

## Cheltenham Borough Council Policy for the extension of transitional rate relief

### Properties eligible for relief

1. Properties that will benefit are those with a rateable value up to and including £50,000 which would have received transitional relief in 2015-16 and 2016-17 had the existing transitional relief scheme continued in its current format.
2. In line with the existing thresholds in the transitional relief scheme, the £50,000 rateable value threshold is based on the rateable value shown for 1 April 2010 or the substituted day in the cases of splits and mergers.
3. Changes in rateable value which take effect from a later date will be calculated using the normal rules for calculating transitional relief in these circumstances. Properties can still be eligible if the rateable value increases at above 50,000 at a later date provided the rateable value on 01 April 2010 is below 50,000. The Valuation Office Agency will issue certificates for the 31 March 2010 and 01 April 2010 as appropriate.
4. This policy applies to transitional relief only (i.e. those moving to higher bills).
5. The transitional relief scheme will remain as it is in the current statutory scheme except that:
  - a. the cap on increases for small properties (with a rateable value of less than £18,000) in both 2015-16 & 2016-17 will be 15% (before the increase for the change in the multiplier), and
  - b. the cap on increases for other properties (up to and including £50,000 rateable value) in both 2015-16 and 2016-17 will be 25% (before the increase for the change in the multiplier)

### Calculation of relief

1. Under the existing statutory transition scheme which ends on 31 March 2015 transitional relief is measured before all other reliefs. But the extension of transitional relief into 2015/16 and 2016/17 will be delivered via section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act) which is measured after other reliefs (including other Localism Act delivered reliefs such as retail relief)
2. Transitional relief will be calculated on a daily basis
3. Relief will be calculated in accordance with the guidance provided by the Government which can be found at <https://www.gov.uk/government/publications/business-rates-extension-of-transitional-relief-for-small-and-medium-properties>. The calculation steps will be as follows

- Step 1 Identify eligible properties by assuming the transitional relief scheme continued in its current format using the caps
- Step 2 Calculate the rates bill for those properties after all other reliefs but assuming transitional relief has ended
- Step 3 Calculate the rates bill for those properties after all other reliefs assuming transitional relief has continued
- Step 4 The difference between steps 2 and 3 will be the Localism Act transitional relief value

An example is as follows

If a ratepayer would have been eligible for transitional relief caps of 25% in 2015-16 then their bill is calculated as follows (ignoring inflation):

	Step 1	Step 2	Step 3	Step 4
	2014-15	2015-16	2015-16	2015-16
Bill before any reliefs	10,000	10,000	10,000	10,000
Transitional relief (had the scheme continued)	-4,000	n/a	-2,500	n/a
Net bill before Localism Act discount	6,000	10,000	7,500	10,000
Localism Act discount (to give effect to transitional relief)	n/a	n/a	n/a	<b>-2,500</b>
Net rates bill	6,000	10,000	7,500	7,500

If a ratepayer would have been eligible for transitional relief caps of 25% in 2015-16, but they are also in receipt of 80% charitable mandatory relief, then their bill is calculated as follows (ignoring inflation):

	Step 1	Step 2	Step 3	Step 4
	2014-15	2015-16	2015-16	2015-16
Bill before any reliefs	10,000	10,000	10,000	10,000
Transitional relief (had the scheme continued)	-4,000	n/a	-2,500	n/a
Net bill before Charitable relief or Localism Act discount	6,000	10,000	7,500	10,000
Charitable relief	-4,800	-8,000	-6,000	-8,000
Localism Act discount (to give effect to transitional relief)	n/a	n/a	n/a	<b>-500</b>
Net rates bill	1,200	2,000	1,500	1,500

## **Recalculation of relief**

Transitional relief awarded in accordance with this policy will be re-calculated in the event of a change in circumstances affecting the amount of relief awarded. If a change occurs in a year later then the relief will be re-calculated retrospectively

## **State Aid**

The award of extended transitional relief as a Localism Act discount constitutes State Aid and must comply with EU law. Businesses in receipt of this relief must advise the council if they have received any other State Aid that exceeds in total €200,000 in a 3 year period, under the De Minimis Regulations EC 1407/2013. The total amount of State Aid received includes any Retail Relief or Reoccupation Relief being granted in respect of all properties for which the business is responsible. Further information on State Aid law can be found at <https://www.gov.uk/state-aid>.

## **Administration**

- Decisions relating to the granting of reliefs in accordance with the Government guidance will be delegated to the Revenues Manager
- Reliefs may be granted automatically where information held on the business rate account is confirms eligibility in line with qualifying criteria. In these cases businesses will be asked to notify the council if they are in receipt of other State Aid
- There is no statutory right of appeal against a decision made by the Council in respect of retail rate or business rate reoccupation relief. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. The review will be carried out by the Director of Resources