


<p style="text-align: center;">Cabinet</p> <p style="text-align: center;">25 July 2018</p>	 <p style="text-align: center;">TOWER HAMLETS</p>
<p>Report of: Zena Cooke</p>	<p>Classification: Unrestricted</p>
<p>Supporting the Local Economy – Proposed Criteria for Granting Business Rate Relief</p>	

Lead Member	Councillor Candida Ronald, Cabinet Member for Resources & the Voluntary Sector
Originating Officer(s)	Roger Jones – Head of Revenue Services
Wards affected	All wards
Key Decision?	No
Forward Plan Notice Published	N/A
Reason for Key Decision	N/A
Community Plan Theme	A fair and prosperous community

Executive Summary

The Council provides a wide range of support for local businesses including through the awarding business rate relief.

For the current year, business rates relief is awarded to 7,901 ratepayers totalling over £32m.

Following the last review of reliefs brought in by the government and charitable rate relief, the revised criteria and guidance has been produced in response to feedback and applies to all Business Ratepayers appearing in the London Borough of Tower Hamlets local rating list that are applying for any type of relief or requesting the Council to use its discretion to reduce the organisation's Business Rates liability

It is now proposed that a consultation exercise be carried out to consider the revised criteria and guidance and consider any feedback.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the revised criteria and guidance for public consultation
2. To consider feedback from the consultation at the October Cabinet meeting

1. REASONS FOR THE DECISIONS

- 1.1 There have been a number of changes made to the qualifying criteria for discretionary charitable relief following feedback from charities, not-for profit organisations and community groups.
- 1.2 There have been a number of new reliefs introduced by the government and these are now captured in one all-encompassing document.

2. ALTERNATIVE OPTIONS

- 2.1 None

3. DETAILS OF THE REPORT

- 3.1 The Council provides a wide range of support for local businesses including through the awarding business rate relief.
- 3.2 For the current year, business rates relief is awarded to 7,901 ratepayers totalling over £32m.
- 3.3 Following the last review of reliefs brought in by the government and charitable rate relief, the revised criteria and guidance has been produced in response to feedback and applies to all Business Ratepayers appearing in the London Borough of Tower Hamlets local rating list that are applying for any type of relief or requesting the Council to use its discretion to reduce the organisation's Business Rates liability
- 3.4 It is now proposed that a consultation exercise be carried out to consider the revised criteria and guidance and consider any feedback.
- 3.5 This will make to the process clearer and clarify the qualification process particularly around how the objectives of the organisation must predominantly benefit residents of Tower Hamlets.
- 3.6 There have been a number of new reliefs introduced by the government and these are now captured in one all-encompassing document.

- 3.7 The table below shows the current year position split by the type of relief currently awarded.

Type of Relief	Number of Accounts	Value
Mandatory Charity Relief (80%)	706	£19,999,974
Discretionary Charity Relief (20%)	193	£507,591
Discretionary Not For Profit Relief (100%)	13	£178,349
Local Discretionary Relief	2,482	£2,059,396
Pub Relief	88	£85,906
Small Business Rate Relief	3,901	£8,881,672
Supporting Small Business Rate Relief	518	£658,298
Totals	7,901	£32,371,186

- 3.8 The criteria and guidance aims to enable equitable and consistent determinations of requests for relief to Business Rate liabilities for ratepayers within the borough
- 3.9 The purpose of the consultation is to receive feedback from local businesses, charities and community groups to understand whether the changes are clear and there is full understanding of the reliefs available and whether they meet the needs of business ratepayers and help promote economic development within Tower Hamlets.
- 3.10 The main changes relate to discretionary charitable relief applications and are as follows –
- 3.10.1 It is now clear that the criteria and guidance are not intended to be a self-assessment check list and each case will be considered in its own merits.
- 3.10.2 Any commercial activity is not considered as charitable activity and will not qualify for relief.
- 3.10.3 In all applications for mandatory and or discretionary reliefs the Council will need to be allowed free access to the premises in order to establish the actual use of the property before making any determination for relief. Where this has not been possible for whatever reason then no relief will be awarded.

3.10.4 In cases where charitable discretionary relief is requested consideration will be given to applications where:

- there is no commercial activity being carried out on the premises and:
- it can be demonstrated with satisfactory supporting evidence that the service provided is open to the general public, and:
- the service provided predominately benefits the residents of Tower Hamlets and:
- there is a clear and significant benefit to a substantial number of residents within the borough. There is no set definition of the term “substantial” so that individual applications are assessed on a case by case basis.

Information of the levels of charitable relief awarded are shown over the next 2 pages -

The table below illustrates how Tower Hamlets compares to other London Boroughs in awarding Mandatory Charitable Relief as a percentage of gross rates payable, awarding 3.41% -

Authority	Gross Rates Payable	Mandatory Charity Relief	Total Discretionary Relief	Mandatory Relief Percentage	Discretionary Relief Percentage
Barnet	124,786,287.00	13,512,946.00	375,585.00	10.83%	0.30%
Lambeth	194,579,349.00	19,939,814.00	641,756.00	10.25%	0.33%
Greenwich	105,692,460.00	10,601,680.00	695,536.00	10.03%	0.66%
Camden	778,634,591.00	78,038,640.00	288,277.00	10.02%	0.04%
Richmond upon Thames	109,644,594.00	10,865,100.00	150,657.00	9.91%	0.14%
Lewisham	86,792,566.00	8,538,890.00	729,992.00	9.84%	0.84%
Hackney	156,830,979.00	15,000,000.00	347,176.00	9.56%	0.22%
Sutton	67,830,249.00	6,360,062.00	86,764.00	9.38%	0.13%
Wandsworth	138,258,903.00	12,322,789.00	1,442,448.00	8.91%	1.04%
Bromley	117,650,502.00	10,386,054.00	521,926.00	8.83%	0.44%
Southwark	376,608,153.00	33,125,366.00	401,894.00	8.80%	0.11%
Bexley	90,972,428.00	7,447,923.00	0.00	8.19%	0.00%
Harrow	68,012,264.00	5,370,000.00	40,000.00	7.90%	0.06%
Croydon	124,318,321.00	9,652,389.00	210,593.00	7.76%	0.17%
Kingston upon Thames	102,515,543.00	7,801,689.00	467,648.00	7.61%	0.46%
Islington	343,998,730.00	25,843,650.00	1,294,007.00	7.51%	0.38%
Redbridge	73,793,748.00	5,256,545.00	161,707.00	7.12%	0.22%
Waltham Forest	86,228,613.00	6,067,061.00	404,428.00	7.04%	0.47%
Haringey	93,083,487.00	6,332,751.00	558,670.00	6.80%	0.60%
Newham	182,355,650.00	12,223,320.00	0.00	6.70%	0.00%
Kensington & Chelsea	389,436,250.00	24,005,011.00	163,278.00	6.16%	0.04%
Barking & Dagenham	74,072,770.00	4,460,134.00	221,349.00	6.02%	0.30%
Brent	154,151,893.00	8,833,477.00	421,280.00	5.73%	0.27%
Merton	103,592,421.00	5,877,777.00	581,091.00	5.67%	0.56%
Havering	98,076,699.00	5,365,810.00	141,294.00	5.47%	0.14%
Enfield	134,399,035.00	6,622,065.00	409,814.00	4.93%	0.30%
Ealing	186,317,387.00	8,551,947.00	519,773.00	4.59%	0.28%
Hammersmith & Fulham	283,502,659.00	12,001,818.00	162,605.00	4.23%	0.06%
Tower Hamlets	511,369,928.00	17,413,236.00	563,949.00	3.41%	0.11%
Westminster	2,482,008,455.00	82,298,908.00	293,649.00	3.32%	0.01%
Hounslow	232,611,827.00	6,312,582.00	494,146.00	2.71%	0.21%
Hillingdon	392,060,978.00	10,354,000.00	239,000.00	2.64%	0.06%
City of London	1,265,543,627.00	15,731,917.00	228,783.00	1.24%	0.02%

The table below illustrates how Tower Hamlets compares to other London Boroughs in awarding Discretionary Charitable Relief as a percentage of gross rates payable awarding 0.11% –

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Bexley	90,972,428.00	7,447,923.00	0.00	8.19%	0.00%
Newham	182,355,650.00	12,223,320.00	0.00	6.70%	0.00%

- 3.11 The following reliefs have been added following their introduction by Central Government which will benefit a number of local businesses –

3.11.1 Support for Local Newspapers

Supporting Small Business Relief

Local Relief for Pubs

Local Discretionary Relief Scheme 2017

4. EQUALITIES IMPLICATIONS

- 4.1 It is considered that taking into account the nature of the proposal which will directly fund business rates for local businesses that the allocation of funds will be closely monitored to ensure all qualifying businesses receive the relief they are entitled to.

5. OTHER STATUTORY IMPLICATIONS

- 5.1 In all cases, application for Mandatory Charitable must be considered before the award of any discretionary relief or new relief introduced by the government.

6. COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This report seeks approval in supporting the local economy and the criteria for granting Business Rate Relief. The proposals aim to deliver more robust and transparent procedures in this area of activity.
- 6.2 Section 1.3 details by type of relief a total of £32m across 7,901 recipient accounts.
- 6.3 The currently devised schemes are funded by Section 31 grants from central government and therefore have no direct financial impact on Council resources.

7. COMMENTS OF LEGAL SERVICES

- 7.1 There is no legal duty placed on the Council in respect of this consultation as it relates to the clarity of the document rather than the Council's decision making process although it represents best practice to ensure that communications produced by the Council meet the needs of the target audience.
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Linked Reports, Appendices and Background Documents

Linked Report

None

Appendices

Appendix 1 - Granting Rate Relief for Non-Domestic Rates

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

NONE

Officer contact details for documents:

N/A