



Not for Publication: Under Access to Information Procedure Rule 10.4.3 – Appendices 1 and 2 only

Report of the Director of Resources

Executive Board

Date: 26th August 2009

Subject: Local Taxation Collection Policy, Business Hardship Relief and Discretionary Rate Relief Guidance

Electoral Wards Affected: All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In
(Details contained in the report)

EXECUTIVE SUMMARY

1. This report seeks to obtain approval for the local taxation collection policy in line with the requirements of the Financial Procedure Rules (s7.9).
2. The report looks to consider the guidelines for the application of hardship relief in respect of business rates and consider if any changes are necessary
3. The report seeks approval for the proposed changes to the discretionary rate relief guidelines.

Purpose Of This Report

- 1.1 To seek approval of the categories and criteria used to write off outstanding Council Tax and Business Rates debts.
- 1.2 To provide Members with information on the current guidelines used in respect of hardship relief and to consider changes to these guidelines.
- 1.3 To provide Members with information on the discretionary rate relief guidelines and seek approval for amendments to the guidelines.

2.0 Background Information

- 2.1 Financial Procedure Rules (7.9) require that the arrangements for write off of local taxation debts should be approved, from time to time, by Executive Board. This report provides details of the categories used and the criteria to be met before a debt can be written off.
- 2.2 The Council can award hardship relief from business rates in accordance with Section 49 of the Local Government Act 1988. The Act specifies that a blanket policy cannot be applied but guidance should be provided and each case considered, on it's own merits.
- 2.3 The current guidelines have been in operation for some time and it was considered appropriate to carry out a review to consider if any changes are necessary, due to the current economic climate and the impact on businesses.
- 2.4 The Council can award Discretionary Rate Relief to charitable / not for profit organisations. It is considered that a change to the current guidelines is necessary due to a change in the treatment of hospices. The Valuation Office have taken legal advice which has resulted in hospices being moved from the council tax list into the business rate list.
- 2.5 The Council had arrangements in place to meet the full cost of the council tax payable by hospices. Following the change, hospices will qualify for 80% mandatory charity relief but will face a bill for the remaining 20%.

3.0 Main Issues

Local taxation collection policy

- 3.1 The arrangements for write off local taxation debts have been reviewed and attached at appendices 1 and 2 are the revised versions for approval by Members. This information is not for publication under the Access to Information Procedure Rule 10.4.3, as to publish the information would be detrimental to the authorities finances and thereby the provision of its services. Therefore the public interest is better served by not publishing the information.
- 3.2 Some minor amendments have been made to the existing policy, in relation to deceased persons, persons committed to prison and hardship. These amendments are proposed to either add further checks before a write off is done or to streamline / amalgamate some of the existing process.

Hardship Relief for businesses

- 3.3 The current guidelines for hardship relief are attached at appendix 3. These guidelines follow guidance provided by the Government. The advice from the Government is that hardship relief should be the exception rather than the rule.
- 3.4 In the current economic climate requests are being received to provide assistance to businesses to help the business to continue through the recession. The hardship policy is a potential vehicle for providing some help but there would be a cost to the Council which could be significant, as it may be difficult to identify why assistance should be provided to one business and not to another.
- 3.5 In the main hardship will be used to support local projects / companies and not multi national organisations. Below are some examples of where hardship relief has been provided
- To provide support to a fish and chip shop whose trade was affected by the demolition and redevelopment of the area.
 - To an organisation providing exhibition space for contemporary and visual arts, plus educational activities. The organisation were operating in space provided free by a developer but business rates were still payable. The organisation were supported by the Council's Arts and Regeneration Unit and provided advice in support of the application.
 - An organisation providing facilities for the homeless and disadvantaged were relocated on a temporary basis due to refurbishment of their existing premises. No rates were payable in their normal location as they operate from a place of religious worship. Hardship relief was provided, at the temporary premises, until they were able to move back to their original location.

A decision to refuse hardship relief can be challenged by judicial review and the Council must therefore be able to demonstrate that a consistent approach is taken in assessing applications for the relief.

Members should also be aware that any relief is limited to 200,000 euros, over a 3 year period, in line with the rules relating to State Aid.

Discretionary Rate Relief

- 3.6 As mentioned in point 2.4 above there has been a change in the treatment of hospices by the Valuation Office.
- 3.7 The current guidelines in respect of discretionary rate relief are attached at appendix 4. These guidelines do not allow for any application for additional relief to be considered in respect of hospices. It is proposed that the following is inserted into the guidelines so that applications for additional relief can be considered.

“ Leeds based charities who provide buildings based palliative and end of care services, applications to be in respect of premises where hospice type services are provided. “

4.0 Support being provided to Businesses

4.1 Businesses can elect to opt into the new Government business rate deferral scheme which allows them to defer some of the 2009/10 increase over 2010/11 and 2011/12.

4.2 In addition the staff within the business rate team will look to provide help and advice to customers who are in financial difficulty at this time. The solution will vary from customer to customer but some of the solutions have been;

- deferred payments that meet the customer current circumstances
- advice on appealing against the rateable value where appropriate
- arrangement beyond the end of the financial year
- ensure any options to reduce the bill are investigated, such as small business rate relief
- provide advice on the complexities of the business rate system which otherwise companies would have to pay professional advisors

5.0 Implications For Council Policy And Governance

None

6.0 Legal And Resource Implications

6.1 There are resource implications as any additional relief awarded as a result of the proposed changes will need to be funded in part by the Council.

6.2 In respect of hardship relief 25% of any relief granted is funded by the Council.

6.3 In respect of discretionary rate relief 75% of any additional relief is funded by the Council.

7.0 Conclusions

7.1 This report provides Members with some changed criteria for the local taxation collection policy, a proposed change to the discretionary rate relief guidelines, which members are asked to consider.

7.2 Members are also asked to consider if there are any changes necessary to the Hardship relief guidelines as a possible means of providing support for businesses in the current economic climate.

8.0 Recommendations

8.1 Members are asked to approve the revised criteria to be used to write off debts for both Council Tax and Business Rates as outlined in the revised local taxation collection policies in Appendices 1 and 2. (These appendices are not for publication under the Access to Information Procedure Rule 10.4.3)

8.2 Members are asked to approve the revised guidance for Discretionary Rate relief.

8.3 Members are asked to consider whether any changes should be made to the hardship relief guidelines.

Background Papers

- Leeds City Council Financial Procedure Rules
- Local Government Act 1988
- Government Guidance on Hardship Relief