

Cabinet

16 January 2019

**Medium Term Financial Plan (9), 2019/20
to 2022/23 and 2019/20 Budget**



CORP/R/18/01

Report of Corporate Management Team

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**Councillor Alan Napier, Deputy Leader and Cabinet Portfolio Holder
for Finance**

Councillor Simon Henig, Leader of the Council

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To provide an update on the development of the 2019/20 budget and the Medium Term Financial Plan (MTFP 9) 2019/20 to 2022/23, reflecting upon the content of the Chancellor of the Exchequer's Autumn Budget published on 29 October 2018 and the provisional Local Government Finance settlement published on 13 December 2018.
- 2 The report will also consider the outcomes of the MTFP(9) Budget Consultation process.

Executive summary

- 3 On 11 July 2018 Cabinet considered an update report on the continuing uncertainty facing local government due to ongoing austerity, pressures in social care and other unfunded pressures from pay and price inflation. The report also provided an update on the Fair Funding Review and the Council's significant exposure to changes being considered to the methodology for apportioning Public Health funding.
- 4 Updated financial projections at that point identified a savings requirement of £35.3 million over the four year MTFP(9) period, with £8.8 million of savings required to balance the budget in 2019/20. In

total £14.2 million of saving proposals were identified across the MTFP(9) period leaving a shortfall of £21.1 million to balance the MTFP.

- 5 This report seeks to
 - (a) Provide an overview of the Chancellor of the Exchequers 29 October 2018 Budget Statement
 - (b) Provide details of the provisional Local Government Finance settlement announced on 13 December 2018
 - (c) Analyse the impact of the Budget Statement and the Local Government Finance Settlement upon the Council's MTFP(9) assumptions and a review of all of other budget pressures and savings proposals
 - (d) Report upon the outcome of the MTFP(9) budget consultation process
- 6 The Local Government Finance Settlement was announced on 13 December, 2018 and confirmed additional one off Winter Pressures funding and Social Care funding for 2019/20 of £2.822 million and £4.821 million respectively. The settlement also confirmed additional 2018/19 one off funding of £1.921 million relating to refunded levy sums from the Business Rate Retention process.
- 7 The government has recognised the significant budget pressures local authorities are facing in the High Needs Dedicated Schools Grant budget which provides support to children with special needs. Additional funding of £1.059 million has been provided in 2018/19 and 2019/20, although these sums are not sufficient to meet the budget pressure the council is currently experiencing.
- 8 The settlement confirmed that the government intends to reimburse authorities who would experience a negative Revenue Support Grant (RSG) position. The total reimbursement is £153 million. Negative RSG occurs where government funding cuts reach a point where some local authorities, who have relatively high tax bases, no longer receive any RSG. Ordinarily these authorities have their business rate tariff increased which ensures all authorities experience a similar reduction or increase in Core Spending Power (CSP). Government are however proposing to view negative RSG in isolation to CSP and make an adjustment to ensure negative RSG does not occur – which will result in additional resources for those authorities and increase their CSP..
- 9 The impact of negative RSG on Core Spending Power for 2019/20 is significant. The average CSP increase across the country in 2019/20 is 2.8%. Wokingham has a 6.3% increase, North Yorkshire 4.8% and

Surrey 4%. The reimbursement to Surrey for Negative RSG is £17 million in 2019/20. The Local Government Finance Settlement only provided definitive information for 2019/20. The settlement position for 2020/21 and beyond will be determined by the 2019 Comprehensive Spending Review (CSR) and the outcome of the Fair Funding Review, which will be implemented from 2020/21. The outcome of these reviews will be very much influenced by Brexit.

- 10 A Fair Funding consultation document was published on 13 December providing options on how the Government would seek to implement the outcome of the review from 2020/21. Further consultations are expected on the detail of the specific formula for distributing resources.
- 11 The impact of changes upon the Council's financial assumptions have resulted in the total savings required across the four years of MTFP(9) increasing from the previously forecast £35.3 million to £39.5 million. Although additional savings have been identified, the estimated savings shortfall has increased from £21.1 million to £23.2 million for the period 2019/20 to 2022/23.
- 12 The MTFP(9) budget consultation process was primarily targeted at engaging with partner agencies and the public on the Councils approach to savings to date and the proposed approach to achieving the full MTFP(9) savings requirements, including details of the savings proposals that had been proposed. The consultation also sought views on the strategic priorities for the County, to inform the new vision and corporate plan. The responses from the consultation were supportive of the approach the Council is taking whilst recognising the significant challenge faced from reductions in funding and increasing demand for statutory services.

Recommendations

- 13 Cabinet is asked to:
 - (a) note the overview of the Chancellor of the Exchequer's Autumn Budget and the impact upon local government;
 - (b) note the impact of the provisional local government finance settlement upon the council;
 - (c) note the adjustments to the 2019/20 Budget which will result in the requirement to utilise £4.1 million of the Budget Support Reserve;
 - (d) note that savings required across the MTFP(9) period 2019/20 to 2022/23 has increased to £39.5 million;

- (e) note that £16.3 million of savings have been identified across the MTFP(9) period but the council will need to identify and approve additional savings of a forecast £23.2 million across the 2019/20 to 2022/23 period to balance the budget;
- (f) note the output from the MTFP(9) budget consultation process and utilise the information when considering budget setting across the MTFP(9) period;
- (g) note the changes to the Discretionary Rate Relief scheme(s) outlined in the report and approve the updated Policy, attached at Appendix 5

Background

- 14 On 11 July 2018 Cabinet considered an update report on the development of the 2019/20 Budget and MTFP(9). Significant additional savings of £35.37 million were required to balance the budget across the 2019/20 to 2022/23 period. This was forecast to result in total savings across the 2011/12 to 2022/23 period being £259 million.
- 15 Since that time, further budget pressures have been identified, alongside some additional savings proposals. Significantly, on 29 October 2018 the Chancellor of the Exchequer presented the Autumn Budget to Parliament and the provisional Local Government Finance Settlement was published on 13 December 2018. This report analyses the likely impact upon local government and the Council resulting from these announcements whilst also updating MTFP(9) planning resulting from the outcome of the Budget Consultation process and from updates in a broad range of budget assumptions.
- 16 These findings have resulted in amendments to both the 2019/20 budget but also to savings requirements across the MTFP(9) period 2019/20 to 2022/23.

Autumn Budget

- 17 The Chancellor of the Exchequer's Autumn Budget was published on 29 October 2018. There were a number of announcements which will impact upon local government, as detailed below
 - (a) **Winter Pressures Funding** – funding of £240 million was announced for 2019/20, with the Council being allocated £2.822 million. This is in line with winter pressures funding provided in the current year, though there was no confirmation that this funding would be recurrent beyond next year. The funding has specific grant conditions and is to be used for helping to alleviate

the pressures on the NHS through the winter months, ensuring that people can leave hospital when they are ready to be discharged into a care setting that best meets their needs. This will help the NHS to free up the beds it needs over the winter period.

It is expected that the funding is wholly used in addition to planned spending on adult social care services and be directed towards reducing the identified challenges the NHS faces this winter, including to meet or exceed the expectations set for delayed transfers of care. Discussions will continue to take place with health partners in relation to the plans for utilising this funding.

- (b) **Adults and Children's Social Care Funding** – funding of £410 million was announced for 2019/20, with the Council being allocated £4.821 million. Again, there was no confirmation that this funding would be recurrent beyond 2019/20, although the payment of this grant is seen as recognition of the additional social care pressures faced by local authorities, especially in Children's social care. Given these national pressures, it is likely that funding in some form will continue beyond 2019/20. The grant conditions are more flexible than those attached to winter pressures funding and state that where necessary, local authorities should use this funding to ensure that adult social care pressures do not create additional demand on the NHS. Local councils can also use it to improve their social care offer for older people, people with disabilities and children.
- (c) **Disabled Facilities Grant** - an additional £55 million of funding was made available in 2018/19 for Disabled Facilities Grants, to provide home aids and adaptations for disabled children and adults on low incomes. The Councils allocation was £0.607 million and the additional funding has to be expended in 2018/19.
- (d) **Children's Social Care Funding** - the Chancellor announced £84m of further funding over four years for up to 20 local authorities, with £45 million initially in 2019/20, to help more children to stay at home safely with their families. At this stage there has been no further communication on the allocation of this funding.
- (e) **School Funding** - The Chancellor announced additional funding in 2018/19 for schools across England with £400 million to spend on equipment and facilities. At this stage allocations to local authorities and individual schools are yet to be announced.

- (f) **Highways Capital Funding** - The Chancellor announced an additional £420 million was to be allocated to local authorities in 2018/19 to tackle potholes, repair damaged roads, and invest in keeping bridges open. The Councils allocation was £5.269 million. In addition, the government announced that it would be making £150 million of funding from the National Productivity Investment Fund (NPIF) available to local authorities for small improvement projects such as roundabouts - specific details are awaited.
 - (g) **Business Rates** – A new Retail Relief Scheme was announced, where businesses occupying premises with a rateable value up to £51,000 will receive a 1/3rd discount on their net rates liability for two years, starting from April 2019 and subject to state aid limits. In addition, there was an extension of the £1,500 business rates discount for local newspapers' office space into 2019/20 and the Government announced that it would legislate to grant a 100% relief from business rates for all standalone public toilets. Local authorities will be fully reimbursed for all changes to business rate reliefs.
 - (h) **Housing Revenue Account** – confirmation was received that borrowing controls are to be abolished.
- 18 There were no details of future funding allocations for local government although the government did provide details on overarching control totals for all government departments expenditure limits (DEL) and those for the NHS which allows some conclusions to be drawn.
- 19 After excluding the increases for NHS England, resources across the rest of government Departments will increase in cash terms by 8.4% over the period 2019/20 to 2023/24. This increase is broadly in line with the increases in CPI for the period set out by the Office for Budget Responsibility (OBR). This suggests that outside of NHS England, all other Departments combined will not see any real terms increase in their funding for the period 2019/20 to 2023/24. The 8.4% increase is the average across all departments which means that individual departments are likely to be above or below this level as has been the position in the past when areas such as education, defence and overseas aid have been protected.
- 20 The information currently available suggests that there is little scope for real terms funding increases for local government. On that basis the MTFP(9) assumes that there will be a cash flat settlement from 2020/21 however overall funding allocations remain subject to the outcomes of the Fair Funding review.

2019/20 Provisional Local Government Finance Settlement

- 21 The provisional settlement was published on 13 December 2018. Subsequently on 17 December the Department for Education (DfE) announced additional funding for the High Needs Dedicated Schools Grant. The position is broadly in line with the forecasts the Council had built into the MTFP(9) Model. The main announcements mirrored those previously set out in the Chancellors October 2018 Budget. The main announcements are as follows

Levy Grant Surplus Allocation

- 22 Normally the levy sums paid as part of the Business Rate Retention process are utilised to cover the costs of those authorities who enter the Safety Net. For 2017/18 the government has advised there is a £195 million surplus after Safety Net payments have been made. This sum is to be reimbursed to local authorities in 2018/19 as a one off payment. The sum payable to the council will be £1.921 million.

New Homes Bonus (NHB)

- 23 The government previously announced that the 0.4% growth baseline for housing was likely to have to be increased. The assumption in the MTFP (9) model was that this could increase to 0.5%. The government have advised however that the national budget for NHB has been breached but that the government will fund this and retain the 0.4% baseline. On that basis the Council's NHB will increase by £0.205 million rather than reducing by £0.347 million as forecast. This will be a benefit in the model of £0.552 million.

Revenue Support Grant

- 24 The reduction of RSG is in line with the four year settlement being a £14.2 million reduction. The 2019/20 RSG for the Council is £27 million.

High Needs Dedicated Schools Grant

- 25 The government has announced an additional £250 million of funding across 2018/19 and 2019/20. The council's allocation is £1.059 million in both 2018/19 and 2019/20. There is no confirmation of funding beyond this point.

Other Specific Grants

- 26 At this stage there are no confirmations on Better Care Fund, Adult specific grants, Public Health or Housing Benefit Admin grants. These should be announced in the coming weeks. The allocations for the Winter Pressures and Social Care Support grants were confirmed in line with expectations. There was no confirmation for 2020/21 and beyond. The allocations are as follows

	£
Winter Pressures	2,822,376
Social Care	4,821,558

Negative RSG

- 27 As part of the consultation 71% of authorities were in support and 29% against. Unsurprising as many beneficiaries were District councils. The government has confirmed that £153 million will be invested to ensure there is no negative RSG. Major beneficiaries are as follows

	£m
Surrey	17.3
Buckinghamshire	10.9
Dorset	10.8
Wokingham	7.1

- 28 This funding should only be for one year as the outcome of the Fair Funding review will be introduced from 2020/21.

Core Spending Power

- 29 Those authorities who benefit from the Negative RSG compensation see a significant increase in CSP above the national average. Examples of the CSP increases can be found below. Durham's position compared with neighbours is skewed as Durham chose to increase the Adult Social Care Precept by 2%/2%/2%. Others adopted strategies of either 3%/2%/1% or 3%/3%/0% across the period 2017/18 to 2019/20.

Authority	CSP Increase
	%
England	2.8
Durham	3.2
Newcastle	1.4
Darlington	1.6
Sunderland	2.1
Wokingham	6.3
North Yorkshire	4.8
Bucks	4.7
Surrey	4.0

- 30 The CSP per dwelling continues to show a stark position. Durham would normally expect to have a significantly higher CSP per dwelling than more affluent areas. However the spending power table below shows Durham to have a lower CSP per dwelling than Wokingham and Surrey.

Authority	CSP Per Dwelling
	£
Newcastle	1,991
Middlesbrough	1,953
Northumberland	1,849
Wokingham	1,844
Surrey (county only)	1,736
Durham	1,727
Darlington	1,644

Fair Funding

- 31 A range of consultation documents have been published. These will be assessed over the coming weeks. The response date is 21 February 2019.

2019/20 Base Budget Review

- 32 All of the assumptions in the MTFP (9) model have been reviewed and updated, taking account of budget pressures and additional savings proposals. All savings plans have been reviewed in terms of deliverability. The main changes to the 2019/20 Budget and MTFP(9) financial projections outlined in report to Cabinet on 11 July 2018 are detailed below;
- (a) **Retail Price Index (RPI)** – business rates and the Top Up grant increase by RPI in 2019/20. From 2020/21 the increase will be based upon the Consumer Price Increase (CPI). The July 2018 forecast of RPI was 2.9%. The uplift which is applied is based upon the RPI figure for September in the previous year. The September 2018 RPI figure was 3.3%, 0.4% points higher than originally forecast. This has resulted in an additional £0.5 million being included in the MTFP (9) model for 2019/20.
 - (b) **Winter Social Care Pressures** – the 2019/20 grant of £2.822 million has specific grant conditions detailing how this sum must be expended. On that basis a corresponding expenditure sum is also included in the MTFP (9) model i.e. this allocation of funding has a neutral impact upon the MTFP (9) model. It has been assumed that this funding will be a one off as the government seeks to protect the NHS in the run up to the £20 billion increase in the NHS budget in future years.
 - (c) **Adults and Children’s Social Care Funding** – the 2019/20 grant of £4.821 million has broad grant conditions allowing expenditure across both adult and children’s. This increase in funding is seen as recognition of ongoing pressures in adult social care but also in children’s social care. On that basis it has been assumed that this funding will be recurrent and has reduced the pressure upon the 2019/20 budget.
 - (d) **Tax Base** – council tax and business rate tax base growth continues to be monitored carefully. The forecast of tax base growth in July 2018 was £2.5 million. The current forecast is for a £2 million increase in the council tax base and a £2.5 million increase in the business rate tax base i.e. a £2 million increase

on the previous forecasts included in the July Cabinet report. The council tax position was reported to Cabinet on 14 November 2018. The business rate position will continue to be reviewed until the NNDR 1 has to be submitted towards the end of January. The business rate tax base position continues to be volatile due to the uncertainty of appeals levels under the new 'check and challenge' process and the legal challenge being mounted by the NHS Trusts with regards to Charitable Relief.

- (e) **Pay Inflation** – a two year pay award was previously agreed for 2018/19 and 2019/20. The offer for 2018/19 was a 2% flat rate for scale points 20 and above. Scale points 6 to 19 received increases of between 3.7% and 9.2%. The overall increase in the pay bill was 2.5%. For 2019/20 however there has been a reorganisation and merging of scale points 6 to 22. The resulting overall paybill increase is almost 3% as opposed to the forecast 2.5%. This has resulted in a £0.9 million increase in the forecast cost of the 2019/20 pay award.
- (f) **Energy Price Increases** – the 11 July 2018 Cabinet report included a forecast that energy prices could increase by circa 5%, being 3.5% higher than the price inflation allowance of 1.5% in the budget. It is now expected that energy price increases in 2019/20 will be closer to 20%, mainly as a result on a worldwide increase in oil prices. This has resulted in an increase in the 2019/20 budget pressure from £0.25 million to £1.1 million.
- (g) **Children Social Care Pressures** – the need to increase the budget in children's social care has been prevalent over the last three years, as the number of children in the care system has increased significantly whilst their needs have become more complex. This budget was increased by £5.5 million in 2018/19 however a forecast overspend in children's social care of circa £4 million in 2018/19 was reported to Cabinet on 14 November 2018.

A further increase of the base budget of £6.5 million is required to cover anticipated care costs as well as additional costs for staffing in order to meet the challenges and pressures identified for 2019/20. In addition, a non-recurrent provision of £0.393 million has been factored into the 2019/20 budget to enable additional support for case management workloads.

- (h) **High Needs Dedicated Schools Grant (HNDSG)** – On 12 December 2018 Cabinet considered a report on the Mainstream Primary and Secondary Schools Funding Formula 2019/20. The report identified the substantial pressures facing this budget in 2018/19, based on the quarter 2 forecast of outturn reported to

Cabinet in November. These projections have been updated and the additional demands on this budget are forecast to be as high as £8 million. Similar pressures are being seen in many local authorities across the country.

The pressure on the High Needs block is driven by increasing demand to meet the requirement of young people with special education needs and disabilities. This is a demand driven volatile area of activity for which the authority has a statutory duty to provide. This overspend will result in the Centrally Retained DSG reserve being exhausted.

To address this issue in 2019/20 the Council has considered a number of options to seek permission from the secretary of State, DfE to top-slice the schools DSG budgets, none of which were supported by the Schools Forum. The maximum top slice is circa 1.8%, however following feedback and discussion with schools, the Council submitted an application for a smaller 0.5% top slice through an application to the Secretary of State on 30 November, 2018, which will amount to £1.5 million.

In 2019/20 it is forecast that the High Needs Dedicated Schools Grant funding will increase by £2.4 million which includes the £1.059 million announced by the DfE on 17 December. After taking into account the 0.5% top slice of £1.5 million and the current forecast overspend, and assuming no further inflationary or demographic pressures arising next year, there is a forecast £4.1 million budget shortfall in 2019/20. In December, Cabinet agreed to meet this shortfall from the General Fund Budget Support Reserve.

This is not a sustainable position and a longer term solution to this issue needs to be found. A review of high needs spending is currently underway whilst it is also hoped that the intense lobbying upon the Department for Education will result in increased funding from the 2020/21 Comprehensive Spending Review. This position will be kept under constant review.

- (i) **Savings** – A full list of savings was included in the 11 July 2018 MTFP (9) Cabinet. The savings included for 2019/20 amounted to £7.927 million. These savings have been kept under review as well as additional savings being identified. A revised savings list is attached at Appendix 2 with a revised total of £10.334 million for 2019/20. The main increase relates to the inclusion of a £2 million saving in Adult and Health relating to the consistent application of eligibility criteria. The opportunity has also been

taken to consider the profiling of savings proposals that had been identified across the next four years.

- 33 Although there are additional savings and additional income included in the updated assumptions, these are outweighed by the additional base budget pressures that have been identified, including the proposed support to High Needs DSG. This has resulted in an increase in the forecast use of the Budget Support Reserve (BSR) in 2019/20, from £0.918 million to £4.137 million. This would result in the balance on the BSR reducing from £29.660 million at 1 April 2019 to £25.523 million at 31 March 2020.
- 34 All assumptions will continue to keep under review during the coming weeks in the run up to the approval of the 2019/20 Budget at Council on 20 February 2019.

MTFP(9) 2019/20 to 2022/23

- 35 All assumptions in the MTFP(9) model have been reviewed for 2020/21 to 2022/23 in addition to 2019/20. The only major change in addition to those areas referenced previously relates to a forecast increase in costs associated with the Household Waste Recycling Centre contracts in 2020/21. At this stage an additional pressure of £0.5 million has been included.
- 36 The current forecast of savings required for the period 2019/20 to 2022/23 are detailed below.

Year	Savings Requirement £m
2019/20	14.471
2020/21	9.079
2021/22	7.947
2022/23	8.050
TOTAL	39.548

- 37 The savings proposals detailed in **Appendix 2** of £16.305 million across the MTFP(9) period reduces the savings shortfall (unidentified savings requirements) to £23.243 million, as detailed below:

Year	Savings Required	Savings Identified	Savings Shortfall
	£m	£m	£m
2019/20	14.471	(10.334)	4.137
2020/21	9.079	(3.345)	5.734
2021/22	7.947	(1.850)	6.097
2022/23	8.050	(0.775)	7.275
TOTAL	39.548	(16.305)	23.243

- 38 The table above highlights that additional savings of £23.243 million will be required across the MTFP(9) planning period to balance the budget. This must also be considered alongside the considerable uncertainty facing local government at this time, especially in relation to the outcome of the CSR, the Fair Funding review and the implementation of the next stage of Business Rate Retention (BRR). The Transformation Programme will continue to support the review of service provision, with the key aim of reducing costs and increasing income wherever possible to ensure the Council can protect front line services as far as possible.
- 39 The realisation of an additional £39.5 million of savings will result in the council having been required to save £264 million across the period 2011/12 to 2022/23. The updated MTFP(9) forecasts are attached at Appendix 3.

Budget Consultation

- 40 In recent years the Council has carried out extensive consultation on its budget proposals. In the face of unprecedented reductions, these consultations have focussed primarily on seeking views on proposed changes to service delivery arrangements, as well as periodically requesting views on priority and non-priority services.
- 41 Given that the majority of savings for 2019/20 had already been previously consulted on and agreed, or involved back office/technical accounting changes, the approach was primarily targeted at engaging with partner agencies and the public on the proposed approach to achieving the total MTFP(9) savings requirements. This included a series of presentations to the 14 Area Action Partnerships as well as providing an opportunity for comment on the Council's website. The consultation also sought views on the strategic priorities for the County, to inform the new vision and corporate plan.

Outcomes

- 42 In general comments and feedback were supportive of the proposed approach.
- 43 AAPs welcomed the Council providing financial management information and sharing the MTFP report. It was noted that the Council are conducting a wide range of significant consultations allowing the voice of the community to be heard and the Council were complimented on continued engagement and its honest and open approach.
- 44 There was some discussion regarding the use of reserves to reduce borrowing, including those who suggested using more of the reserves whilst others suggested it was prudent to protect the reserves for the long term financial security and would rather see increases in Council Tax.
- 45 Concern was raised about the impact of national changes and the potential implications on the budgets of individuals and public sector agencies. In particular, the introduction of Universal Credit and the potential strain on the resources of the Council and its partners were highlighted at the AAPs. In addition, uncertainty as to the impact of Brexit, as well as the loss of EU funding to the area, was raised as a concern for the county.
- 46 There was discussion about national increased demand on certain services, in particular from an ageing population and the increasing number of young people in the looked after service. Concern was raised about the impact of these increased pressures on future financial management.

Equality Impact Assessment of the Medium Term Financial Plan

- 46 Consideration of equality analysis and impacts is an essential element that members must consider in approving the savings plans at Appendix 2 for consultation. This section updates Members on the outcomes of the equality analysis of the MTFP (9) savings proposals to date.
- 47 The aim of the equality analysis process is to:
- (a) identify any disproportionate impact on service users or staff based on the protected characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation;
 - (b) identify any mitigating actions which can be taken to reduce negative impact where possible;

- (c) ensure that we avoid unlawful discrimination as a result of MTFP decisions;
 - (d) ensure the effective discharge of the public sector equality duty.
- 48 As in previous years, equality analysis is considered throughout the decision-making process, alongside the development of MTFP(9). This is required to ensure MTFP process decisions are both fair and lawful. The process is in line with the Equality Act 2010 which, amongst other things, makes discrimination unlawful in relation to the protected characteristics listed above and requires us to make reasonable adjustments for disabled people.
- 49 In addition, the public sector equality duty requires us to pay 'due regard' to the need to:
- (a) eliminate discrimination, harassment and victimisation and any other conduct that is prohibited under the Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 50 Savings options presented at Appendix 2 have been subject to equality impact analysis where applicable. All proposals with equality implications have been subject to equality analysis in previous years as they all relate to a residual saving or continuation of a saving.
- 51 A number of successful judicial reviews has reinforced the need for robust consideration of the public sector equality duty and the impact on protected characteristics in the decision making process. Members must take full account of the duty and accompanying evidence when considering the MTFP proposals.
- 52 Throughout the period of MTFP planning through to setting the MTFP(9) budget in February 2019, the equality analysis for all savings proposals will continue to be reviewed and updated with results of consultation and further information as it becomes available. Final equality analysis will be considered in decision-making processes.
- 53 In terms of the ongoing programme of budget decisions the Council has taken steps to ensure that impact assessments:

- (a) are built in at the formative stages so that they form an integral part of developing proposals with sufficient time for completion ahead of decision-making;
- (b) are based on relevant evidence, including consultation where appropriate, to provide a robust assessment;
- (c) objectively consider any negative impacts and alternatives or mitigation actions so that they support fair and lawful decision making;
- (d) are closely linked to the wider MTFP decision-making process;
- (e) build on previous assessments to provide an ongoing picture of cumulative impact;

Impact Assessments for 2019/20 Savings Proposals

- 54 A total of nine savings proposals as listed at Appendix 4, have equality implications. These listed proposals include potential service user impacts across all protected characteristics, but, most commonly around age, sex and disability. Staffing reviews have potential impacts across all protected characteristics and fair treatment of staff will be ensured through applying agreed corporate HR change management procedures.
- 55 The remaining proposals have no equality implications and therefore do not require an equality impact assessment.
- 56 Key analysis from these impact assessments are summarised below and Members are asked to note this equality analysis and that detailed at Appendix 5 when considering the impact of savings proposed in this report.

Adult and Health Services (AHS)

- 57 Adult and Health Services savings proposals all reflect ongoing savings agreed in previous years. These include the ongoing reviews of direct provision of remaining in-house care and support services, the consistent and effective use of existing eligibility criteria, adult social care charging and adult social work functions.
- 58 At this stage, changes to be made to the operating models for in-house adult social care services are not anticipated to affect the level of service provided. Those eligible for support will continue to receive that

support subject to ongoing annual review and consistent application of eligibility criteria.

- 59 Ongoing savings continue to be made via changes to adult social care charging policy for new cases in respect of disability related expenditure disregards and minimum income guarantee thresholds. Assessment of new cases could lead to an adverse financial impact for some due to additional charging as a result of these policy changes. Full consultation was carried out prior to the introduction of both policy changes and no complaints have been received to date. Ongoing support is provided to service users where necessary as changes are implemented.
- 60 In terms of impact on protected groups, service users affected by AHS proposals tend to be older and/or have a disability. In addition, a higher proportion of older service users are female and furthermore women are more likely to be impacted in their role as primary carers.
- 61 Other changes involve staffing reviews across a range of services. These reviews have potential impacts across all protected characteristics. Fair treatment of staff will be ensured through agreed corporate HR change management procedures.

Children and Young People's Services (CYPS)

- 62 There is a small continuing saving in relation to the education review for Children's and Young People Services where there is no service impact. Fair treatment of affected staff will be ensured through agreed corporate HR change management procedures.

Regeneration and Local Services (REAL)

- 63 The proposals in Regeneration and Local Services reflect continuation savings agreed in previous years including ongoing reviews of culture and sport, buildings and facilities management, garden waste charging and environmental health and consumer protection.
- 64 The ongoing review in culture and sport involves changes to development services in sport and the arts, with further operational reductions across the service. The nature of service delivery in this area mainly involves targeted interventions. Whilst this saving may result in fewer new programmes being introduced, it is unlikely to affect existing users. There are potential impacts in terms of reduced access to targeted interventions for future users which are more likely to affect both men and women, and, potentially, age and disability related characteristics.

- 65 Ongoing savings are being made from an increase in charging for garden waste as previously agreed at MTFP(8). To help mitigate the impact there is the option of a discounted multi-year deal and households have been reminded that they can share garden waste bins with neighbours to cut costs. There is also a small increase in charges for bulky waste collection. These changes are likely to have a greater impact on older or disabled residents who may have limited means to access alternative ways of disposing of their garden or bulky waste. Changes mitigated, in part, by the introduction of a points system which means customers can mix smaller and larger bulky items in a single collection which may make some collections cheaper, where the number of items is low.
- 66 The ongoing review of buildings and facilities maintenance does not have a negative impact on service users, with a minimal impact upon staff.

Resources (RES), Corporate (COR), Transformation and Partnerships (T&P)

- 67 Transformation and Partnerships have achieved all savings targets set as part of the MTFP process. Savings in Resources are not expected to have a staff or service user impact. Savings in these service groupings are accelerated wherever possible to protect front line services. Proposed Corporate savings have no equality implications and therefore do not require equality analysis.

County Durham Vision 2030 and Council Plan refresh

- 68 The County Durham Partnership has agreed to carry out a refresh of its vision for the county. A three stage process has been agreed to ensure that the vision is informed by the views of local people. The first stage of this work reviewed evidence from a wide range of existing consultations, data on how the County performs and the national policy context. This analysis is now complete, and set out in an emerging findings report for initial consultation.
- 69 This document also proposes a number of ambitions for the County Durham Partnership. The findings within the report and proposed ambitions form the basis of an extensive consultation exercise currently underway through our area action partnerships, an online survey and focus groups with specific consultees such as town and parish councils and representatives from groups of people with protected characteristics as defined by equality legislation.
- 70 A draft vision document taking into account public feedback will be produced for a final consultation stage in February 2019. This, together

with our own transformation agenda will form the basis of a new Council Plan for 2019 onwards and will inform future spending decisions in our medium-term financial plan.

Business Rates - Rate Relief

- 71 On 29 October 2017, as part of the Autumn Budget, the Chancellor of the Exchequer announced a package of measures linked to business rates designed to help the high street evolve, having recognised that changing consumer behaviour presents a significant challenge for retailers in town centres.
- 72 The package that was announced is summarised as follows:
- (a) A one third discount for retail property with a rateable value below £51,000 for two years from 1 April 2019;
 - (b) Intention to legislate to grant a 100% relief from business rates for all standalone public toilets; and
 - (c) Extension of the £1,500 business rates discount for local newspapers' office space into 2019/20
- 73 The Councils Local Discretionary Rate Relief Policy and Hardship relief Scheme has been updated to reflect these announcements and is attached at Appendix 5.

Retail Relief

- 74 Under the scheme, eligible ratepayers (retailers occupying a business premises with a rateable value of less than £51,000) will receive a one third discount off their daily chargeable amount after all other discounts and reliefs have been applied.
- 75 The definition of what constitutes a retail property will follow the previous retail relief scheme (in 2014/15 and 2015/16), and cover properties that are wholly or mainly used as shops, cafes and drinking establishments.
- 76 The relief will have effect for 2019/20 and 2020/21. State aid rules will apply to the retail relief.
- 77 In making these announcements, the government stated that local authorities would be compensated for the cost of granting relief by way of Section 31 grant.
- 78 No new legislation will be required to deliver the scheme as Local Authorities are expected to use their discretionary relief powers under

Section 47 of the Local Government Finance Act 1988 to grant this new relief for retail properties in line with the relevant eligibility criteria.

- 79 In terms of impact, show that there are 1,340 business premises that have been identified as potential qualifiers for this relief, with a potential award of £3.351 million in relief in 2019/20. A more detailed analysis shows that:
- (a) 540 of these are occupied by national companies and therefore will likely to be subject to state aid limitations, the element of the potential relief for these properties is circa £1.758 million;
 - (b) 800 of these are occupied by local / non-national companies, with potential relief for these totalling £1.593 million.
- 80 In line with MHCLG recommendations this relief will be awarded automatically as part of the annual billing, but only to those businesses that are not national companies. A letter will be included with the annual bill to notify the ratepayer of this and asking them to opt out if they have breached state aid rules.
- 81 The national companies will not have the relief applied automatically but will instead be written to and requested to apply for the relief and make the necessary declarations with regards to state aid limits before the relief is awarded.

Public Toilets

- 82 The Government intend to bring forward primary legislation to grant 100% relief from business rates for all standalone public toilets. Further details on this measure are to follow, but it is unlikely that this will be in time for 2019/20.
- 83 27 public toilets have been identified with gross rates payable of circa £17,000. The majority of these are in the ownership of Town and Parish Councils.

Local Newspaper Relief

- 84 There is currently only one award currently made under this policy within County Durham.

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Appendix 1: Implications

Legal Implications

The council has a statutory responsibility to set a balanced budget for 2019/20. It also has a fiduciary duty not to waste public resources.

Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the provisions and criteria for awarding discretionary rate relief. The Localism Act 2011 amended Section 47 Clause 69, of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief), via a local discount scheme.

Statutory guidance states that any discretionary rate relief or local discount scheme must be in the interests of the wider council taxpayer.

The proposals set out in this report seek to ensure that the Councils Policy is in line with legislative requirements. Any changes to the Discretionary Rate Relief and Hardship Relief Policies need to be approved by Cabinet.

Finance

The report details the updated forecasts for the 2019/20 Budget and MTFP(9) period 2019/20 to 2022/23, which takes into account the (Draft) Local Government Finance Settlement, announced on 13 December, 2018 and the confirmed additional one off Winter Pressures funding and Social Care funding for 2019/20 of £2.822 million and £4.821 million respectively. A one off 2018/19 reimbursement from the Levy surplus of £1.921 million was also announced. In addition High Needs Dedicated Schools Grant funding of £1.059 million in both 2018/19 and 2019/20 was announced by the DfE on 17 December 2018.

The Local Government Finance Settlement only provided definitive information for 2019/20 with new funding announced being for one year only. The settlement position for 2020/21 and beyond will be determined by the 2019 Comprehensive Spending Review (CSR) and the outcome of the Fair Funding Review, which will be implemented from 2020/21. The outcome of these reviews will be very much influenced by the outcome of Brexit.

The impact of changes upon the Council's financial assumptions have resulted in the total savings required across the four years of MTFP(9) rising to £39.5 million. Although additional savings continue to be identified the savings shortfall has increased to £23.2 million.

The realisation of an additional £39.5 million of savings will result in the council having been required to save £264 million across the period 2011/12 to 2022/23.

There is forecast use of the Budget Support Reserve (BSR) in 2019/20 of £4.137 million, with the BSR forecast to reduce from £29.660 million at 1 April 2019 to £25.523 million at 31 March 2020.

An additional Fair Funding consultation document was published on 13 December providing options on how the Government would seek to implement the outcome of the review from 2020/21

The government have announced a package of Business Rate Relief measures:

- (a) A one third discount for retail property with a rateable value below £51,000 for two years from 1 April 2019;
- (b) Intention to legislate to grant a 100% relief from business rates for all standalone public toilets; and
- (c) Extension of the £1,500 business rates discount for local newspapers' office space into 2019/20

In making these announcements, the government stated that local authorities would be compensated for the cost of granting relief by way of Section 31 grant. The Councils Local Discretionary Rate Relief Policy and Hardship relief Scheme has been updated to reflect these announcements.

In terms of impact, there are 1,340 business premises that have been identified as potential qualifiers for the new Retail Relief Scheme, with a potential award of £3.351 million in relief in 2019/20. A more detailed analysis shows that:

- (c) 540 of these are occupied by national companies and therefore will likely to be subject to state aid limitations, the element of the potential relief for these properties is circa £1.758 million;
- (d) 800 of these are occupied by local / non-national companies, with potential relief for these totalling £1.593 million.

In line with MHCLG recommendations this relief will be awarded automatically as part of the annual billing, but only to those businesses that are not national companies.

The Government intend to bring forward primary legislation to grant 100% relief from business rates for all standalone public toilets. Further details on this measure are to follow, but it is unlikely that this will be in time for 2019/20.

27 public toilets have been identified with gross rates payable of circa £17,000 as qualifying for the new relief. The majority of these are in the ownership of Town and Parish Councils.

There is currently only one award made currently made for local newspapers' office space.

Consultation

The report provides details of the outcome of the MTFP (9) budget consultation process.

Equality and Diversity / Public Sector Equality Duty

The report provides an update on the analysis carried out in relation to Equality Impact Assessments of savings proposals for MTFP (9).

Human Rights

Any human rights issues will be considered for each of the proposals as they are developed and decisions made to take these forward. There are no human right implications from the information within the report

Crime and Disorder

It is recognised that the savings requirements in this report could have a negative impact on crime and disorder in the county. However, the Council will continue to work with the Police and others through the safe Durham Partnership on strategic crime and disorder and to identify local problems and target resources to them.

Staffing

The impact of MTFP(9) upon staffing continues to be considered carefully with Trade Unions consulted on any plans impacting upon employees.

In terms of the changes to Business Rates Discretionary and Hardship Relief Policy, there are no additional staffing implications associated with this report. Processing applications under this policy is managed from within existing resources within the Assessments and Awards Team within Finance and Transactional Services, Resources

Accommodation

The council's Corporate Asset Management Plan is aligned to the corporate priorities contained within the Council Plan. Financing for capital investment priorities is reflected in the MTFP Model

Risk

A robust approach to Risk Assessment across the MTFP process has been followed including individual risk assessment of savings plans.

In terms of the Discretionary Rate Relief Policy, the proposals set out in this report seek to extend and enhance current arrangements in line with Government policy. The amendments made to the Discretionary Rate Relief and Hardship Relief Policy ensures that the Council's Policy is in line with legislative requirements and announcements made in the October 2018 Budget statement.

Procurement

Wherever possible procurement savings are reflected in Service Groupings'

Appendix 2: Savings

MTFP 9 SAVINGS PLANS

MTFP REF	Savings Proposal	Description	2019/20 MTFP Savings	2020/21 MTFP Savings	2021/22 MTFP Savings	2022/23	Total
			£	£	£	£	£
AHS 1.1	Review direct provision of remaining in-house services	Relates to phased savings arising from outsourcing of reablement and supported living and restructuring of Extra Care (previously agreed by Cabinet September 2016).	1,098,810	477,190	0	0	1,576,000
AHS 2.1	Eligibility Criteria - consistent and effective use of existing criteria	Continuation of effective use of eligibility criteria for adults	2,000,000	0	0	0	2,000,000
AHS 3.1	Review of Adult Social Care Charging	Phased savings arising from changes to ASC charging policy in respect of Disability Related Expenditure disregards in new cases only (previously agreed by Cabinet March 2017)	167,000	0	0	0	167,000
AHS 3.2	Review of Adult Social Care Charging	Phased savings from changes to ASC charging policy in respect of the Minimum Income Guarantee thresholds in new cases only.	266,667	266,667	0	0	533,334
AHS 4.4	Review of Adult Social Work Function	Review of Social Work related posts	103,863	0	0	0	103,863
Total - Adults & Health Services			3,636,340	743,857	0	0	4,380,197
CYPS 3.2	Education - Service Review	Restructure of Education Services across all teams, together with non staffing budget reductions and increased income generation.	30,000	0	0	0	30,000
Total - Children & Young People Services			30,000	0	0	0	30,000
REAL01.20	Review of Culture & Sport	This proposal will see a general scaling down and restructuring of a range of development services in both sport and the arts together with further operational reductions across the service.	180,000	0	0	0	180,000
REAL3.92	Review of Building and Facilities Maintenance	Reductions across a range of service areas in Building and Facilities Maintenance, R&M Budgets and in out of hours services.	185,278	0	0	0	185,278
REAL6.06	Review of garden waste charges	Savings proposal includes a £5 annual increase on garden waste charging each year in 18/19 and 19/20 (to £30 and then £35 - three year discounted offer to be made available)	259,000	0	0	0	259,000
REAL24.09	Leisure Income	A national judgement in relation to VAT treatment of Leisure income has enabled additional income to be retained by the Council	600,000	0	0	0	600,000

REAL36	Transport - Contracted Bus Services	Procurement efficiencies in contracted rates for bus routes throughout the County	247,000	0	0	0	247,000
REAL37	EHCP and Planning	Phase 2 of review of service delivery within Environment, Health and Consumer Protection, and increased income from Planning Fees	240,000	0	0	0	240,000
REAL39	HQ Saving	The development of the new Council HQ will generate savings in the running cost of the new building combined with the current costs incurred. The saving will be incurred from 2022/23.	0	0	0	275,000	275,000
REAL40	Mountsett Crematorium	Following the installation of new cremators at Mountsett Crematorium a Medium Term Budget Strategy review in September 2018 demonstrated a sound financial position for the coming years and the Joint Committee (Durham County Council and Gateshead Council) agreed to increase the annual distributable surplus by £185k, of which £120k (65%) is paid to the Council	120,000	0	0		120,000
Total - Regeneration & Local Services			1,831,278	0	0	275,000	2,106,278
RES07	Restructure in HR	A restructure of HR	0	128,123	0	0	128,123
RES13	Legal & Democratic Services	Review of non staffing expenditure budgets and income budgets across the whole service	130,000	23,469	0	0	153,469
RES16	Digital & Customer Services	Review of Digital & Customer Services structures and service delivery arrangements, including a further review of ICT systems / licensing / non-staffing budgets	157,094	200,000	0	0	357,094
Total - Resources			287,094	351,592	0	0	638,686
COR35	Commercial Activity	As part of the Transformation Programme a wide range of reviews will be carried out in relation to the Council's current income streams. Reviews will consider if the Council are currently covering full costs, whether charges could be increased and whether new markets could be explored. In addition new Commercial deals will be explored which could generate a stable financial return for the Council.	0	500,000	0	500,000	1,000,000
COR36	Prudential Borrowing	The Council supports the capital programme via prudential borrowing. Interest rates are at historically low levels at the present time and alternate investors are entering the market to provide loans to local authorities. The Council will seek to take advantage of this position to secure low long term interest rates on the Council's current borrowing requirement.	750,000	0	0	0	750,000
COR37	Investment Income	A review of current investment income streams has identified that there is scope to increase the current budget. Investment income is presently generated from the investment of cash balances and dividend returns from Council owned companies.	500,000	0	0	0	500,000

COR38	Minimum Revenue Provision Review	The Council continually reviews the minimum revenue provision (MRP) as part of the Treasury Management Strategy. A recent review has identified that annual savings could be achieved by varying the Council's approach.	3,000,000	0	0	0	3,000,000
COR39	Carbon Reduction Commitment (CRC)	The CRC process is expected to end as of 31 March 2020. The government intends at that point to increase the Climate change Levy (CCL) which is presently recovered via energy bills. Based upon current forecasts it is expected that the increase cost of CCL will be lower than the current cost of the CRC generating a saving	300,000	0	0	0	300,000
COR40	Strategic Services Review	The deep dive exercise undertaken by PWC highlighted that the Council could make better use of digital business intelligence data as part of its strategic planning process. Greater efficiencies can be created across the Council through the reduction of paper based performance and data systems, whilst better digital intelligence can support the more efficient use of resources, consolidating and targeting services on community needs.	0	200,000	300,000	0	500,000
COR41	Business Support Review	The deep dive exercise undertaken by PWC last year highlighted that the Council would benefit from a modernised, single business support function with digital capability, organised as a hub and spoke model. As part of the Transformation Programme a new business support function will be created, with efficiencies created through a series of business process reviews.	0	1,550,000	1,550,000	0	3,100,000
Total - Corporate Savings			4,550,000	2,250,000	1,850,000	500,000	9,150,000
Total Savings - MTFP 9			10,334,712	3,345,449	1,850,000	775,000	16,305,161

Appendix 3: MTPF(9) Model

Medium Term Financial Plan - MTFP (9) 2019/20 - 2022/23 Model Likely Scenario

	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Government Funding				
Government RSG Funding Reduction	14,240	0	0	0
Reduction in Public Health Grant	1,286	0	0	0
Reduction in Funding due to Fair Funding Review	0	2,000	2,000	2,000
Reduction in Benefit Admin Grant	300	300	0	0
Town and Parish Council RSG Adjustment	-87	0	0	0
Impact of Business Rate Revaluation	341	0	0	0
Bus. Rates - CPI increase (2%/1.75%/1.5%/1.5%)	-1,000	-900	-800	-800
Top Up - CPI increase (2%/1.75%/1.5%/1.5%)	-1,400	-1,200	-1,000	-1,000
Section 31 Grant adj. and inflation uplift (19/20 3.3% RPI)	-1,800	-150	-100	-100
Improved Better Care Fund	-5,700	4,000	0	0
Adult Social Care Winter Pressures	-2,820	2,820	0	0
Adult/Childrens Pressures	-4,821	0	0	0
New Homes Bonus	-205	800	250	250
Other Funding Sources				
Council Tax Increase (2.99% 18/19 and 19/20 then 1.99%)	-6,300	-4,400	-4,500	-4,600
Council Tax Adult Social Care Precept (2% increase)	-4,200	0	0	0
Council Tax/Business Rate Tax Base increase	-4,500	-3,000	-2,000	-2,000
Estimated Variance in Resource Base	-16,666	270	-6,150	-6,250
Pay inflation (2.5% - 2% - 2% - 2%)	5,900	4,400	4,500	4,600
Price Inflation (1.5% - 1.5% - 1.5% - 1.5%)	3,350	3,400	3,500	3,600
Base Budget Pressures				
Costs Associated with National Living Wage	3,600	4,000	2,500	2,400
Additional Employer Pension Contributions	0	1,000	0	0
Energy Price Increases	1,100	250	250	250
Pension Fund Auto Enrolment - Employer Contributions	600	0	0	0
SSID Replacement Licences	0	0	100	100
Adults Demographic Pressures	1,000	1,000	1,000	1,000
Adult Social Care Winter Pressure	2,820	-2,820	0	0
Adults - Winterbourne	435	472	0	0
Childrens - Demographics	500	500	500	500

Childrens Social Care - Additional Pressures	6,500	0	0	0
Childrens Social Care - One Off Pressures	393	-393	0	0
Childrens High Needs DSG Short Term Support	4,100	-4,100		
Job Evaluation	500	0	0	0
REAL - HWRC Contract Inflation	0	500	0	0
REAL - Empty Homes	0	0	-103	0
Microsoft Licences	-100	0	0	0
Coroners Cost	50	0	0	0
Unfunded Superannuation	-200	-150	-150	-150
Prudential Borrowing to fund new Capital Projects	250	750	2,000	2,000
TOTAL PRESSURES	30,798	8,809	14,097	14,300
Use of One Off funds				
Adjustment for use of BSR in previous year	339	0	0	0
Savings				
Savings Agreed in MTFP(8)	-2,577	-1,095	0	0
Transformation Savings	-4,250	-2,250	-1,850	-500
Additional Savings Identified	-3,507	0	0	-275
SAVINGS SHORTFALL	4,137	5,734	6,097	7,275

Savings Shortfall 23,243

Appendix 4: Draft MTFP9 Dec 19 Impact Table

MTFP 9 Table of Equality Impacts

AHS

MTFP Ref/ Savings Proposal	Description	Impact	Mitigation
<p>AHS 1.1</p> <p>Review direct provision of remaining in-house services</p>	<p>Relates to phased savings arising from outsourcing of reablement and supported living and restructuring of Extra Care clients/service users who are eligible will continue to receive services (previously agreed by Cabinet September 2016).</p>	<p>Service users affected by the change are predominantly older and disabled people. There are likely to be higher numbers of women than men impacted, and more carers are likely to be female than male.</p> <p>Changes to operating models are not anticipated to affect the level of service provided as service users will continue to receive services to address their needs however some service users may experience a change of provider.</p>	<p>Services will continue to operate, and the principles of the review work are that eligible service users will continue to receive support, subject to ongoing annual review and consistent application of eligibility criteria.</p> <p>Transition arrangements, including individual care plans will be sensitively planned to mitigate any issues connected to a change of provider. Service users and staff will receive communication on a timely basis and alternative means of communication will be provided where required.</p>

		<p>Saving will involve potential changes to staffing which will include, in some instances, TUPE transfer.</p> <p>Transfer of Supported Housing and Reablement services to the independent sector is now complete following competitive tender exercises. All staff employed by these services have transferred to new employers external to DCC through TUPE processes. A number of staff were able to access ERVR opportunities pre-transfer and on agreement of a business case.</p>	<p>Any changes relating to staff will be carefully planned and implemented to promote fairness and equality in line with DCC procedures by following the Change Management procedures.</p> <p>Consideration of ER/VR, where possible, and deletion of vacant posts will minimise impact on staff.</p>
AHS 2.1	Continuation of effective use of eligibility criteria for adults.	<p>There are potential impacts as people are assessed more consistently and effectively meaning reviews of care and support may result in changes in care provision following re-assessment.</p> <p>The profile of service users indicates that older people and those with a disability are likely to be impacted as well as more females than males.</p>	<p>The following practice will ensure users' needs are met and may lead to more positive outcomes for some:</p> <ul style="list-style-type: none"> • Consistent use of eligibility criteria • Services sensitive to people's needs • Not necessarily using traditional service responses such as building-based day care. Consideration of universal community based services to meet need

		<p>Needs will continue to be met in variety of ways as part of the Transformation Agenda for Adult Care.</p> <p>The overarching policy objective is to bring about greater clarity, consistency and equality of access to care and support, both for people using care and support and for people with caring responsibilities. This is outcome-focused, supports personalisation and prevention, and continues to allow the council flexibility to reflect individual, family and local circumstance. It also promotes positive attitudes to older and disabled people and involves them in decision-making.</p> <p>The Care Act 2014 (Section 2) requires local authorities to offer preventative services which will contribute towards preventing, reducing or delaying the needs for care and support, which will impact positively on those identified with the protected characteristics.</p>	<ul style="list-style-type: none"> • Examining differences in locality arrangements • Greater use of preventative services, e.g. telecare • Ensuring consistency in teams linked to practice and volumes • Maximising opportunities with the voluntary and community sector • Providing alternatives to residential and hospital admissions. • Use of reablement and other service offers to maximise independence.
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		<p>Department of Health equality analysis on modernisation of legislation did not identify any negative impact and highlighted the potential for positive outcomes such as improving the quality and availability of information about support services on offer and improvement of personalised care and support service for both service users and carers.</p>	
<p>AHS 3.1 Review of Adult Social Care Charging (Disability related expenditure)</p>	<p>Phased savings arising from changes to ASC charging policy in respect of Disability Related Expenditure disregards in new cases only (previously agreed by Cabinet March 2017)</p>	<p>This is a continuation of a saving agreed in 2017 with full public consultation carried out April-June 2016 prior to the decision.</p> <p>Current applicants (at the time of implementation) were not affected, only new applications/clients. Previous profile suggested that people most affected are more likely to be older, female and will have some form of severe disability. The policy change led to a negative impact for some due to increased financial contributions as a result of ending the automatic 50% disregard in relation to</p>	<p>Ongoing support is provided to service users where necessary as changes implemented. This includes advice and support to help maximise income and benefit entitlement where possible during the financial assessment. Social work support is available if required. Service users unhappy with the financial contribution they are assessed to make will be offered a further fast track review.</p> <p>Since the policy was introduced no complaints or issues for consideration</p>

		service users in receipt of the severe disability premium.	have been raised with regard to the charging policy.
AHS 3.2 Review of Adult Social Care Charging (Minimum income guarantee)	Phased savings from changes to ASC charging policy in respect of the Minimum Income Guarantee thresholds in new cases only.	It is anticipated that this policy will implement consistency for all new clients/applicants. The adverse impact will derive from the increase in care costs predominantly affecting older and disabled people and greater proportions of women. The decision to implement proposal was made by Cabinet on 14 March 2018.	Ongoing support is provided to new clients. This includes advice and support to help maximise income and benefit entitlement where possible during the financial assessment. Social work support will be available if required. Service users unhappy with the financial contribution they are assessed to make are offered a further fast track review.
AHS 4.4 Review of Adult Social Work Function	Management Review	No service impact is expected. Staff impact in terms of a management review.	The review will be completed following change management guidelines to ensure fair treatment.

CYPS

MTFP Ref/ Savings Proposal	Description	Impact	Mitigation
CYPS 3.2 Education - Service Review	Restructure of Education Services across all teams, together with non staffing budget reductions and increased income generation.	No service impact expected. Minimal staff impact in terms of a small restructure.	The review will be completed following change management guidelines to ensure fair treatment.

REAL

MTFP Ref/ Savings Proposal	Description	Impact	Mitigation
REAL 1.20 Review of Culture & Sport	This proposal will see a general scaling down and re-structuring of a range of development services in both sport and the arts together with further	Change will mainly affect targeted interventions. Service recipients by nature are therefore transient depending upon specific programmes operating at any one time. Whilst this saving may result in fewer new programmes being introduced it is	Monitor impact going forward and update of the equality impact assessment as the proposal develop.

	operational reductions across the service	unlikely to affect existing users. Impact is likely to relate to gender, age and disability going forward with reduced access to targeted interventions for these groups. Proposals will result in changes to staffing levels.	Staffing changes would be completed following change management guidelines to ensure fair treatment. Consideration of ER/VR, where possible, and deletion of vacant posts will minimise impact on staff.
REAL 3.92 Review of Building and Facilities Maintenance	Reductions across a range of service areas in Building and Facilities Maintenance, R&M Budgets and in out of hours services.	No negative impact on external service users as proposal will bring about more efficient ways of working. Proposal may have a minimal impact on staff.	Staffing changes would be completed following change management guidelines to ensure fair treatment. Consideration of ER/VR, where possible, and deletion of vacant posts will minimise impact.
REAL 6.06 Review of garden waste charges	Savings proposal includes a £5 annual increase on garden waste charging each year in 18/19 and 19/20 (to £30 and then £35 - three year discounted offer to be made available)	An increase in charging has a negative financial impact for all those accessing the service. However there is likely to be a disproportionate impact on disabled and older residents accessing the garden waste service as they may be restricted in the means by which they can otherwise dispose of their waste.	The service will ensure the change to the charge is comprehensively communicated; including ensuring that the service information is accessible to all residents. Residents needing help to present and pull in their waste bin (often due to disability) are able to access the 'assisted collection' service.

		<p>There is an option of a discounted multi-year deal to pay for this service which will ease the impact of increased charging for all customers.</p>	<p>Households are reminded that they can share garden waste bins with neighbours (as publicised on the Council website) which will cut costs and help to mitigate financial impact for some.</p> <p>Multi-year discounted payment plans will ease impact for some.</p>
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**Discretionary Rates
Relief & Business
Rates Hardship Relief
Policy**

Altogether better



JANUARY 2019

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1 Introduction and Purpose of Policy Document

1.1 This policy has been designed to ensure that all customers making an application for rate relief are treated in a fair, consistent and equal manner.

1.2 This policy has been written to:

- (a) demonstrate how Durham County Council will operate its discretionary powers set out in the Local Government Finance Act (LGFA) 1988 and Localism Act 2011 and the factors that will be considered when deciding if relief can be awarded and the way in which the value of relief will be granted;
- (b) demonstrate how Durham County Council will administer Government funded rates relief schemes – including the schemes announced in the March 2017, November 2017 and October 2018 budgets with regards to:
 - support for small businesses losing Small Business Rate Relief (SBRR) as a result of the revaluation effective from April 2017, where increases would be limited to the greater of £600 or the real terms transitional relief cap for small businesses each year;
 - the new local discretionary relief scheme to provide support to businesses adversely impacted by the revaluation effective from April 2017; and
 - a £1,000 business rate discount for public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, for two years from 1 April 2017.
 - a one third discount for retail property with a rateable value below £51,000, subject to state aid limits for businesses with multiple properties, for two years from 1 April 2019.
- (c) set guidelines for the factors that should be considered when making a decision to award or refuse an application;
- (d) set out the delegated authority to award relief in appropriate circumstances;

- (e) establish an appeals procedure for customers dissatisfied with a decision;
- (f) safeguard the interest of the local taxpayers by ensuring that funds that are allocated for the award of relief are used in the most effective and economic way.

2 Legislation

- 2.1 Section 47 of the LGFA 1988 permits the billing authority to grant discretionary rate relief. This was amended by the Localism Act 2011 section 69 from 1 April 2012, which removed the previous restrictions of discretionary relief to only apply to charities and other organisations of prescribed types.
- 2.2 The billing authority may make a decision to grant relief, only if it is satisfied that it would be reasonable to do so, having regard to the interests of the council taxpayers.
- 2.3 Discretionary relief may not be granted where the property is an excepted property i.e. occupied by a billing authority or a precepting authority.

3 Business Rates – Discretionary Rates Relief Policy

3.1 Equality and Fairness

3.1.1 Each application for relief will be dealt with on its own merits and the Council will treat all organisations that apply for discretionary rate relief equally and fairly. The scheme will operate in a manner that helps support Durham County Council priorities and key objectives contained in the Sustainable Community Strategy and the Council Plan. Public funds are not however unlimited, a proportion of the costs of relief granted is borne by council taxpayers.

3.2 Criteria Used in the Decision Making Process

- 3.2.1 The criteria to be used in deciding whether to give discretionary rate relief are based on assessing how an organisation's work helps achieve the Council's priorities and meeting the community's needs for services and facilities.
- 3.2.2 The following essential criteria **must** be met before Durham County Council would consider awarding discretionary rate relief:

- (a) The ratepayer must be a non-profit making body, and/or
- (b) Irrespective of whether an organisation is registered as a charity or not the property must be used by the ratepayer wholly or mainly for charitable, philanthropic or religious purposes, or concerned with education, social welfare, science, literature and the fine arts, or the ratepayer must use the property wholly or mainly for recreation by a non-profit making club or society. This is essential if any relief (either mandatory or discretionary) is to be granted. In most cases this can be readily seen by inspection but on occasions the authority has had to question the actual use of the premises to which relief is being sort.
- (c) Consideration will be given as to what proportion of the premises is wholly or mainly used for the purposes of the organisation. Has the organisation exercised due diligence in ensuring the premises are of a suitable size for their requirement and have not committed to an onerous lease or excessive space.

3.2.3 It is possible for a voluntary organisation to apply for 100% discretionary rate relief, and for registered charities to apply for an additional 20% discretionary relief in addition to the mandatory relief they already receive providing they meet the essential criteria detailed in the Levels of Discretion detailed in paragraphs 3.3.1 to 3.3.2.

3.2.4 Community Interest Companies (CICs) would not qualify for mandatory relief and any discretionary relief application would be considered based on the essential criteria detailed in the Levels of Discretion detailed in paragraphs 3.3.1 to 3.3.2.

3.2.5 There are however, exceptions to this general rule which include: Housing Associations, Leisure Trusts, Voluntary Schools, Colleges and Universities or similar. These organisations are charitable trusts for the purposes of the rating legislation and qualify for mandatory relief. However due to the funding streams available no discretionary top-up relief will be granted to these bodies.

3.2.6 Every application for discretionary rate relief will be considered on an individual basis.

- 3.2.7 The Council will need to be satisfied that value for money is being provided to the people of County Durham, bearing in mind the relief an organisation will receive. In making awards, consideration will be given to the financial impact on the Council and whether or not an organisation is already funded or commissioned by the Council. The decision to award relief must only be taken where it is in the wider interest of Council Taxpayers in County Durham.
- 3.2.8 Relief may be refused if it is considered that the cost to the Council and its taxpayers outweighs the benefit that will be gained from the award of the relief. If the benefit of the rate relief is kept locally, the relief is more likely to be awarded.
- 3.2.9 The finances of the organisation will be examined. This will include examination of the membership fees structure, examination and reasoning of level of reserves in relation to the amount of turnover and the rates actually charged, payments to staff and directors will all be taken into consideration when determining the application. If it appears that the reserve finances are not being used or partially used to benefit the local community, the application may be refused unless the ratepayer can demonstrate their reasoning.
- 3.2.10 Some organisations or charities do not need to be registered with the Charity Commission where the annual income is under £5,000. In these cases, if the organisation has applied to Her Majesty's Revenue and Customs (HMRC) for tax relief, a HMRC number will be provided and mandatory relief can be awarded.
- 3.2.11 Organisations that meet the qualifying criteria for small business rates relief will not be considered for discretionary rate relief until they have applied for small business rates relief. This will reduce the financial contribution on the authority. These organisations even though they may not be a small business, are however ratepayers who are entitled to apply for this relief. Durham County Council will provide support and guidance on how to apply for small business rates relief from the Council.

3.3 Levels of Discretionary Rate Relief Available

- 3.3.1 Registered charities or equivalent already in receipt of mandatory relief will receive the following top up relief provided they meet the relevant criteria (as identified above):

For Registered Charities or Equivalent (CASCs, CIO or Exempt Charities) entitled to Mandatory Rate Relief	% Relief Awarded (Top up to Mandatory Rate Relief)
1. Community Centres/Community Associations and other registered charities responsible for paying rates on Community Centre and village halls.	100
2. Training Centres/Training Organisations offering schemes for particular groups to develop their skills e.g. young people, unemployed people.	100
3. National Charity Shops	0
4. Local Charity Shops	100
5. Local Heritage Projects	100
6. Essential Community Services e.g. CAB, Hospice, Samaritans	100
7. Sports Clubs (Must be CASC or registered Charity)	Up to 100
8. Museums	100
9. Private Schools, Leisure Trust, Universities/Colleges and Academies	0
10. Housing Associations or similar organisations	0

3.3.2 Non Registered charities and community based organisations will receive the following relief provided they meet the relevant criteria.

Organisations not entitled to Mandatory Rate Relief but who are established Not for Profit Making Organisation	% Relief
1. Community Centre, Community Associations, Agencies, Community Resource Centres which are not conducted for profit and which occupy premises that provide a community focal point.	100
2. Recreational community based clubs or societies e.g. youth clubs, boy scouts, girl guides. (Sports Clubs will not qualify unless CASC or registered Charity)	100
3. Philanthropic organisations that are community based.	100
4. Religious organisations that promote an understanding of religion that leads to a greater awareness of religious differences within the community.	100

Organisations not entitled to Mandatory Rate Relief but who are established Not for Profit Making Organisation	% Relief
5. Educational organisations that provide education support or training.	100
6. Scientific organisations that promote an awareness of science etc.	100
7. Literature and Fine Arts that promote an awareness of Literature and Fine Arts.	100
8. Training Centres/Training Organisations offering schemes for particular groups to develop their skills e.g. young people, unemployed people.	100
9. Training Centres/Training Organisations offering schemes and advice to businesses.	50
10. Private Nurseries and Day Care Centres	0
11. Community Interest Companies (CICs)	Up to 100

The following additional criteria will be used when dealing with applications for discretionary rate relief.

Reason for Increasing Amount of Relief:

1. Active encouragement of membership for all groups
2. Affiliated to local or national organisations
3. More than 50% drawn locally

Reason for Reducing Amount of Relief:

1. Bar facilities**
2. Restrictive fees and Restrictive membership***

	Maximum Percentage of Relief to be Awarded
Bar Facilities** Licensed Bar – Full licence operating through the year for registered charities or CASC.	10% Discretionary Rate Relief top-up.
Licensed bar is open but where the club/organisation has a restricted seasonal/match day licence for registered charities or CASC	10% or 20%

	Maximum Percentage of Relief to be Awarded
	Discretionary Rate Relief top-up.
No Bar and a registered charity or CASC	20% Discretionary Rate Relief or top-up.
Restrictive fees and membership*** Where coaching, mentoring or training is at a minimal cost and the membership subscription can be shown not to exclude the general community.	50%
Where the organisation encourages the young, those with disabilities and the elderly to partake in their activities and where the organisation benefits the local community by its activities.	40%
Where the organisation actively seeks to eliminate all forms of discrimination in its activities, in line with the new authority's own commitment to Equal Opportunities.	10%

3.3.3 Businesses in rural settlement lists will receive the following relief provided they meet the relevant criteria and receive mandatory rural relief.

Rural relief	% Relief
1. Sole shop in a rural settlement area selling mainly food and household goods meeting the criteria of mandatory relief.	100
2. Sole Post Office in a rural settlement area meeting the criteria for mandatory relief.	100
3. Sole public house in a rural settlement area meeting the criteria for mandatory relief.	100
4. Sole petrol station in a rural settlement area meeting the criteria for mandatory relief.	100

3.4 Claiming Mandatory and Discretionary Rate Relief

3.4.1 A claim must be made using the discretionary rate relief application form which is available on the Council's website (www.durham.gov.uk). This application form and supporting information, including the Memorandum, Articles of Association or

constitution, the latest Annual Report and the last two years professionally prepared account should be completed and returned to:

Durham County Council
Revenues and Benefits
PO Box 238
Stanley
County Durham
DH8 1FP

3.4.2 It is the responsibility of the organisation applying for the relief to provide sufficient information and documentary evidence to support applications. If the organisation applying does not or will not provide the required evidence the application will still be considered but only on the basis of the information and evidence provided.

3.5 Period of Award

3.5.1 Entitlement to relief will be subject to a regular review or if there is a change in legislation that would affect its operation and taking into account Council policies and priorities, any withdrawal or variation of relief is subject to one financial years notice.

3.6 Notification of Award

3.6.1 The Council will inform the organisation applying for relief, in writing of the outcome of their application for discretionary rate relief.

3.6.2 The Council will endeavour to determine any application received within 28 days of receipt of the full information required to assess the claim.

3.6.3 Where the application is not successful, the notification will provide full reasons why it has not been decided not to award discretionary rate relief and the applicant's right to ask us to look at the decision again.

3.6.4 Where the application is successful, the notification will include the percentage of relief awarded and details of when an amended Business Rate Demand will be issued.

3.7 Appeals

- 3.7.1 If you disagree with a decision made under this policy, you must write and tell Durham County Council why you think the decision is wrong and provide any additional information in support of the claim. An independent panel will look at the case.
- 3.7.2 The panel will check the discretionary rate relief application thoroughly and take account of any additional information in your appeal letter. The panel will decide whether or not the criteria have been properly applied. The panel will confirm the decision, change the decision to pay more discretionary rate relief or change the decision to pay less discretionary rate relief.
- 3.7.3 Durham County Council will write to tell you the outcome of the appeal. There is no further right of appeal against the decision of the panel. Any further appeal against this decision must be done through judicial review proceedings.

4 Relief for Properties that are Partially Unoccupied for a Temporary Period

4.1 Legislation

- 4.1.1 Section 44A of the Local Government Finance Act 1988 enables a billing authority discretionary powers to grant relief on a property that is partly unoccupied or not fully occupied if it appears to the authority that this situation will remain for a “short period of time” only.
- 4.1.2 Partially occupied rate relief (also referred to as Section 44A Relief) is not intended to be used where part of a property is temporarily not used. The intention is aimed at situations where there are practical difficulties in occupying or vacating all of a property.

4.2 Making an Application

- 4.2.1 Applications must be made by the ratepayer.
- 4.2.2 Durham County Council will require a written application and the ratepayer must supply a plan of the property, with the unoccupied portions clearly identified and a timetable or schedule of works detailing plans for the phased occupation/vacation.

4.3 The Decision Making Process

- 4.3.1 Durham County Council will require accompanied access to the property during normal working hours to verify the application.
- 4.3.2 Relief will not be awarded under any circumstance where it is not possible to verify the application.
- 4.3.3 No award shall be made where it appears to the Council that the reason that part of the property is unoccupied is wholly or mainly for the purpose of applying for rate relief.
- 4.3.4 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.
- 4.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

4.4 Period of Section 44A Relief

- 4.4.1 Section 44A Relief will only be applied to a property that is partly occupied for a temporary period. The relief can only be awarded for a maximum of three months in cases of offices and shops, or six months in the case of industrial properties.
- 4.4.2 Section 44A Relief will end under the following circumstances:
 - (a) At the end of a financial year, regardless of the date relief was applied;
 - (b) Where all or part of the unoccupied area becomes occupied;
 - (c) The person liable for Business Rates changes.

4.5 Calculation of Section 44A Relief

- 4.5.1 Where Durham County Council agrees to award a Section 44A Relief, notification will be sent to the Valuation Officer to seek a reduction in the rateable value.
- 4.5.2 The amount of relief is calculated on a statutory basis based on the rateable value of the empty portion of the property. The appropriate

rateable value is provided to Durham County Council by the Valuation Office Agency.

5 Business Rates – Local Newspaper Relief

5.1 Legislation

5.1.1 This relief was introduced from 1 April 2017 for an initial two year period but was extended to three years in the October 2018 budget. Under Section 47 of the Local Government Finance Act 1988 the billing authority has discretionary powers to grant relief in the prescribed circumstances.

5.2 Properties that will Benefit from this Relief

5.2.1 A £1,500 business rates discount for office space occupied by local newspapers in England, up to a maximum of one discount per local newspaper title and per hereditament, and up to state aid limits.

5.3 Criteria used in the Decision Making Process

5.3.1 Durham County Council will require a written application form.

5.3.2 The new local newspaper relief is granted as de minimis aid for State Aid purposes. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

5.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

5.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

5.4 Period of Local Newspaper Relief

5.4.1 The relief is only applicable for the financial years 2017/18, 2018/19 and 2019/20

6 Business Rates – Supporting Small Businesses Relief

6.1 Legislation

6.1.1 This relief was introduced from 1 April 2017 for a maximum of five years under Section 47 of the Local Government Finance Act 1988 and the billing authority has discretionary powers to grant relief in the prescribed circumstances.

6.2 Properties that will Benefit from this Relief

6.2.1 Those ratepayers who as a result of the change in their rateable value at Revaluation in 2017 are losing some or all of their small business or rural rate relief and as a result are facing large increases in their bills.

6.2.2 The supporting small businesses relief will ensure that the increase per year in the bills of these ratepayers is limited to the greater of:

- (a) a cash value of £600 per year (£50 per month). This cash minimum ensures that those ratepayers currently paying nothing or very small amounts are brought onto paying something; or,
- (b) the matching cap on increases for small properties in the transitional relief scheme.

6.3 Criteria used in the Decision Making Process

6.3.1 Durham County Council will identify those businesses that meet the qualifying criteria and write to them and / or require a written application form.

6.3.2 The Supporting Small Businesses relief is subject to de minimis State Aid rules, therefore any applicant or business where the relief is applied to will be required to confirm that the award of this relief does not contravene State Aid rules. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

6.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

6.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

6.4 Period of Supporting Small Businesses Relief

- 6.4.1 Ratepayers will remain in the Supporting Small Businesses relief scheme for either five years or until they reach the level of charges they would have paid without the scheme.
- 6.4.2 A change of ratepayer will not affect the eligibility for the Supporting Small Businesses relief scheme.
- 6.4.3 Eligibility will be lost if the property becomes vacant or becomes occupied by a charity or Community Amateur Sports Club.

7 Business Rates – Support for Pubs

7.1 Legislation

- 7.1.1 This relief was introduced from 1 April 2017 for an initial one year period, but was extended to two years in the November 2017 Budget under Section 47 of the Local Government Finance Act 1988 the billing authority has discretionary powers to grant relief in the prescribed circumstances.

7.2 Properties that will Benefit from this Relief

- 7.2.1 Public Houses with a rateable value of below £100,000.
- 7.2.2 Eligible pubs will receive a £1,000 discount on their bill up to state aid limits.

7.3 Criteria used in the Decision Making Process

- 7.3.1 Durham County Council will identify those businesses that meet the qualifying criteria and write to them and / or require a written application form.
- 7.3.2 The Support for Pubs relief is subject to de minimis State Aid rules, therefore any applicant or business where the relief is applied to will be required to confirm that the award of this relief does not contravene State Aid rules. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

7.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

7.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

7.4 Period of Support for Pubs

7.4.1 The relief will only be applicable for the financial years 2017/18 and 2018/19.

7.4.2 Applications for this relief for the financial year 2018/19 will still be considered up to 30 September 2019.

8 Business Rates – Local Discretionary Relief Scheme

8.1 Legislation

8.1.1 In the March 2017 Budget the Government announced the establishment of a discretionary fund over four years, from 2017/18, to support those businesses that face the steepest increases in their business rates bills because of the 2017 revaluation.

8.1.2 The Government has used the increase in rateable values for those businesses valued up to £200,000 (small and medium sized businesses) to distribute funding to support Billing Authorities in implementing their local schemes. The funding provided to local authorities reduces year on year, with the expectation that the local discretionary relief provided reduces in line.

8.1.2 Billing authorities have been provided with a share of the funding to develop their own Local Discretionary Relief Scheme to deliver targeted support to the most hard-pressed ratepayers in their area. Funding cannot be carried over between years and any overspend against this funding being borne locally.

8.1.3 The discretionary scheme will be administered through existing discretionary powers under Section 47 of the Local Government Finance Act 1988.

8.2 Properties that will Benefit from this Relief

8.2.1 Properties with a rateable value of less than £200,000 (i.e. small and medium sized businesses) that have had an increase in rateable value following the 2017 revaluation.

8.2.2 Properties where the ratepayer was liable for business rates on 31 March 2017 and continues to remain liable for business rates i.e. those small and medium sized businesses adversely impacted by the business rates revaluation and as a result have seen a net increase of over £600 in their rates bill.

8.2.3 Properties that continue to meet the above criteria will receive the following discounts:

2017/18 - 66% of the increase above £600;

2018/19 - 27% of the increase above £600;

2019/20 - 15% of the increase above £600;

2020/21 - 5% of the increase above £600.

8.2.4 The amount of relief awarded may be reviewed in year and may be revised depending upon take up and the impact of appeals, to ensure the total amount of government grant received by Durham County Council is awarded to support local businesses.

8.3 Criteria used in the Decision Making Process

8.3.1 Durham County Council will identify those businesses that meet the qualifying criteria and write to them and / or require a written application form.

8.3.2 The local discretionary relief is subject to de minimis State Aid rules, therefore any applicant or business where the relief is applied to will be required to confirm that the award of this relief does not contravene State Aid rules. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

8.3.3 Durham County Council will notify the applicant of the decision in writing where the relief is refused, an explanation of the reasons why will be given.

8.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales

provided to them and will notify the customer in writing that the application has been refused.

- 8.3.5 Durham County Council will only apply the relief to those ratepayers becoming eligible due to a reduction in rateable value in the 2010 rating list where those reductions are agreed or settled on or before 30 September 2018.

8.4 Period of Local Discretionary Relief

- 8.4.1 Ratepayers may remain in the local discretionary relief scheme for either four years or until the increase in rate liability (impact of the revaluation in April 2017) falls below £600.
- 8.4.2 Eligibility will be lost following a change in the person liable to pay business rates.
- 8.4.3 Eligibility will be lost if the property becomes vacant or becomes occupied by a charity or Community Amateur Sports Club.

9 Business Rates – Retail Discount

9.1 Legislation

- 9.1.1 In the October 2018 budget the Government announced a retail discount scheme from 1 April 2019 for a 2 year period.
- 9.1.2 Under Section 47 of the Local Government Finance Act 1988 the billing authority has Discretionary powers to grant the relief in the prescribed circumstances.

9.2 Properties that will Benefit from this Relief

- 9.2.1 Occupied properties with a rateable value of less than £51,000 that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
- 9.2.2 The value of the discount will be one third of the bill after mandatory reliefs and other discretionary relief have been applied.

9.3 Criteria used in the Decision Making Process

9.3.1 Durham County Council will identify those businesses that meet the qualifying criteria and write to them and / or require a written application form.

9.3.2 The Retail Discount is subject to de minimis State Aid rules, therefore any applicant or business where the relief is applied to will be required to confirm that the award of this relief does not contravene State Aid rules. There is currently a ceiling of 200,000 Euros of de minimis aid that can be granted over a three year rolling period.

9.3.3 Durham County Council will notify the applicant of the decision in writing and where the relief is refused, an explanation of the reasons why will be given.

9.3.4 Durham County Council will not consider applications where the customer has failed to provide information within the timescales provided to them and will notify the customer in writing that the application has been refused.

9.4 Period of Retail Discount

9.4.1 The discount will only be applicable for the financial years 2019/20 and 2020/21.

9.4.2 Eligibility will be lost if the property becomes vacant.

10 Hardship Relief for Business Rates

10.1 Legislation

10.1.1 The provisions are set out in Section 49 of the Local Government Finance Act 1988. Councils have the power to reduce or remit the business rate charge where it considers that 'hardship' would otherwise be caused to the ratepayer.

Hardship relief for non-domestic property is intended to provide short term assistance to a business suffering unexpected hardship, financial, or otherwise, arising as a result of exceptional circumstances or short term crisis beyond the business' control and outside of the normal risks associated with running a business of that type, to the extent that the viability of the business would be threatened if an award were not made. As the Hardship Relief scheme covers unforeseen events, it is not possible to offer precise definitions. However, a 'crisis' would have

to result in a serious loss of trade or have a major effect on the services that can be provided.

10.1.2 'Exceptional circumstances' will usually be circumstances that came from outside the business or organisation and are beyond the normal risks faced by businesses and cannot be foreseen or avoided. The effect of strikes within a business or organisation, increased running costs and increased competition would not be considered as 'exceptional circumstances' as they are normal business risks.

10.2 Criteria Used in the Decision Making Process

10.2.1 Applications to reduce or remit the business rate charge will only be considered where the Council is satisfied that the ratepayer would otherwise sustain hardship if no award was made and that it is reasonable to grant relief having regard to the interest of council tax payers who are affected by decisions under this section. This is because 50% of the cost of exercising this power has to be funded by the Council through general fund expenditure.

10.2.2 Applications for hardship will be examined on a case by case basis and each application will be assessed on its individual merits. Other issues or requirements will also be considered in relation to the application as they arise including:

- i All applications should be made in writing from the ratepayer, their advocate/appointee or a recognised third party acting on their behalf, preferably using the relevant form, and should contain the necessary information to substantiate the request.
- ii All applications are only intended as short term assistance and will not extend beyond the current financial year, and should not be considered as a way of reducing Business Rate Liability indefinitely.
- iii Government guidance advises that remission of Business Rates on the grounds of hardship should be the exception rather than the rule.
- iv The financial interests of the council tax payers will not be the sole overriding factor e.g. impact on employment and amenities provision will also be taken into account.

The test of 'hardship' is not confined strictly to financial hardship - all relevant factors affecting the ability of a business to meet its liability for rates are taken into account where readily available. Where the granting of relief will have an adverse effect on the financial interests of the council tax payers, relief may still be granted if the case for relief on balance outweighs the costs to taxpayers.

- v The potential amount of any relief may in some cases constitute state aid and therefore adherence to EU regulations must be followed.
- vi The test of hardship will include an assessment of the ratepayer's individual accounts to verify that the payment of rates would cause hardship.
- vii The assessment of the accounts will identify the cause of the business failings and a simple accounting calculation will be carried out as follows:
 - % of Rates to Sales;
 - % of Rates to Gross Profit;
 - % of Rates to Expenditure;
 - Ratio of Current Assets to Current Liabilities;
 - Ratio of Current Assets Less Stock to Current Liabilities.
- viii Relief will normally only be awarded retrospectively. However, where you can show that the circumstances will remain the same for a period up to the end of the current financial year relief may be award for the remainder of the year.
- ix It is unlikely that Hardship Relief would be granted in respect of an empty property or where there is little expectation of economic survival.
- x It is expected that businesses should have taken prompt action to mitigate any factors giving rise to hardship. Examples of mitigating actions may include seeking business advice, discounts and promotions, reviewing pricing, extending the range of stock or services, negotiating with creditors etc. Applications may be declined in circumstances where the business is unable to demonstrate that it is taking reasonable steps to alleviate the hardship.

10.3 Period of Hardship Relief

10.3.1 In all cases relief will end in the following circumstances:

- (a) At the end of a financial year;
- (b) All or part of the unoccupied area becoming occupied;
- (c) A change of liable person;
- (d) The property becomes empty or is used for a different purpose, or it becomes occupied;
- (e) The ratepayer enters any form of formal insolvency;
- (f) The ratepayer's financial circumstances significantly change. The rate payer must inform the council if their circumstance change, e.g. change in rateable value. Circumstances may also be reviewed by the Council periodically where awards are made to confirm hardship persists.

10.3.2 From the assessment of the above criteria, the Council will determine if the business is suffering from financial hardship due to the payment of Business Rates. If hardship relief is granted, applicants will be entitled to make further submissions in subsequent years. In the event of successive applications, evidence from an accountant or other professional adviser regarding the longterm viability of the business may be required.

10.4 Examples of Appropriate Circumstances

10.4.1 The following examples indicate circumstances where it may be appropriate to award relief. They are included in this policy in the form of broad general guidelines and are not intended to be prescriptive:

- Without rate relief the business will close and deprive local residents of an essential service and a source of significant local employment.
- The ratepayer's business has been detrimentally affected by circumstances beyond the ratepayer's control and that do not constitute part of the normal risks in running a business of that nature (e.g. a natural disaster, an unusual or uncontrollable event in the neighbourhood of the business such as a fire making the immediate area of the business unsafe).

N.B. in addition, it must be in the interest of the community as a whole for Hardship relief to be granted.

10.5 Claiming a Reduction due to Hardship

10.5.1 A claim must be made on an approved application form. This application form and any supporting information should be completed and returned to:

Durham County Council
Revenues and Benefits
PO Box 238
Stanley
County Durham
DH8 1FP

10.5.2 It is the responsibility of the ratepayer applying for relief to provide sufficient information and documentary evidence to support their applications. If the ratepayer applying does not or will not provide the required evidence, we will still consider the application but only on the basis of the information and evidence provided.

10.6 The Decision Making Process

10.6.1 Upon receipt of a written application form, all supporting information must be included for consideration.

- Initial applications will be considered by Assessment & Awards Team Leader (Business Rates). These will include review sheet, with findings and financial implications and initial recommendations.
- Recommendations will then be forwarded to Assistant Assessments & Awards Manager via the Assessment & Awards Team Leader (Business Rates).
- These will then be forwarded to Head of Finance and Transactional Services for approval / refusal.
- Once a decision has been approved the ratepayer will be advised in writing of the decision.

10.7 Review of Decision

10.7.1 Under the Local Government Finance Act 1988, there is no right of appeal against the Council's use of discretionary powers. However, on individual discounts, the Council will accept a customer's request from a ratepayer for a re-determination of its decision.

- Re-determination of the decision will be by the Corporate Director.
- The Council will consider whether the ratepayer has provided any additional information that will justify a change to its original decision.

The Council will notify the ratepayer of its decision within 21 days of receiving a request for a redetermination.