



---

**REPORT TO:** POLICY AND RESOURCES COMMITTEE

**DATE:** 12 FEBRUARY 2009

**REPORTING OFFICER:** CORPORATE DIRECTOR (s151)

**SUBJECT:** NON DOMESTIC RATES HARDSHIP RELIEF SCHEME

---

## **1.0 PURPOSE OF REPORT**

1.1 To establish a scheme for the Council to consider applications for hardship relief.

## **2.0 RECOMMENDATIONS**

2.1 It is recommended that:

- (i) Non Domestic Rate Hardship Relief be approved when the following application criteria have been satisfied:
  - (a) the ratepayer is suffering hardship;
  - (b) it should be of benefit to Council Taxpayers in general for relief to be granted;
  - (c) the granting of relief would assist in preventing the business going into liquidation;
  - (d) there are either social or economic implications for the area if the business ceases, e.g. loss of valuable local facility or loss of a substantial number of jobs;
  - (e) the hardship situation is seen to be a temporary one and not likely to be repeated year after year.
- (ii) that the scheme is reviewed within 12 months.

## **3.0 REASONS SUPPORTING DECISION**

3.1 The Council does not presently have a scheme against which to consider applications for hardship relief. With the current economic situation it is likely that some businesses will face difficulties which could result in significant negative economic impact in the area.

3.2 The Council's constitution provides for the Policy and Resources committee to deal with 'all matters relating to the collection of the Council Tax, Non Domestic rates or any like tax'.

## **4.0 BACKGROUND**

4.1 At the 4 December 2008 meeting of this Committee members considered a report from the Head of Economy and Housing 'Support for Local Businesses'. It was resolved that officers should Investigate further the use of Business Rates – Hardship Relief, under Section 49 of the Local Government Finance Act 1988. The

---

**POLICY AND RESOURCES COMMITTEE**

12 FEBRUARY 2009

report included details of the impact of the current global economic crisis on the Ryedale area.

## **5.0 INTRODUCTION**

- 5.1 Many Authorities provide support to struggling businesses through the granting of Hardship Relief.
- 5.2 There is statutory guidance provided under Section 49 of the Local Government Finance Act 1988. This provides the following statutory criteria when considering hardship relief:
- (i) the ratepayer is suffering hardship; and
  - (ii) it should be of benefit to Council Taxpayers in general for relief to be granted.
- 5.3 Hardship relief can be granted for any amount up to 100% of the business rates payable.
- 5.4 The cost of any hardship relief is met partly from the National Non Domestic Rate Pool and partly by Council Taxpayers. The cost to the Council is equal to 25% of any relief granted.
- 5.5 Authorities can also supplement the statutory criteria in devising a scheme.

## **6.0 POLICY CONTEXT**

- 6.1 There is presently no criteria against which the Council can consider applications for Hardship Relief, this reports sets out proposals against which to consider applications.

## **7.0 REPORT**

- 7.1 In the current economic times it is likely that many businesses will suffer difficulties. The powers and discretion for Authorities to act is limited and hardship relief is one way members could consider.
- 7.2 The Council does not presently have a budget for the granting of such reliefs. It is difficult to ascertain the level of demand or claims placed on the Authority, nor easy therefore to predict a financial liability which may fall on the Council.
- 7.3 It is not possible once a scheme is established to restrict the amount of relief granted to an individual case on the grounds that there is insufficient budget and each case must be considered on its merits.
- 7.4 In order to ensure that claims are robustly considered it is recommended that the following additional criteria be included within the Council's scheme:
- (i) the granting of relief would assist in preventing the business going into liquidation;
  - (ii) there are either social or economic implications for the area if the business ceases, e.g. loss of valuable local facility or loss of a substantial number of jobs;
  - (iii) the hardship situation is seen to be a temporary one and not likely to be repeated year after year.

## **8.0 OPTIONS/RESULT OF OPTION APPRAISAL**

8.1 Members will need to decide on the merits of a scheme and the financial risk to which the Council is exposed against the potential to assist local businesses to survive the current economic downturn.

## **9.0 FINANCIAL IMPLICATIONS**

9.1 The financial implications are unknown. It is proposed that initially cases considered identify funding with the application, accepting that they cannot be declined on the basis of insufficient funding being available. It is envisaged that the Council's ICE Fund will provide funding in the absence of other alternatives.

9.2 The scheme can, subject to member approval, be reviewed at any time and it may be that an annual budget will need to be considered as part of the 2010/2011 budget strategy. It is therefore recommended that the scheme is reviewed within 12 months to inform the budget process.

## **10.0 LEGAL IMPLICATIONS**

10.1 There are no significant legal issues.

## **11.0 ENVIRONMENTAL IMPLICATIONS**

11.1 There are no significant environmental implications.

## **12.0 EQUALITIES IMPACT ASSESSMENT**

12.1 The scheme has been equality impact assessed in order to ensure that it is compliant with legislation and that the process does not directly or indirectly discriminate against any individuals or organisations who are the intended beneficiaries of the scheme on the basis of their social identity.

## **13.0 RISK ASSESSMENT**

13.1 The significant risk is that the Council finds that it cannot finance applications made. To mitigate this additional criteria have been introduced to ensure the robustness of applications and a review of the scheme to take place within 12 months.

## **14.0 CONCLUSION**

14.1 Members are asked to approve the establishment of a Non Domestic Rate Hardship Relief scheme as outlined in the report.

### **BACKGROUND PAPERS:**

None

### **OFFICER CONTACT:**

Please contact Paul Cresswell, Corporate Director (s151), [paul.cresswell@ryedale.gov.uk](mailto:paul.cresswell@ryedale.gov.uk) if you require any further information on the contents of this report.