

Cheltenham Borough Council
Cabinet – 11 September 2018
Discretionary Business Rate Reliefs

Accountable member	Councillor Rowena Hay, Cabinet Member Finance
Accountable officer	Jayne Gilpin, Head of Revenues and Benefits
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>At the Spring Budget 2017, the Government announced relief schemes to help business ratepayers facing large increases in bills as a result of the 2017 revaluation of business premises. A fund of £271,000 was made available to the Council in 2017/18 to design its own Local Revaluation Support Scheme for businesses most affected by increased rates bills.</p> <p>Approval is being sought for the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine a revised percentage to be applied in respect of 2017/18 rate liabilities so that the unspent balance of £35,000 can be allocated to businesses.</p>
Recommendations	<p>Cabinet is recommended to</p> <ol style="list-style-type: none"> 1. Authorise the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine a revised percentage relief level for the Local Revaluation Support in 2017/18 as detailed in section 2.4 of this report.

Financial implications	<p>The Government 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. The Government initially advised that any unspent funds would have to be returned at the end of each financial year but has now advised that they can be spent up to 30 September in the following year. The council therefore has until 30th September 2018 to utilise the 2017/18 fund and make final awards, as detailed in section 2 to this report.</p> <p>Contact officer: Sarah Didcote</p> <p>sarah.didcote@cheltenham.gov.uk, 01242 264125</p>
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Legal implications	<p>There are no specific legal implications arising from the report recommendation. The general legal context remains as referenced in the February 2018 Cabinet report.</p> <p>Contact officer: peter.lewis@tewkesbury.gov.uk, 01684272012</p>
HR implications (including learning and organisational development)	<p>There are none associated with this report</p> <p>Contact officer: @cheltenham.gov.uk, 01242</p>
Key risks	See appendix 1
Corporate and community plan Implications	None
Environmental and climate change implications	None
Property/Asset Implications	<p>There is nothing in this report which impacts on Council properties</p> <p>Contact officer:</p>

1. Background

- 1.1 In the 2017 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 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:

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

- 1.4 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 and an amendment to increase the percentage awarded was approved by Cabinet on 13th February 2018.
- 2.2 The funding available for 2017/18 is £271,000. The relief level was originally set at 50% of the increase in rates payable in 2017/18 compared to 2016/2017. As only £140,000 had been spent, the relief level was increased from 50% to 85% of the increase, in February 2018. This resulted in the total amount awarded being increased to £236,000 and supported over 300 local businesses. This left a balance of £35,000 to allow for further applications being received.
- 2.3 Several press enquiries have recently been made to the Council and the Ministry for Housing Communities and Local Government (MHCLG) regarding the allocation of any unspent 2017/18 funding. When the funds were originally allocated Councils were advised that any underspend during 2017/18 would have to be returned however MHCLG have confirmed that the Council now has until 30th September 2018 to utilise the 2017/18 fund and make final awards.
- 2.4 To enable the total relief awarded to businesses in 2017/18 to be as close as possible to the £271,000 provided by Government, taking into account fluctuations in awards due to Rateable Value changes between now and 30th September 2018, authority is being sought for the Executive Director Finance and Assets in consultation with the Cabinet Member for Finance, to determine the revised percentage to be applied for 2017/18.

2.5 Once determined, revised bills will be issued to businesses to reflect the increased relief for 2017/18 which must be awarded by 30th September 2018.

2.6 This scheme will apply to 2017/18 business rate bills only.

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. Awards will continue to be made in accordance with Cabinet approval on 13th February 2018.

4. Alternative options considered

4.1 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.

5. Consultation and feedback

5.1 Gloucestershire County Council as a precepting authority receiving funding via the business rates retention system were consulted on the design of the scheme.

6. Performance management – monitoring and review

6.1 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.

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Appendices	1. Risk Assessment
Background information	1. Section 47 Local Government Finance Act 1988, as amended by clause 69 of The Localism Act 2011 2. MHCLG Business Rates information letter 4/2017 containing guidance in pubs and supporting small businesses relief. www.gov.uk/government/uploads/system/uploads/attachment_data/file/620750/BRIL_4-2017_Spring_Budget_update.pdf

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	ED Fin and Assets	28/08/2018	2	1	2	Accept	Cabinet Approves the report recommendations		Head of Rev and Bens	
2	If more local revaluation support is awarded than the funding received from Government the council will be required to cover the cost	ED Fin and Assets	28/08/2018	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	
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											