

Cheltenham Borough Council
Cabinet – 12th February 2019
Local Discretionary Business Rates Relief Schemes

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>In the Budget on 29 October 2018, the Government announced that it would provide business rates retail discounts in the years 2019-20 and 2020-21. The discounts are to be awarded in accordance with the Government set eligibility criteria using the Council's discretionary powers. The Government will reimburse the Council in full for the cost of these discounts. Approval is being sought to award these reliefs using discretionary powers introduced by the Localism Act.</p> <p>Following the 2017 revaluation the Government announced relief schemes to help businesses most affected by increased rates bills.</p> <ul style="list-style-type: none"> • Supporting Small Business Relief sets a cap on the increase payable for business losing small business rate relief and is available for up to five years from 2017/18 • The Government provided funding for Councils to design their own Local Revaluation Support Schemes <p>These reliefs are awarded using the Council's discretionary powers and approval is also being sought to continue these reliefs in accordance with the Government guidance and funding.</p>
Recommendations	<p>Cabinet is recommended to</p> <ol style="list-style-type: none"> 1. Approve a business rates retail discount scheme for 2019/20 and 2020/21 in line with Government funding, detailed guidance in appendix 3 2. Approve the local discretionary revaluation support scheme for 2019/20 and 2020/21 in accordance with section 3 of this report and appendix 2 3. Authorises the Executive Director Finance and Assets, in consultation with the Cabinet Member Finance, to set the percentage relief level for local revaluation support in respect of

2019/20 and 2020/21 as detailed in section 3.5 of this report.

- 4. Approves the continuation of the Supporting Small Businesses Relief Scheme until the scheme is ended in accordance with the Government guidance and appendix 2**
- 5. 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 reconsideration is to be made by the Executive Director Finance and Assets.**

Financial implications	<p>As detailed within the report and appendices Central government will fully reimburse local authorities for the local share of the retail discounts provided the Council uses its powers to grant them 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 2.1.</p> <p>Contact officer: Paul Jones paul.jones@cheltenham.gov.uk, 01242 775154</p>
Legal implications	<p>The Council has statutory power to award discretionary rate relief under S47 of the Local Government Finance Act 1988 (as amended by S69 of the Localism Act 2011).</p> <p>The cost of relief to the Local Authority can be recovered from the Government by way of grant under Section 31 of the Local Government Act 2003. The government must establish a discretionary scheme for administering the relief to access this funding.</p> <p>Providing discretionary relief is likely to amount to State Aid and as such the relief should be awarded in accordance with the De Minimis Regulations, and an undertaking must advise the Council if they have received any other State Aid that exceeds a total of €200,000 in a 3 year period.</p> <p>Contact officer: daisy.freeman@tewkesbury.gov.uk</p>
HR implications (including learning and organisational development)	<p>There are none associated with this report</p>
Key risks	<p>See appendix 1</p>
Corporate and community plan Implications	<p>None</p>

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: Dominic.Stead@cheltenham.gov.uk</p>

1. Retail Discounts

- 1.1 In the budget statement on 29 October 2018 the Government announced that it would provide business rates discounts for retail properties for the financial years 2019/20 and 2020/21.
- 1.2 The discounts will be available for occupied properties being used for retail purposes with a rateable value of less than 51,000. The value of discount is one third of the bill, to be applied after other reliefs.
- 1.3 A list of the types of retail purposes is in the guidance. It includes shops, bars, pubs, café's, restaurants, coffee shops and takeaways. It also includes those properties being used for services such as travel agents, hair dressers, dry cleaners and shoe repairs.
- 1.4 As these 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, amended by the Localism act, to adopt a scheme to grant the discounts using the detailed guidance provided which is in appendix 3. Administration and State Aid in sections 3 and 4 of appendix 2 will also apply to this relief.
- 1.5 The Government will fully fund the local share of retail discounts awarded, provided the Council uses its powers to grant relief in accordance with the eligibility criteria in the guidance.
- 1.6 The discounts are subject to state aid rules so larger businesses with multiple outlets will not qualify. The business rates team are identifying eligible businesses but most likely will be asked to verify that they are not in receipt of any other state aid that would mean they exceed the current limits.
- 1.7 The business rates team have so far identified over 300 businesses that will qualify for this relief and it will be applied to the 2019/20 bills when they are issued in March. Application forms are being issued in other cases to verify whether the qualifying conditions are met.

2. Local Revaluation Support 2017/18 and 2018/19

- 2.1 Local Revaluation Support has been available since 2017/18 to help businesses facing large increases in rates bills due to the 2017 revaluation. 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. This Council was allocated the following amounts:

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

- 2.2 £268,000 has been allocated in respect of 2017/18. Legislation allows the relief to be awarded up to 6 months after the end of the relevant financial year so no further relief can be awarded in respect of 2017/18.
- 2.3 As the relief is to help businesses with increased bills in 2017/18 compared to 2016/17, due to the revaluation, it can only continue to be awarded to businesses in receipt of the relief in 2017/18.
- 2.4 £122,000 was initially awarded in respect of 2018/19 but due to businesses vacating their premises and rateable value changes this has reduced to £111,000. On 13 February 2018 Cabinet authorised the Executive Director Finance and Assets, in consultation with the Cabinet Member Finance, to set the percentage relief level for local revaluation support in 2018/19. The

percentage will be re set so that the maximum funding is allocated to businesses.

3. Local Revaluation Support 2019/20 and 2020/21

- 3.1** Local Revaluation Support Relief will continue to be available in 2019/20 with the funding available being at £54,000 and in 2020/21 with the funding at £8,000.
- 3.2** As the revaluation support scheme is intended to provide relief to businesses that faced increased bills due to the revaluation, relief will only available to businesses that have qualified continually since 2017/18
- 3.3** Relief in both years will be calculated as a percentage of the net rates payable after all reliefs, apart from the new retail discount, have been awarded.
- 3.4** Approval is being sought to award the relief in both years in line with the funding available and the scheme conditions in appendix 2.
- 3.5** So that the total relief awarded to businesses in both years is as close as possible to the £132,000 funding available, authority is being sought for the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to determine the actual percentage to be applied.
- 3.6** The determination will be made prior to the annual bills being issued in March each year and the rate will be reset if required to ensure the funding is distributed.

4. Relief for Businesses losing Small Business Rate Relief

- 4.1** This relief is available to help those ratepayers who as a result of the 2017 revaluation lost all or some of their small business rate relief and faced large increases in bills.
- 4.2** The relief limited the increase in 2017/18 to the greater of 5% or £600. It then reduces each year, for up five years, until the full rate bill is met.
- 4.3** The relief is funded by the Government and will be awarded in line with the detailed guidance using the Council's discretionary powers. Sections 3 and 4 on State Aid and Administration in Appendix 2 will also apply to this relief

5. Alternative options considered

- 5.1** Government funding is available for all of the reliefs in this report. In respect of Revaluation support, funding is limited to the stipulated amount. If the policy is not approved and implemented the funding must be returned to the Government
- 5.2** In respect of the other reliefs Government expects billing authorities to grant these reliefs to qualifying ratepayers and will fully reimburse the Council for its share of the cost of reliefs awarded in line with the guidance. If the policy is not approved and implemented the funding must be returned to the Government.

6. Consultation and feedback

- 6.1** Gloucestershire County Council as a precepting authority receiving funding via the business rates retention system were consulted on the revaluation support scheme 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.

7. Performance management –monitoring and review

- 7.1** 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.
- 7.2** A review will be undertaken during each year and year to ensure the maximum funding is being allocated to businesses.

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Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Retail Discount guidance 3. Local Discretionary Business Rates Relief Schemes February 2019
Background information	<ol style="list-style-type: none"> 1. Section 47 Local Government Finance Act 1988, as amended by clause 69 of The Localism Act 2011

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	Jayne Gilpin	30/01/2019	2	1	2	Accept	Cabinet Approves the report recommendations	12/02/2019	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	Jayne Gilpin	30/01/2019	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											