

Addendum approved by Full Council 25/08/2020

Discretionary Rate Relief Policy

Local Discretionary Rate Relief - Addendum 2020/21

This document is a temporary addendum to the Discretionary Rate Relief Policy approved by the Shadow Council for Somerset West and Taunton on 21/02/2019, subsequently amended by a portfolio holder decision on 26/02/2020.

It is made in relation to Section 69 of The Localism Act 2011, which amends Section 47 of the Local Government Finance Act 1988 and allows the Council to grant locally determined Business Rate Discounts (in addition to the already available Discretionary Rate Reliefs).

It provides additional flexibility in relation to Discretionary Rate Relief in the circumstances described within this Addendum.

It is in response to the specific needs of our significant and larger companies employing over 50 people that, if they were to fail, would result in significant local economic impact to a town or local area. The potential targeted assistance set out in this Addendum forms part of our range of support to businesses to help them survive and grow; using one of the key levers over which we have some degree of control as a Local Authority, to ease the cash flow and working capital requirements of a major employer being forced by these current market conditions to re-pivot and adjust to survive.

The Addendum applies to the 2020/21 financial year only.

Authority to make decisions under this policy Addendum is delegated to the Director of Development and Place (or in their absence the Chief Executive), in consultation with the Portfolio holder for Resources and Portfolio holder for Asset Management & Economic Development.

Purpose

SWT is seeing evidence of some larger businesses within SWT, having to re-pivot and/or consider downsizing directly as a consequence on Covid19 impacting upon its business,

The aim of the Addendum is to provide a potential mechanism that can be used by SWT to help protect local undertakings and support economic recovery in these instances, within limited parameters.

Eligibility

- Those businesses which this Addendum seeks to target are strategically significant major local employers in the local place where the indirect multiplier effect of the loss of jobs would have a detrimental knock-on effect on the

spend in the local economy, and also that supporting the recovery/survival of a major business is in the wider public interest and key to place wellbeing.

- This Addendum will apply only to businesses which have their HQ or main operational site located within the Somerset West and Taunton District Council area and which, as a direct result of Covid19 impacting its pre-Covid19 business operations, NOT as a result of normal company market led and business operational reviews, considering downsizing and /or where there is a demonstrable need to ease cash flow and working capital requirements in order to safeguard the business.
- The business premises in respect of which rate relief is sought must be described within the rating list as an office, factory or warehouse and have a rateable value of at least £100,000 RV. (Under the Covid Umbrella measures the Government has made provision for expanded business rates relief during 2020/21 for qualifying retail, hospitality and leisure premises which has in effect provided such businesses with a 'business rates holiday' for 2020/21 hence businesses from those sectors being out of scope of this Addendum).
- Subject to State Aid considerations, the Local Rate Relief Addendum would only apply to occupied business rates payable for the 2020/21 financial year. It would not apply to any arrears from previous financial years nor to empty property rates.
- This Addendum is intended to support those businesses that are viable and not failing, but which may require some radical re-positioning due to the impact that Covid19 has had on its market and customer base and/or supply chain to enable it to stabilise its operations and to continue trading under the 'new normal', albeit requiring some immediate remedial action by the owners and senior management of the company. It will apply to both established companies as well as new companies formed from established companies (through management buy-outs for example) where there is a demonstrable need to ease cash flow and working capital requirements in order to safeguard the business.
- It will only offer business rates relief for the period up until the end of the 2020-2021 financial year, ending in March 2021.
- In all cases, existing (statutory) discounts will apply first. Any discount from this scheme will only apply to the occupied premises and cannot be used to cover any Empty Property Rates
- Relief will only be granted where, in the opinion of SWT, it is in the best interests of the Council Tax payers of Somerset West & Taunton Council to do so, considering (a) the long term prospects for the business, (b) jobs, (c) the impact on other businesses in the community, and (d) fairness in relation to other local businesses. Any award of relief must also be compliant with State Aid rules.

Maximum Relief

Relief will be subject to maximum of EUR 200,000 (approx. £180,000) State Aid cap, as a combination of other forms of Government support received during the course of the rolling last three year period up until March 2021.

Relief will only be applied in relation to 2020/21 occupied rate liability and will not be applied to arrears from previous financial years.

In no instance will the amount of relief exceed the balance of the business rates liability for the 2020/21 financial year (or part thereof in the case of apportioned liability) for the undertaking concerned.

Relief will be applied as a discount to the business rates payable on the business rate account of the undertaking concerned and not made as a payment. Should, subsequent to the award of relief the 2020/21 year, rate liability be reduced apportioned to a sum below the amount of Rate relief awarded under this Addendum, the relief awarded will be reduced to match the reduced rate liability.

The trigger for consideration

The trigger for consideration of an award of Local Rate Relief under this Addendum will be an application being made to Somerset West and Taunton Council from a business which believes it satisfies the eligibility criteria described earlier:

The application must include: sufficient information so as to cover the considerations within **Appendix 1** to this Addendum, which include:

- How much rate relief is sought;
- The effect an award of rate relief under this Addendum will have on securing the long-term prospects for the business and on safeguarding local jobs (NB. Details should be included of how many staff are employed, how many of these employees live within the SWT area and how many jobs the business anticipates being able to protect if the relief is awarded)
- The impact on the business if rate relief were not awarded;
- The impact on other businesses in the community;
- An explanation of why it is in the interests of the SWT Council Tax payers for the relief to be awarded;
- Confirmation from the business undertaking that an award of rate relief under this Addendum would not breach State Aid rules.

The application must be accompanied by:

- A business plan/cash flow forecast and, where available, company audited accounts for 3 years and current management accounts.

- An outline recovery plan detailing the measures taken to improve your situation, including timescales and projections

In order to fully assess a particular case, further financial information may be required.

An application for relief under the provision of this Addendum does not guarantee the award of relief. In accordance with legislation, each case will be decided upon its particular merits.

Decision making process

To apply for the scheme a business will follow a 2-stage application process with guidance and support from the Economic Development team and financial advisors (internal and external).

Stage 1 - Economic Development Specialist – undertakes an initial eligibility check

- (a) If basic eligibility criteria are met (including rateable value, type of business, employee numbers etc.) the Director of Development and Place will arrange for a financial appraisal (either internal or external) of the financial standing and prospects of the business to be undertaken, which will be considered as part of the decision making process.
- (b) If basic eligibility criteria are NOT met the Director of Development and Place will refuse the application and give reasons for doing so.

Stage 2 - Where 1 (a) above applies, the Director of Development and Place (or in their absence the Chief Executive), in consultation with the Portfolio holder for Resources and Portfolio holder for Asset Management & Economic Development, will review the business case and the financial assessment and the Director of Development and Place make the decision on whether to award rate relief (and if so, how much) under this Addendum, taking into consideration whether it is in the best interests of the Council Tax payers of Somerset West & Taunton Council to do so, with reference to (a) the long term prospects for the business, (b) jobs, (c) the impact on other businesses in the community, and (d) fairness in relation to other local businesses. Any award of relief must also be compliant with State Aid rules.

SWT Revenues Officers will apply any approved relief to the rate account concerned.

Appeals

There is no statutory right of appeal against a decision made by the Director of Development and Place in respect of Discretionary Rate Relief under this Addendum. However, if the decision is considered by the applicant to be manifestly in error or unjust on substantive grounds the Applicant may, within 21 days of the determination may ask for a re-consideration and the Applicant must submit with their application for review all evidence on which they seek to rely to support their application. The decision will then be subject to review.

The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a Judicial Review.

Appendix 1

Assessment Considerations

Each application for rate relief under this Addendum will be considered on its particular merits.

The following is not intended to be exhaustive but, provides a framework of considerations that will help inform our decision.

What is the value of the rates relief sought (max £180,000)?	£
What would be the cost to the local council tax payer?	£
Has the Financial Assessment raised any material concerns about the viability or sustainability of this business in the short to medium term?	
Is the present financial challenge caused predominantly by Covid 19?	
Has the applicant demonstrated that they only require short-term help in the form of rate relief (e.g. just the 2020/21 year?) and not longer-term ongoing support in order to remain viable?	
What effect will awarding rate relief, or not awarding rate relief, have on the business?	

How many staff are employed by the company and the break down between full-time, part-time and casual?	
How many staff live within the SWT area?	
How significant an employer is the business to the local area in which it is situated? (is it the main employer?)	
What other local businesses depend upon this business for their survival? (suppliers, support services etc.)	
Why is it in the interest of Council taxpayer within SWT for the Council to grant rate relief to the applicant?	
Are there other similar businesses within the SWT area, whereby providing assistance to this business under this application could potentially be seen to give an unfair trading advantage to this business?	