

**Cheltenham Borough Council**  
**Cabinet – 13<sup>th</sup> February 2018**  
**Discretionary Business Rate Reliefs**

<b>Accountable member</b>	<b>Councillor Rowena Hay, Cabinet Member Finance</b>
<b>Accountable officer</b>	<b>Jayne Gilpin, Head of Revenues and Benefits</b>
<b>Ward(s) affected</b>	<b>All</b>
<b>Key/Significant Decision</b>	<b>Yes</b>
<b>Executive summary</b>	<p>At the Spring Budget 2017, the Government announced three separate relief schemes to help business ratepayers facing large increases in bills as a result of the 2017 revaluation of business premises. The three schemes are</p> <ul style="list-style-type: none"> <li>• Supporting Small Businesses. A cap will be applied to businesses coming out of small business rate relief to limit the increase in rates payable</li> <li>• Relief for Pubs. A discount of £1,000 will be available to pubs with a rateable value of less than 100,000 in 2017/18 and 2018/19.</li> <li>• Local Revaluation Support Scheme. A fund of £271,000 was made available to the Council in 2017/18 to design its own local relief scheme for businesses most affected by increased rates bills. The funding is reduced to £132,000 in 2018/19</li> </ul> <p>Approval is being sought to award these reliefs using discretionary powers introduced by the Localism Act. The first two reliefs are to be awarded in accordance with the Government set criteria and will be fully funded. The proposed criteria for the Local Revaluation Support Scheme is detailed in appendix 2.</p>
<b>Recommendations</b>	<p><b>Cabinet is recommended to</b></p> <ol style="list-style-type: none"> <li><b>1. Approve a change to the amount of local discretionary revaluation support scheme for 2017/18 as set out in section 2.3 of this report and appendix 2</b></li> <li><b>2. Approve the local discretionary revaluation support scheme for 2018/19 in accordance with section 3 of this report and appendix 2</b></li> <li><b>3. Approve the extension of the relief scheme for pubs in 2018/19 to be awarded in accordance with the detailed guidance in appendix 3</b></li> <li><b>4. Approve the Supporting Small Businesses relief scheme in</b></li> </ol>

**2018/19 to be awarded in line with the detailed guidance in appendix 3**

- 5. Authorises the Chief Finance Officer, in consultation with the Cabinet Member Finance, to set the percentage relief level for local revaluation support in 2018/19 as detailed in section 3.4 of this report.**
- 6. Due to the volume of cases, delegate decisions relating to the application of these reliefs to the Head of Revenues and Benefits and officers in the Business Rates team. In the case of a dispute a reconsideration is to be made by the Chief Finance Officer in consultation with the Cabinet Member Finance.**

<p><b>Financial implications</b></p>	<p>As detailed within the report and appendices. Central Government will fully fund the revenue lost due to these reliefs (discount for pubs and relief for businesses losing small business rate relief), provided the Council uses its powers to grant relief in accordance with the guidance.</p> <p>With regards to local revaluation support, the Government has allocated a specific sum of money to billing authorities for each of the four years 2017/18 to 2020/21 to fund a locally designed relief scheme as set out in para 1.4.</p> <p><b>Contact officer: Paul Jones</b> <b>paul.jones@cheltenham.gov.uk, 01242 775154</b></p>
<p><b>Legal implications</b></p>	<p>The Council has statutory power to award discretionary rate relief under:</p> <p>S44A</p> <p>S47 (as amended by S69 of the Localism Act 2011),</p> <p>S49 of the Local Government Finance Act 1988 and,</p> <p>S42A &amp; S42B of the Local Government &amp; Rating Act 1997.</p> <p>With the exception of S44a relief, the Council cannot grant discretionary relief in respect of 'excepted hereditaments'. An 'excepted hereditament' is one where the Council or precepting authority would be liable to pay the rates. Additionally, case law has established that, where a discretionary power exists, it must be applied fairly and not arbitrarily.</p> <p>Contact officer: donna.marks@tewkesbury.gov.uk, 0168427068</p>
<p><b>HR implications (including learning and organisational development)</b></p>	<p>There are none associated with this report</p> <p><b>Contact officer: , @cheltenham.gov.uk, 01242</b></p>
<p><b>Key risks</b></p>	<p><b>See appendix 1</b></p>

<b>Corporate and community plan Implications</b>	None
<b>Environmental and climate change implications</b>	None
<b>Property/Asset Implications</b>	There is nothing in this report which impacts on Council properties <b>Contact officer: David Roberts@cheltenham.gov.uk</b>

## 1. Background

- 1.1 In the spring budget the Government announced three new relief schemes to support businesses facing the steepest increases in their business rates bills as a result of the revaluation of business premises from April 2017.
- 1.2 As these reliefs are a temporary measure, the government is not changing business rates legislation; it expects billing authorities to use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief.
- 1.3 The Government has set the conditions which must be met for the discount for pubs and relief for businesses losing small business rate relief. It will fully fund the revenue lost due to these reliefs, provided the Council uses its powers to grant relief in accordance with the guidance.
- 1.4 With regards to local revaluation support, the Government has allocated a specific sum of money to billing authorities for each of the four years 2017/18 to 2020/21 to fund a locally designed relief scheme. This Council has been allocated the following amounts:

<b>Amount of discretionary fund awarded (£000s)</b>			
<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
271	132	54	8

- 1.5 The Council can set its own qualifying conditions and the amount of relief to be awarded to local businesses, provided there has been an increase in the amount of business rates payable due to the revaluation.

## 2. Local Revaluation Support 2017/18

- 2.1 The Local Revaluation Support Scheme for 2017/18 was approved by Cabinet on 12th September 2017
- 2.2 So far relief amounting to £140,000 has been awarded to 302 businesses. During September relief was granted to businesses identified as most likely to qualify and application forms were issued to some where it was less clear that the conditions would be met. A further review of business rate cases has been undertaken and some additional application forms have now been issued.
- 2.3 The funding available for 2017/18 is £271,000. The relief level was set at 50% of the increase in rates payable in 2017/18 compared to 2016/2017. As only £140,000 has been spent it is proposed that the relief level is increased from 50% to 85% of the increase. It is estimated this will increase the total amount to just under £240,000. This will leave a small balance for further applications being received.
- 2.4 All other qualifying conditions as detailed in appendix 2 will remain unchanged

- 2.5 Revised bills will be issued to businesses to reflect the increased relief
- 2.6 Due to the volume of cases delegation is being sought for Officers in the Revenues team to make decisions on the award of reliefs based on the detailed criteria in appendix 2. Although there is no statutory right of appeal, where a decision is disputed it will be reconsidered by the Chief Finance Officer in consultation with the Cabinet Member Finance.
- 2.7 This scheme will apply to 2017/18 business rate bills. A review will be undertaken and a revised scheme will be formulated based on the funding for future years, in time for 2018/19 bills being issued.

### **3. Local Revaluation Support 2018/19**

- 3.1 Local Revaluation Support Relief will continue to be available in 2018/19 and the funding available is £132,000
- 3.2 As the revaluation support scheme is intended to provide relief to businesses that faced increased bills due to the revaluation, relief in 2018/19 will only available to businesses that qualify in 2017/18.
- 3.3 It is proposed that relief in 2018/19 is calculated as a percentage of the net rates payable after all other reliefs have been awarded.
- 3.4 So that the total relief awarded to businesses in 2018/19 is as close as possible to the £132,000 funding available, authority is being sought for the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to determine the actual percentage to be applied.
- 3.5 The determination will be made once 2018/19 rates bills have been calculated and will be prior to 31<sup>st</sup> March 2018.

### **4. Relief for Pubs and Businesses losing Small Business Rate Relief**

- 4.1 A discount of £1,000 is available for pubs with a rateable value of up to 100,000. This was originally for 2017/18 only but the Government announced this will continue for 2018/19 and will be fully funded.
- 4.2 The discount is to be awarded in line with the detailed guidance in Appendix 3 using the Council's discretionary powers. Sections 3 and 4 on State Aid and Administration in Appendix 2 will apply to this relief.

### **5. Supporting Small Businesses Relief**

- 5.1 This relief is available to help those ratepayers who as a result of the revaluation have lost all or some of their small business rate relief and face large increases in bills.
- 5.2 The supporting small businesses relief ensures that ratepayers losing some or all of their small business rate relief will pay an increase limited to the greater of 5% or £600. The relief will be available for up to five years, reducing each year until the full rate bill is met.
- 5.3 The relief is to be awarded in line with the detailed guidance in Appendix 3 using the Council's discretionary powers. Sections 3 and 4 on State Aid and Administration in Appendix 2 will apply to this relief.

## 6. Alternative options considered

- 6.1 Funding is available for designing and implementing a local business rate relief scheme to businesses hardest hit by the impact of revaluation described in this report. If the policy is not approved and implemented the funding must be returned to the Government.
- 6.2 With regards to the pubs and supporting small businesses relief, the Government expects billing authorities to grant these reliefs to qualifying ratepayers and will fully reimburse the Council for its share of the cost.

## 7. Consultation and feedback

- 7.1 Gloucestershire County Council as a precepting authority receiving funding via the business rates retention system have been consulted through the countywide Chief Finance Officer group. The six billing authorities have worked collaboratively on designing the core principles for relief schemes which have been modified to take account of the size and type of properties and business rate payers in Cheltenham. The County Council is being kept informed of the final scheme.

## 8. Performance management –monitoring and review

- 8.1 The number of businesses benefiting from these relief schemes and the total amount awarded will be monitored by the Head of Revenues and Benefits on a monthly basis. A summary position will be reported in the quarterly budget monitoring report.
- 8.2 A review will be undertaken later this year with further modelling to design a revised scheme for future years based on the Government funding available.

<b>Report author</b>	<b>Contact officer: Jayne Gilpin, Head of Revenues and Benefits</b> <b>Jayne.gilpin@cheltenham.gov.uk,</b> <b>01242 264323</b>
<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. Local Discretionary Business Rates Relief Schemes 2017/2018 and 2018/19</li><li>3. DCLG Business Rates information letter 4/2017 containing guidance in pubs and supporting small businesses relief</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. DCLG Business Rates information letter 4/2017 containing guidance in pubs and supporting small businesses relief. <a href="http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/620750/BRIL_4-2017_Spring_Budget_update.pdf">www.gov.uk/government/uploads/system/uploads/attachment_data/file/620750/BRIL_4-2017_Spring_Budget_update.pdf</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
1	If the policy is not approved the funding will have to be returned to the government and local businesses will suffer	Paul Jones	30/01/2018	2	1	2	Accept	Cabinet Approves the report recommendations	30/01/2018	Jayne Gilpin	
2	If more local revaluation support is awarded than the funding received from Government the council will be required to cover the cost	Paul Jones	30/01/2018	2	3	6	Accept and Monitor	The amount of relief available to businesses does not allocate all of the funding. Monitoring will be undertaken monthly		Jayne Gilpin	
<b>Explanatory notes</b>											
<p><b>Impact</b> – 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)</p> <p><b>Likelihood</b> – 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)</p> <p><b>Control</b> - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											

**Guidance**

Types of risks could include the following:

- Potential reputation risks from the decision in terms of bad publicity, impact on the community or on partners;
- Financial risks associated with the decision;

- Political risks that the decision might not have cross-party support;
- Environmental risks associated with the decision;
- Potential adverse equality impacts from the decision;
- Capacity risks in terms of the ability of the organisation to ensure the effective delivery of the decision
- Legal risks arising from the decision

Remember to highlight risks which may impact on the strategy and actions which are being followed to deliver the objectives, so that members can identify the need to review objectives, options and decisions on a timely basis should these risks arise.

### **Risk ref**

If the risk is already recorded, note either the corporate risk register or TEN reference

### **Risk Description**

Please use “If xx happens then xx will be the consequence” (cause and effect). For example “If the council’s business continuity planning does not deliver effective responses to the predicted flu pandemic then council services will be significantly impacted.”

### **Risk owner**

Please identify the lead officer who has identified the risk and will be responsible for it.

### **Risk score**

Impact on a scale from 1 to 5 multiplied by likelihood on a scale from 1 to 6. Please see risk [scorecard](#) for more information on how to score a risk

### **Control**

Either: Reduce / Accept / Transfer to 3rd party / Close

### **Action**

There are usually things the council can do to reduce either the likelihood or impact of the risk. Controls may already be in place, such as budget monitoring or new controls or actions may also be needed.

### **Responsible officer**

Please identify the lead officer who will be responsible for the action to control the risk.

For further guidance, please refer to the [risk management policy](#)

### **Transferred to risk register**

Please ensure that the risk is transferred to a live risk register. This could be a team, divisional or corporate risk register depending on the nature of the risk and what level of objective it is impacting on