



City of Westminster Cabinet Member Report

Decision Maker: Cabinet Member for Finance & Smart City

Date: 7 May 2021

Classification: General Release

Title: **Policy Guidelines for Discretionary NNDR reliefs, including NNDR Hardship Relief**

Wards Affected: All

Financial Summary: The cost of NNDR Hardship relief is governed by the Council's end of year position within the Business Rate Retention Scheme. However, the cost to the Council will not exceed 30% of the total amount of Hardship relief awarded in the financial year. The cost of the Expanded Retail Discount is fully funded by central government.

Report of: **Martin Hinckley**
Director of Revenues & Benefits

1. Executive Summary

- 1.1 This report provides an update on the NNDR Hardship scheme adopted in 2020/21 and also seeks approval of the continuation of the previously agreed funding for the second batch of applications received before 31 March 2021, but which will not be determined until 2021/22.
- 1.2. A further report will follow to seek approval of a NNDR Hardship scheme for applications received after 1 April 2021. A scheme for 2021/22 cannot be determined at the moment as a future scheme will be partly dependent on the additional discretionary funding announced by the government on 25 March in relation to the removal of Material Change of Circumstance rateable value reductions.
- 1.2 This report also seeks approval of a revised version of the Council's Policy Guidelines for Discretionary NNDR reliefs to include an update relating to the implementation of the government's Expanded Retail Discount scheme for 2021/22 under Section 47 of the Local Government Finance Act 1988.

2. Recommendation

- 2.1 That approval is given to the revised version of the Council's Policy Guidelines for Discretionary NNDR reliefs as shown at Appendix B.
- 2.2 That approval is given to continue to fund NNDR Hardship claims received before 1 April 2021 but not determined until 2021/22 under the Council's 30% Business Rate Retention scheme contribution.

3. Reasons for Decision

- 3.1 The proposal will address the increase in NNDR Hardship relief claims resulting from the pandemic received before 1 April 2021
- 3.2 The report also updates the Council's Policy Guidelines in terms of the government's Expanded Retail Discount scheme for 2021/22, which is implemented under Section 47 of the Local Government Finance Act 1988.

4. Background

- 4.1 The pandemic resulted in a massive increase in NNDR Hardship applications compared with pre-pandemic levels. There were 816 applications received in 2020/21 compared with only 34 in 2019/20. The Council therefore agreed a revised procedure as outlined in the original Cabinet Member report as shown at Appendix A.
- 4.2 The revised process for 2020/1, including the very helpful contribution of the Business Unit team at the front-end of the process in undertaking business interviews.
- 4.3 **570** applications were received in the first round (covering **403** businesses - some applicants had more than one business rate account).
383 appointments were carried out by the Council's Business Unit (**20** businesses didn't engage)
166 businesses were signposted to alternative funding.
Application Forms were issued to **217** businesses (covering **221** rate accounts)
200 Application Forms were subsequently returned.
Of the **200** applications - **31** were given a score of zero (their application was cancelled as the business either qualified for 100% Expanded Retail Relief or had vacated and were no longer eligible).
The remaining **169** application were assessed and given an evaluation score.
In order to support as many businesses as possible, it was agreed that NNDR Hardship Relief was awarded to those with a score of **41** or above.
153 businesses were therefore awarded hardship relief which totalled **£972,717.45**. The remaining **16** were informed that they did not meet the qualifying criteria and that their application had been unsuccessful.

- 4.4 A second round of NNDR Hardship applications has commenced 131 applications (covering 234 rate accounts) have been reviewed under the same process as Round 1. This has resulted in 91 applications (186 rates accounts) being passed by the Business Support Unit for the Revenues team to send out applications. The determination of these applications for this Round of applications were not completed by 31 March and therefore the agreed allowances for the 2020/21 financial year will be determined at the start of 2021/22.

5. NNDR Hardship for new claims in 2021/22

- 5.1 It is was originally considered that this report would also seek approval of the mirroring of the arrangements implemented in 2020/21 for 2021/22 due to the continuing economic conditions caused by the pandemic. The only proposed change being that businesses that were successful in receiving NNDR Hardship relief in 2020/21 would not be eligible for relief in 2021/22. However the government's announcement on 25 March 2021 relating to additional funding for local authorities to make discretionary awards of NNDR relief has potentially complicated the position in 2021/22. Therefore it is proposed that a subsequent Cabinet Member report will be brought forward seeking approval of both the Council's use of the government's additional discretionary funding and also proposing a 2021/22 NNDR Hardship scheme when details of the government's announcement are published.

6. Policy Guidelines for Discretionary NNDR reliefs

- 6.1 This report seeks approval of a revised version of the Council's Policy Guidelines for Discretionary NNDR Reliefs. The revised policy notes that the Council will be following the government's guidelines for Expanded Retail Discount in 2021/22, as the government has asked all local authorities to administer the scheme under Section 47 of the Local Government Finance Act 1998, rather than issuing new legislation.

7. Financial Implications

- 7.1 The original Cabinet Member report agreed that the Council would provide funding of around £600k to meet the Council's cost element (30%) from the Business Rate Retention scheme of an estimated NNDR Hardship spend of £2m.
- 7.2 The actual level of NNDR Hardship relief granted in 2020/21 was £1,026,540 (includes £6,339 of "normal" NNDR Hardship for financial years before 2020/21). This will result in a cost to Westminster through the Business Rate Retention scheme of £ 307,962. This in turn means that £973,460 of the Council's original funding commitment remains unspent at 31 March 2022 (future cost to the Council of £292,038 through the Business Rate Retention scheme).
- 7.3 It is requested that the balance of the funding previously agreed in the Cabinet Member report shown at Appendix A is carried forward to 2021/22.
- 7.4 There are no funding implications in relation to the Expanded Retail Discount scheme for 2021/22, as the scheme is fully funded by central government.

8. Legal Implications

- 8.1 The legal implications are as outlined within the report

9. Ward Member Consultation

- 9.1 This report relates to all Wards and there is therefore no requirement for separate Ward Member consultation

10. Outstanding Issues

- 10.1 There are no outstanding issues

**If you have any queries about this report please contact: Martin Hinckley, on
07816 215828 or via email to**

mhinckley@westminster.gov.uk

Background Papers:

City Solicitors authorisation memorandum dated 20 July 2018 (Confidential)

For completion by the **Cabinet Member for Finance & Smart City**

Declaration of Interest

I have <no interest to declare / to declare an interest> in respect of this report

Signed: _____ Date: _____

NAME: **Councillor Paul Swaddle**

State nature of interest if any

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(N.B: If you have an interest you should seek advice as to whether it is appropriate to make a decision in relation to this matter)

For the reasons set out above, I agree the recommendation(s) in the report entitled

Policy Guidelines for Discretionary NNDR reliefs, including NNDR Hardship Relief

and reject any alternative options which are referred to but not recommended.

Signed

Cabinet Member for Finance and Smart City

Date

If you have any additional comment which you would want actioned in connection with your decision you should discuss this with the report author and then set out your comment below before the report and this pro-forma is returned to the Secretariat for processing.

Additional comment:

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If you do not wish to approve the recommendations, or wish to make an alternative decision, it is important that you consult the report author, the Head of Legal & Democratic Services, Chief Operating Officer and, if there are resources implications, the Director of Human Resources (or their representatives) so that (1) you can be made aware of any further relevant considerations that you should take into account before making the decision and (2) your reasons for the decision can be properly identified and recorded, as required by law.

Note to Cabinet Member: Your decision will now be published and copied to the Members of the relevant Policy & Scrutiny Committee. If the decision falls within the criteria for call-in, it will not be implemented until five working days have elapsed from publication to allow the Policy and Scrutiny Committee to decide whether it wishes to call the matter in.