

**Cheltenham Borough Council**  
**Cabinet – 17 March 2015**  
**Temporary Business Rate Relief Schemes**

<b>Accountable member</b>	<b>Councillor John Rawson, Cabinet Member Finance</b>
<b>Accountable officer</b>	<b>Mark Sheldon, Director of Resources</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key Decision</b>	<b>No</b>
<b>Executive summary</b>	<p>In December 2014, as part of the Autumn Statement, the government announced that it will extend the current transitional relief scheme which limits increases to business rates bills following a revaluation to March for properties with a rateable value up to £50,000.</p> <p>The Government also announced that the amount of retail relief which was introduced in 2014/2015 is to increase from £1,000 to £1,500 in 2015/2016.</p> <p>These reliefs are to be awarded using discretionary powers introduced by the Localism Act and approval is being sought to award relief in accordance with Government guidance. The Government will reimburse the council for the cost of these reliefs</p>
<b>Recommendations</b>	<ul style="list-style-type: none"> <li>a) <b>To approve the increase in the level of retail relief to £1,500 for 2015-2016 to be awarded in line with the detailed guidance in appendix 2.</b></li> <li>b) <b>To approve a scheme of transitional rate relief in line with principles set out in appendix 3.</b></li> <li>c) <b>To approve that the extended transitional relief scheme remains in place whilst 100% reimbursement is available from the Government</b></li> <li>d) <b>To approve delegation of awarding transitional relief, in line with the detailed guidance, to the Revenues Manager, with the final decision in the event of dispute being taken by the Director of Resources</b></li> </ul>

<b>Financial implications</b>	<p>The Government will fully reimburse local authorities for the local share of the discretionary relief using a grant under section 31 of the Local Government Finance Act 2003 although some clarity is lacking in respect of the accounting arrangement for business rate pools.</p> <p><b>Contact officer: Mark Sheldon, mark.sheldon@cheltenham.gov.uk, 01242 264123</b></p>
<b>Legal implications</b>	<p>The statutory context for this discretionary scheme is as set out in the report, as is the legal context of state aid (which is contained, in more detail, in the guidance documents referenced as background papers). Whilst there is no statutory right of appeal against refusal of relief, it is proposed that the decisions of the Revenues Manager are reviewable by the Director of Resources.</p> <p><b>Contact officer: peter.lewis@tewkesbury.gov.uk, 01684 272012</b></p>
<b>HR implications (including learning and organisational development)</b>	<p>None</p> <p><b>Contact officer: , @cheltenham.gov.uk, 01242</b></p>
<b>Key risks</b>	<p>As relief awarded will be fully reimbursed by Central Government there is limited financial risk. The major risk would be around reputation if the Council decided not to adopt the scheme</p>
<b>Corporate and community plan Implications</b>	<p>None</p>
<b>Environmental and climate change implications</b>	<p>None</p>
<b>Property/Asset Implications</b>	<p>None</p> <p><b>Contact officer: David Roberts@cheltenham.gov.uk</b></p>

## Background

- 1.1** In the Autumn Statement 2013 the Government announced a range of business rates relief initiatives to support businesses in 2014/15 and 2015/16, one of which was the Retail Rate Relief.
- 1.2** The amount of retail relief awarded in respect of 2014/2015 is £1,000. In the Autumn Statement 2014 the Government announced an increase in the amount of retail relief for 2015/2016 to £1,500.
- 1.3** The Government also announced in the Autumn Statement 2014 that it will extend the current transitional relief scheme into 2015/2016 and 2016/2017 for properties with a rateable value up to and including £50,000.
- 1.4** As these measures are only temporary business rates legislation has not been amended. The Government expects local authorities to use their discretionary rate relief powers contained in

Section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011.

- 1.5 The Government intends to fully reimburse billing authorities for the cost of the local share of both types of relief which is granted in accordance with the set criteria outlines in appendices 2 and 3.
- 1.6 The reliefs are to be applied to business rate bills to reduce the amount payable. Due to the timing of information about these reliefs the appropriate amount of relief has been awarded to bills currently being issued to businesses.
- 1.7 Both types of relief are subject to state aid rules and businesses will be asked to verify that they are not in receipt of any other state aid that would mean they exceed the current limits.

## **2. Retail Rate Relief**

- 2.1 Retail Rate Relief can be awarded in respect of certain occupied retail premises where the rateable value is less than £50,000.
- 2.2 A policy was approved by Cabinet on 15 July 2014 in line with the detailed guidance provided by the Government and retail relief up to the maximum amount of £1,000 has been awarded to about 450 businesses in 2014/2015.
- 2.3 Approval is being sought to amend the policy to increase the amount of relief to £1,500 in respect of 2015/2016 rate liabilities. Any relief awarded in respect of 2014/15 rate bills will continue to be £1,000. The qualifying conditions as detailed in appendix 2 remain unchanged.

## **3. Transitional Relief Scheme**

- 3.1 The current transitional relief scheme was introduced in 2010 to help those ratepayers who were faced with higher bills as a result of the national revaluation. The scheme ended on 31 March 2015 as the subsequent revaluation should have taken effect from 01 April 2015. The Government, however, has delayed the revaluation until 2017 and as a result a small number of ratepayers will face a jump to their full rates bill from 1 April 2015.
- 3.2 The extension of the transitional relief scheme for 2015/2016 and 2016/2017 will mean that properties with a rateable value of up to £50,000 will continue to receive relief that would have applied had the existing scheme not ended.
- 3.3 Transitional relief 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.
- 3.4 It is estimated that only about 12 businesses will initially benefit from this relief at a cost of approximately £6,000 in 2015/2016 although this may change as a result of changes in rateable value.

## **4. Reasons for recommendations**

- 4.1 As these measures are available for a limited period only the Government has not amended legislation relating to business rate reliefs. It expects billing authorities to use their discretionary powers introduced by the Localism Act, amending section 47 of the Local Government Finance

Act 1988.

## 5. Alternative options considered

- 5.1 The Government expects billing authorities to grant these reliefs to qualifying ratepayers and will fully reimburse them for the local share of the cost.

<b>Report author</b>	<b>Contact officer: Jayne Gilpin, <a href="mailto:Jayne.gilpin@cheltenham.gov.uk">Jayne.gilpin@cheltenham.gov.uk</a>, 01242 264323</b>
<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Business Rates Retail Relief and Business Rates Reoccupation Relief Policy</li><li>3. Extension of Transitional Relief Policy</li></ol>
<b>Background information</b>	<ol style="list-style-type: none"><li>1. Section 47 Local Government Finance Act 1988, as amended by clause 69 of The Localism Act 2011</li><li>2. Business Rates Retail Relief Guidance <a href="https://www.gov.uk/government/publications/business-rates-retail-relief">https://www.gov.uk/government/publications/business-rates-retail-relief</a></li><li>3. Extension of Transitional relief Guidance <a href="https://www.gov.uk/government/publications/business-rates-extension-of-transitional-relief-for-small-and-medium-properties">https://www.gov.uk/government/publications/business-rates-extension-of-transitional-relief-for-small-and-medium-properties</a></li></ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	Bad publicity and impact on the retail sector in Cheltenham if the policy is not approved	Mark Sheldon	17/03/2015	4	1	4	Accept	Cabinet Approves the amendment to the policy in appendix 2		Jayne Gilpin	
	Bad publicity and impact on affected businesses if the policy is not approved	Mark Sheldon	17/03/2015	3	1	3	Accept	Cabinet Approves the amendment to the policy in appendix 3		Jayne Gilpin	

**Explanatory notes**

**Impact** – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

**Likelihood** – how likely is it that the risk will occur on a scale of 1-6  
(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

**Control** - Either: Reduce / Accept / Transfer to 3rd party / Close