



## **URGENT REPORT TO THE LEADER**

**27 MARCH 2020**

### **COUNCIL TAX AND BUSINESS RATES RELIEF**

Portfolio Holder: Councillor Alan Jarrett, Leader  
Councillor Rupert Turpin, Portfolio Holder for Business Management

Report from: Phil Watts, Chief Finance Officer

Author: Patrick Knight, Head of Revenues and Benefits

#### **Summary**

This report provides details of a number of Government measures in relation to Council Tax and Business Rates Relief which are in place to respond to the COVID-19 pandemic, to which the Leader's approval, under urgency provisions, is sought.

The Leader is also asked authorise the Chief Finance Officer, in consultation with the Leader and Portfolio Holder for Business Management, to implement any further measures introduced by the Government to provide relief for Council Tax and Business Rate payers in response to the COVID-19 pandemic insofar as these measures are 100% funded by Government.

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

- 1.1 Matters relating to Business Rate Relief policy are a matter for Cabinet and whilst approval of the Council Tax Reduction Scheme is a matter for Full Council, any Government measures which are required to be adopted by the Council for a temporary basis will not change the Scheme itself, therefore, the Chief Finance Officer and Monitoring Officer are satisfied this is a matter for Cabinet. Further to this, the Leader has urgency powers to make decisions which would ordinarily be made by the Cabinet. These provisions are set out in the Constitution (paragraph 3.2 of Part 3 (Responsibility for Cabinet functions) of Chapter 3 (Responsibility for Functions) of the Constitution
- 1.2 The Chairman of the Business Support Overview and Scrutiny Committee has agreed that the taking of these decisions are urgent and cannot be reasonably deferred until the next Cabinet meeting on 7 April 2020, in accordance with Section 11 (Cases of special urgency) of the Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012 and Rule 17 (Special Urgency) of the Access to Information Rules (Part

2 of Chapter 4 in the Constitution). This is because it is imperative that the Council takes urgent action to support both individuals and businesses in line with the Government's announcements on a range of measures in respect of Council Tax and Business Rates Relief in response to the COVID-19 pandemic.

- 1.3 Additionally and in line with rule 15.11 of Chapter 4, Part 5 of the Constitution, call-in can be waived where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the Public's interests. The Chairman of the Business Support Overview and Scrutiny Committee has agreed that the decisions proposed are reasonable in all the circumstances and to them being treated as a matter of urgency and to waive call-in

## **2. Background**

- 2.1 As Members will be aware, the Government has been responding to the COVID -19 pandemic by agreeing a wide range of measures to support both individuals and businesses.

- 2.2 With regards to Business Rate Relief, the Government has so far announced the following:

### **2.3 Retail discount**

- 2.3.1 The government has provided guidance on the operation of expanded retail discount for 2020/21.
- 2.3.2 As a result, ratepayers who have recently received a new annual bill showing a 50% discount will now receive a revised bill showing a 100% discount.
- 2.3.3 The 100% discount has been extended to include properties completely or mainly used for leisure, hotels and assembly such as public halls. Additionally, the previous cap restricting discount to those properties with a rateable value less than or equal to £51,000 has been removed. The service is working hard to identify eligible properties in order to ensure notices are issued promptly. However, the service (along with approximately 200 local authorities) are awaiting its system provider Northgate Public Services to make system changes to enable the recalculation

### **2.4 Pub discount**

- 2.4.1 The government has announced in the budget that this discount is to be increased from £1,000 to £5,000. Our business rate bills have already been issued based on the original levels of relief. We will send amended bills to those affected once we have more details from the government. However, following significant recent changes to retail discount (paragraph 2.3 above) it is unlikely that pub discount will now be applicable to any properties during 2020/21 as it is applied to the account after extended retail discount.

### **2.5 Non-local authority nursery schools**

- 2.5.1 The government has announced that a 100% Nursery Discount will be applicable for 2020 to 2021 where a property is occupied by a non-local authority nursery school provider on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage. The

service has identified eligible ratepayers and will apply to rate account as soon as software changes implemented.

### **Council Tax**

- 2.6 With regards to Council Tax, the Government has announced details of a £500M hardship fund which will provide council tax relief to vulnerable people and households to help those affected most by coronavirus.
- 2.7 Medway Council has been awarded £2,056,371 for this purpose, and this will provide a reduction on council tax bills to lower income households, taking account of income and savings.
- 2.8 The Government's strong expectation is that billing authorities will provide all recipients of working age Council Tax Reduction Scheme (CTRS) during the financial year 2020-21 with a further reduction in their annual council tax bill of up to £150, using their discretionary powers under section 13A(1)(c) of the Local Government Finance Act 1992 to reduce the liability of council tax payers outside of their formal CTRS design. Whether or not a taxpayer has been affected by COVID-19, directly or indirectly, should not be taken into account in assessing eligibility for this reduction. Where a taxpayer's liability for 2020-21 is, following the application of CTRS, less than £150, then their liability would be reduced to nil. Where a taxpayer's liability for 2020-21 is nil, no reduction to the council tax bill will be available.
- 2.9 There are currently 9,520 CTRS working age cases and it is intended that the service automatically applies a further discount of up to £150 to the council tax account of recipients. This equates to an estimated total cost of £1,428,000. It is seen as prudent to retain the balance and utilise by applying a similar discount to new claims from working age claimants.
- 2.10 The service will monitor the hardship fund and report regularly to the Chief Finance Officer and the Portfolio Holder for Business Management in order to ensure expenditure for 2020-21 remains within their allocation. Conversely consideration should be given to using any remaining grant allocation as part of wider local support mechanisms. These may include, but are not restricted to: a) Council tax relief using existing discretionary discount/hardship policies (adapted where necessary in order to capture those most likely to be affected by COVID-19); b) Additional support outside the council tax system through Local Welfare or similar schemes; c) A higher level of council tax reduction for those working age LCTS recipients whose annual liability exceeds £150. It is proposed that the Chief Finance Officer, in consultation with the Leader and the Portfolio Holder for Business Management, be granted delegated authority to implement such measures.

### **3. Options**

- 3.1 Given the severity of the COVID-19 pandemic it is recommended that the proposals set out in the report are approved to assist both individuals and businesses in Medway during this time.
- 3.2 It is recommended that, should the Government take any further measures with regards to Council Tax and Business Rates Relief over and above those included in this report, that the Chief Finance Officer, in consultation with the

Leader and the Portfolio Holder for Business Management, be authorised to implement any measures introduced by the Government to provide relief for Council Tax and Business Rate payers in response to the COVID-19 pandemic insofar as these measures are 100% funded by Government.

#### 4. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk Rating
Government refuse to fund the relief	Likelihood D (Low) Impact 2 (Critical) Relief not awarded in line with criteria specified by Government	Ensure scheme complies with Government guidelines	D2

#### 5. Consultation

5.1 The Leader and the Portfolio Holder for Business Management will be consulted before the Chief Finance Officer implements any measures in relation to Council Tax and Business Rates Relief.

#### 6. Financial implications

6.1 The proposals in the report will be 100% funded by Government. Any further measures will only be implemented on the same basis.

#### 7. Legal implications

7.1 There are no direct legal implications arising from this report.

#### 8. Recommendations

8.1 The Leader is asked, using urgency powers, to agree the proposals in respect of Council Tax and Business Rates Relief as set out in section 2 of the report and to delegate authority to the Chief Finance Officer, in consultation with the Leader and the Portfolio Holder for Business Management, to finalise and implement these proposals where further Government advice is awaited.

8.2 The Leader is asked, using urgency powers, to agree to delegate authority to Chief Finance Officer, in consultation with the Leader and Portfolio Holder for Business Management, to implement any further measures introduced by the Government to provide relief for Council Tax and Business Rate payers in response to the COVID-19 pandemic insofar as these measures are 100% funded by Government, including the measures referred to in paragraph 2.10 of the report.

8.3 The Leader is asked to agree that recommendations 8.2 and 8.3 are considered urgent and therefore should not be subject to call in

**9. Suggested reasons for decision(s)**

9.1 Given the severity of the COVID-19 pandemic and the lack of cost to the local taxpayer it is appropriate for the Council to introduce these measures.

**Lead officer contact**

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**Appendices**

None

**Background papers**

Business rates: expanded retail discount - guidance  
<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

Business Rates: Nursery Discount 2020/21: Coronavirus Response – Local Authority Guidance  
<https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2020-to-2021-coronavirus-response-local-authority-guidance>

Council tax: COVID-19 hardship fund 2020 to 2021 - guidance  
<https://www.gov.uk/government/publications/council-tax-covid-19-hardship-fund-2020-to-2021-guidance>

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Councillor Alan Jarrett, Leader of the Council Dated