

## **BUSINESS SUPPORT OVERVIEW AND SCRUTINY COMMITTEE**

**31 JANUARY 2017**

### **CALL-IN: BUSINESS RATE RELIEF**

Report from: Phil Watts, Chief Finance Officer

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#### **Summary**

This report advises the Committee of a notice of call-in received from six Members of the Council of the Cabinet's decisions 163 and 164/2017 to:

- a) agree the implementation of Option 2, as set out in paragraph 4.1.2 of the report to Cabinet, and;
- b) delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Business Management, to undertake a review of the relevant legislation and existing Council policies and processes for reviews of decisions on Discretionary Rate Relief taken by officers to ensure that suitable arrangements are in place from 1 April 2017 and, subject to the advice of the Chief Legal Officer following this piece of work, that the Discretionary Rate Relief (and other reliefs specified in paragraph 5.4 of the report) decision making arrangements should conclude with a final review by the Chief Finance Officer.

The Committee must consider the Cabinet decisions and decide either to take no further action, to refer the decisions back to Cabinet for reconsideration or to refer the matter to full Council.

#### **1. Budget and Policy Framework**

- 1.1 In accordance with Chapter 4, part 5, paragraph 15.3 of the Constitution with regard to decisions, Cabinet decisions 163-164/2017 have been called-in to this Committee by six Members of the Council.

#### **2. Background**

- 2.1 The Cabinet considered this matter on 17 January 2017 and the discussion and decisions are set out below.

## **Background:**

*This report provided details of the outcome of consultation on the options for a revised set of guidelines for the award of discretionary relief from National Non-Domestic (Business) Rates for charities and other non-profit making organisations. The report noted that Cabinet on 6 September 2016 had authorised officers to consult on three options, including the Cabinet's preferred option (option 2) (decision no. 107/2016).*

*The consultation took place for a period of 12 weeks between 15 September and 7 December 2016, details of which were set out in paragraph 7 and Appendix 4 to the report.*

*The Business Support Overview and Scrutiny Committee considered this matter on 5 January 2017 and its comments were set out in an addendum report. It was noted that representatives of charities, not for profit making organisations and community amateur sports clubs had been invited to attend the meeting to make representations about the options under consideration.*

*During discussion the Portfolio Holder for Business Management highlighted that the Cabinet's preferred option (option 2) would secure the continued provision of £8 million of relief to organisations supporting vulnerable groups, whilst realising £200,000 savings. In addition, the Portfolio Holder highlighted the process that would be put in place to enable affected organisations to request a review of the determination of their Business Rate liability.*

*A Diversity Impact Assessment had been undertaken, as set out in Appendix 5 to the report, and as detailed in paragraph 7.4 of the report.*

### **Decision number:**

### **Decision:**

*The Cabinet noted the outcomes of the consultation requested by Cabinet and the analysis of the consultation as set out in paragraph 7 of the report and Appendix 4 to the report.*

*The Cabinet noted the comments of the Business Support Overview and Scrutiny Committee and the additional information as set out in the Addendum Report.*

163/2017 *The Cabinet agreed the implementation of Option 2, as set out in paragraph 4.1.2 of the report.*

164/2017 *The Cabinet agreed to delegate authority to the Chief Legal Officer, in consultation with the Portfolio Holder for Business Management, to undertake a review of the relevant legislation and existing Council policies and*

*processes for reviews of decisions on Discretionary Rate Relief taken by officers to ensure that suitable arrangements are in place from 1 April 2017 and, subject to the advice of the Chief Legal Officer following this piece of work, that the Discretionary Rate Relief (and other reliefs specified in paragraph 5.4 of the report) decision making arrangements should conclude with a final review by the Chief Finance Officer.*

**Reasons:**

*A new scheme must be implemented from 1 April 2017.*

- 2.2 The above decisions were subsequently called in by six Members of the Council. The reasons for the call in are as follows:

*There is compelling evidence that has been put forward by local organisations, local residents and local campaigners that a decision to impose a 'charity tax' will come at enormous expense to local people, local charities, local sports clubs, local voluntary organisations and, in the long term, the Council who will have to provide support to residents who can no longer receive it from these organisations.*

*This is a short-sighted decision which, as usual, ignores the arguments which have been put forward.*

*The range of organisations impacted has now been supplied so this will allow for a more detailed level of scrutiny.*

**3 Director's Response**

- 3.1 Following a comprehensive twelve week consultation, Cabinet has agreed a revised discretionary rates relief scheme. This is one of a number of measures and proposals that Cabinet have needed to consider in order to balance the 2017/18 revenue budget and Medium Term Financial Plan.
- 3.2 It is recognised that the scheme will increase the annual costs for those organisations affected by the changes and that the way in which those organisations respond may have implications for the users of those services. Members are reminded that the Council does operate a discretionary hardship relief policy and in addition to this, if any affected organisation can robustly demonstrate that its primary 'raison d'être' places it in a different category within the revised discretionary rates relief scheme, it can request a review.

**4. Options**

- 4.1 The options open to this Committee in dealing with this call in are to:
- a) ask Cabinet to reconsider its decisions if Members have concerns about them (setting out in writing the nature of any concerns), or

- b) refer the matter to full Council so Council can decide whether or not to object to the decisions and, if so, then refer them back to Cabinet for reconsideration, or
- c) to consider the matter and accept the Cabinet decisions.

4.2 In accordance with rule 15.8 of the constitution, Overview and Scrutiny Committees should normally only use the power to refer a matter to the full Council for consideration with a request for referral back to the decision-maker if it considers either:

- a) that the decision is contrary to the policy framework or contrary or not wholly in accordance with the budget;
- b) where a request for call-in is signed by six or more members representing at least two political groups.

## **5. Risk Management**

5.1 Risk management is addressed in section 6 of the Cabinet report attached at Appendix A.

## **6. Financial and legal implications**

6.1 The financial and legal implications are set out at section 8 of the Cabinet report attached at Appendix A.

6.2 In accordance with Chapter 4, part 5, paragraph 15.3 of the constitution, six members of the Council may call in a decision for scrutiny by the relevant Overview and Scrutiny Committee.

## **7. Recommendations**

7.1 The Committee is asked to consider the called-in Cabinet decisions and decide either to:

7.1.1 accept the Cabinet decisions 163 and 164/2017 set out in paragraph 2.1 of this report and to take no further action or;

7.1.2 refer the decisions back to Cabinet for reconsideration, setting out the reasons for the referral back or;

7.1.3 refer the decisions to full Council so Council can decide whether or not to object to the decisions and, if so, then refer them back to Cabinet for reconsideration (taking into account the advice in paragraph 4.2 above).

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**Background papers**

As set out in the Cabinet report at Appendix A.

**Appendices**

Appendix A – Report to 17 January 2017 Cabinet meeting – Business Rate Relief .

Appendix B – Addendum Report to 17 January 2017 Cabinet meeting – Business Rate Relief .

Appendix C – Exempt Appendix (setting out the amounts that organisations would have to pay towards their business rates bills under Option 2).