

Cheltenham Borough Council
Cabinet 3rd March 2020
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>Business Rate relief schemes have been in place since the 2017 revaluation and retail discounts were introduced in 2019/20. These schemes are now being updated for 2020/21. In addition the government is introducing a new relief scheme for pubs in 2020/21.</p> <p>The reliefs are to be 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 the increase in the business rates retail discount scheme for 2020/21 as detailed in appendix 2 and the detailed guidance in appendix 3 2. Approve the local discretionary revaluation support scheme for 2020/21 in accordance with section 2 of this report and appendix 2 3. Approve the continuation of the Supporting Small Businesses Relief Scheme in accordance appendix 2 4. Approve the Pub Discount scheme for 2020/21 in line with appendix 2 and the detailed guidance in appendix 4 5. Authorises the Executive Director Finance and Assets, in consultation with the Cabinet Member Finance, to reset the percentage relief level for local revaluation support in respect of 2020/21 if necessary 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 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: Sarah Farooqi, sarah.farooqi@teWKesbury.gov.uk, 01684 272012</p>
HR implications (including learning and organisational development)	There are none associated with this report
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: 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 In 2019/20 the discounts apply to 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 full rates payable, to be applied after other reliefs.
- 1.3 Retail discounts totalling just over £900,000 have been awarded to 300 businesses in 2019/20.
- 1.4 The Government has confirmed that for 2020/21 the level of discount is being increased to 50% of the rates payable after all other reliefs and extended the criteria to include music venues and cinemas.
- 1.5 In addition to the cinemas and music venues being added for 2020/21 the discount is available to 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. A list of the types of retail purposes is in the guidance in appendix 3
- 1.6 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 5 and 6 of appendix 2 will also apply to this relief.
- 1.7 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.
- 1.8 The discounts are subject to state aid rules so larger businesses with multiple outlets will not qualify.
- 1.9 The 50% discount will be included on bills for 2020/21 being issued in March 2020

2. Local Revaluation Support 2020/21

- 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	7.7

- 2.2** As the revaluation support scheme is intended to provide relief to businesses that faced increased bills due to the revaluation, relief will only be available to businesses that have qualified continually since 2017/18.
- 2.3** 220 businesses have benefited from support in 2019/20.
- 2.4** 2020/21 is the final year of funding for Local Revaluation Support Relief with just £7,700 being available to distribute to businesses.
- 2.5** In 2020/21 businesses in receipt of any other mandatory or discretionary reliefs, including those funded by the Government will be excluded from this scheme. This leaves about 120 businesses to share the £7,700.
- 2.6** The relief awarded will be calculated at 0.35% of the net rates payable after all reliefs
- 2.7** Approval is being sought to award the relief in line with the funding available and the scheme conditions in appendix 2.
- 2.8** Authority is also being sought for the Executive Director Finance and Assets, in consultation with the Cabinet Member for Finance, to reset the actual percentage to be applied, should it be necessary to ensure the maximum funding is distributed to businesses.

3. Relief for Businesses losing Small Business Rate Relief

- 3.1** 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.
- 3.2** The relief limited the increase in 2017/18 to the greater of 5% or £600. It then reduced each year.
- 3.3** The relief in 2020/21 is a continuation of the scheme since 2017/18 and is the final year.
- 3.4** The relief is funded by the Government and will be awarded in line with the detailed guidance using the Council's discretionary powers. Sections 5 and 6 on State Aid and Administration in Appendix 2 will also apply to this relief.

4. Pubs Discount 2020/21

- 4.1** On 22 January 2020 the Government announced its intention to provide a £1,000 business rate discount to pubs.
- 4.2** The discount is a one year measure for 2020/21 only and will apply to pubs with a rateable value of less than £100,000, subject to state aid rules.
- 4.3** The discount will be fully funded by the Government and is to be awarded in line with the detailed guidance in Appendix 4 using the Council's discretionary powers. Sections 5 and 6 on State Aid and Administration in Appendix 2 will apply to this relief.
- 4.4** The business rates team are identifying pubs likely to qualify for this discount, subject to state aid rules. The discount will be applied to business rates bills.
- 4.5** 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

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.

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

Report author	Contact officer: Jayne Gilpin, Head of Revenues and Benefits Jayne.gilpin@cheltenham.gov.uk, 01242 264323
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Local Discretionary Business Rates Relief Schemes March 20203. Retail Discount guidance4. Pub Discount Guidance
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 local businesses will suffer and the funding available for the revaluation support scheme will have to be returned to the Government	Jayne Gilpin	12/02/2020	2	1	2	Accept	Cabinet Approves the report recommendations	03/03/2019	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	12/02/2020	2	3	6	Accept and Monitor	The amount of relief available to businesses does not exceed the funding available. Monitoring will be undertaken monthly	03/03/2020	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											

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