments Write-Off Policy, to incorporate Sundry Debt attached at Appendix D.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>Regulation 16 of The Non-Domestic Rating (Consequential and Other Amendments etc.) (England) Regulations 2023, revokes the Non-Domestic Rating (Discretionary Relief) Regulations 1989 to remove constraints on the powers for local authorities in England to award discretionary relief.</p> <p>The 2024/25 Retail, Hospitality and Leisure Scheme will be administered through discretionary relief powers, introduced by the Localism Act 2011, which amended section 47 of the Local Government Finance Act 1988.</p>
Financial implications to include reference to value for money		<p><u>Discretionary Relief</u></p> <p>The rates retention scheme requires the cost of Discretionary Relief to be split in percentage shares as follows:</p> <p>Central government – 50%. West Devon Borough Council – 40%. Devon County Council – 9%. Devon and Somerset Fire and Rescue – 1%.</p> <p><u>Retail, Hospitality and Leisure Scheme</u></p> <p>The Council will be fully compensated for the cost of granting this relief via a section 31 grant from Government. We will also receive New Burdens funding for the software, staffing and administration costs associated with delivering the scheme.</p> <p><u>Corporate Debt Policy</u></p> <p>By having a clear, fair and transparent approach to debt collection we will avoid uncertainty and challenge which may have a detrimental effect on collection rates. Having a clear policy will help</p>

		improve collection rates, reduce the level of debt owed to the Council and minimise the level of unrecoverable debt.
Risk		<p>Failure to have a clearly defined policy for debt collection will leave the Council vulnerable to complaints about the process and the impact on individual debtors. It is important to have a clearly defined policy to protect both staff and debtors.</p> <p>The Council may also miss opportunities to act early and in accordance with published procedures which may impact on the success in recovering debts owed.</p>
Supporting Corporate Strategy		
Consultation & Engagement Strategy		As the discretionary relief policies are due to a legislative or central Government change, no consultation is required.
Climate Change - Carbon / Biodiversity Impact		There is no direct carbon/biodiversity impact arising from the recommendations, however we are committed to implementing and encouraging all council taxpayers to sign up for e-billing once live.
Comprehensive Impact Assessment Implications		
Equality and Diversity		These policies have a positive or neutral impact on all protected characteristics.
Safeguarding		There are no safeguarding implications directly related to this policy, however having a Corporate Debt Policy which considers individual circumstances we will be able to actively support people struggling with debt.
Community Safety, Crime and Disorder		Non-payment of council tax and non-domestic rates (for sole traders and partnerships only) may ultimately result to committal to prison.
Health, Safety and Wellbeing		Providing advice, support and signposting to those struggling with debt will promote health, safety and wellbeing.
Other implications		None.

Supporting Information

Appendices:

Appendix A – Discretionary Rate Relief policy

Appendix B - Business Rates Relief: 2024/25 Retail, Hospitality and Leisure Scheme

Appendix C – Corporate Debt Recovery Policy

Appendix D – Write Off Policy

Background Papers:

None