

Cheltenham Borough Council

Cabinet – 18 February 2025

Discretionary Business Rate Reliefs

Accountable member:

Councillor Alisha Lewis, Cabinet Member Finance and Assets

Accountable officer:

Jayne Gilpin, Head of Revenues and Benefits

Ward(s) affected:

All

Key Decision: Yes

Executive summary:

The purpose of this report is to seek approval for the extension of the Retail Hospitality, Leisure business rate relief scheme in 2025/26 and to update the Discretionary Rate Relief and Hardship Relief policies to reflect recent changes in legislation. The policies are also being merged into one new policy. All schemes are administered and relief awarded using the council's discretionary powers under the Local Government Finance Act 1988.

Recommendations: That Cabinet:

- 1. approves Discretionary Rate Relief Policy set out in Appendix 3.**
- 2. authorises the Head of Revenues and Benefits in consultation with the Cabinet Member Finance and Assets to implement any changes to the temporary relief schemes detailed in Appendix 3, as required by Government, or to ensure the successful operation of the schemes.**

- 3. delegates decisions relating to the award of Discretionary Rate Relief in section 2, Hardship Relief in section 3 and Partly Occupied Relief in Section 4 of the policy in Appendix 3 as follows**
 - Awards of up to £20,000 to be determined by the Head of Revenues and Benefits with reconsiderations being determined by the Deputy Chief Executive**
 - Awards between £20,000 and £100,000 to be determined by the Deputy Chief Executive with reconsiderations being determined by the Cabinet Member Finance and Assets**
 - 4. due to the volume of cases, delegates decisions in respect the award of temporary reliefs detailed in Appendix 3 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 Deputy Chief Executive and Section 151 Officer.**
 - 5. authorises the Monitoring Officer to make the necessary changes to the Council's Constitution**
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1. Implications

1.1 Financial, Property and Asset implications

Discretionary Rate Relief reduces the business rates paid by businesses thereby reducing the income this council receives. The Government fully funds the temporary reliefs referred to in the policy via section 31 grant. In accordance with the Business Rates Retention rules this council is required to fund 40% of other reliefs awarded whilst the Government funds 50% and Gloucestershire County Council 10%.

The council cannot award Discretionary Rate Relief to itself or any precepting authority

No significant changes are being proposed so the expenditure, which is £53,600 in 2024/25, is not expected to increase as a result of the policy amendments.

Signed off by: Gemma Bell, Director of Finance and Assets
gemma.bell@cheltenham.gov.uk

1.2 Legal implications

The main provision conferring the discretionary power on billing authorities to grant rate relief appears in Section 47 of the Local Government Finance Act 1988 (as amended).

The Council has a duty to carefully consider every application on its merits, taking into account the contribution that the organisation makes to the amenities of the area. There is no statutory appeal process against any decision made by the Council on these types of application. However, as with any decision of a public authority, decisions can be challenged by Judicial Review.

Signed off by: One Legal, legalservices@onelegal.org.uk

1.3 Environmental and climate change implications

The Climate Change Assessment Tool has been completed and no action is required. The report is in appendix 2.

Signed off by: maizy.mccann@cheltenham.gov.uk

1.4 Corporate Plan Priorities

This report contributes to the following Corporate Plan Priorities:

- Ensuring residents, communities and businesses benefit from Cheltenham's future growth and prosperity.
- Being a more modern, efficient and financially sustainable council

1.5 Equality, Diversity and Inclusion Implications

In order to ensure that support, funded by council taxpayers, reaches those most in need but the Council will consider more favourably applications from organisations that work in Cheltenham to support, or provide facilities to, vulnerable, disadvantaged, or underrepresented groups.

1.6 Performance management – monitoring and review

Business ratepayers in receipt of Discretionary Rate Relief are reviewed by the business rates team annually.

The Discretionary Rate Relief policy will now be reviewed every three years unless there is a specific requirement to review sooner. The number of businesses benefiting from this scheme and the total amount awarded will be monitored by the Head of Revenues and Benefits and are reported to the Government periodically

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2 Background

2.1 Business rates is a national scheme and rates are charged on most non-domestic properties. They are based on a property's rateable value, which is assigned by the Valuation Office Agency, and the multiplier, which is set by the Government each year. As the billing authority this Council's role is to administer the scheme but it has no power to set the level of business rates.

2.2 Various reliefs are available which can reduce business rates bills for eligible businesses. Some are mandatory and the council must award these where businesses meet the specified conditions eg mandatory relief for charities and small business rate relief.

2.3 The Council also has discretionary powers to grant relief from business rates, in certain circumstances, under the provision of sections, 47, 49 and 44a of the Local Government Finance Act, as amended.

2.4 The types of discretionary relief under these provisions are as follows:

- Discretionary Rate Relief in specified circumstances, to charitable and non-profit making organisations, under Section 47 of the Local Government Finance Act 1988
- Hardship relief under Section 49 of the Local Government Finance Act 1988
- Relief for premises partly occupied for a short period under section 44A of the Local Government Finance Act 1988
- Temporary relief schemes fully funded by Government, awarded under Section 47 of the Local Government Finance Act 1988

2.5 Due to recent legislation changes, which have Implications for Discretionary Rate Relief under section 47 and Hardship Relief under section 49, this report proposes some minor amendments to existing policies. In addition, as there are currently several polices these are now being brought together in one policy which will make it simpler for business ratepayers and for staff administering reliefs.

2.6 In recent years the Government has also introduced some temporary business

rate reliefs, including Retail, Hospitality and Leisure Relief which reduces business rate bills for businesses in the retail, hospitality and leisure sectors. In the Autumn statement 2024 it was confirmed that this relief will continue for 2025/26. The amount of relief will be 40% in 2025/26, a reduction from the 75% relief awarded in 2024/25.

- 2.7 Where schemes are a temporary measure the Government has not changed legislation. Councils are expected to use their discretionary powers to award relief under section 47 of the Local Government Finance Act 1988, and adopt a scheme using the detailed guidance provided by Government.
- 2.8 Rather than having a separate policy for the temporary relief schemes funded by Government these are being included as an appendix to the new policy, again so that all reliefs are contained in one policy document and as these schemes vary, often on an annual basis, the appendix can be amended.
- 2.9 In 2024/25, discretionary relief of £53,000 has been awarded to 15 charitable and non-profit making organisations, no hardship relief has been awarded and one property has benefitted from a reduction due to being partly occupied.
- 2.10 The Government fully funds the temporary relief schemes and this council funds 40% of other discretionary reliefs in accordance with business rates retention rules.

3 Changes to Relief schemes

- 3.1 The Non-domestic Rating Act 2023 amended section 47 of Local Government Finance Act 1988 to remove a restriction on the time limits for backdating of decisions and the notification for any variation to relief, allowing Councils to set their own time limits.
- 3.2 Previously, awards could be backdated to the 1st April in the preceding financial year, but only if the decision was made before the 30 September, making the maximum period that an award could be backdated 18 months. A full one year's notice was required to make any variations to the decision to award relief.
- 3.3 Point 2.15 of the policy in appendix 3 will allow the Council to award relief from the date liability commences or the beginning of the financial year in which the application is received, whichever is later. This will allow for a reasonable period of backdating whilst at the same time enabling sufficient verification to ensure requirements have been met for the backdated period.
- 3.4 Point 2.20 of the policy in appendix 3 will allow the council to determine the effective date to either vary the level of relief or to revoke a decision to award relief.

3.5 The Non-domestic Rating (Multipliers and Private Schools) Bill, which at time of writing this report is progressing through Parliament, makes provision for private schools to no longer be eligible for mandatory charitable relief from April 2025.

3.6 Point 2.11 in respect of Discretionary Rate Relief and point 4.15 (d) in respect of Hardship Relief have been amended, to exclude organisations no longer being entitled to Mandatory Relief due to changes in Government policy, from being eligible.

3.7 No other changes are being made to the qualifying criteria for the reliefs but some minor amendments have been made to update references to terms such as subsidy control, fraud awareness and the phrasing of some points for ease of understanding.

4 Reasons for recommendations

4.1 The discretionary relief policy in appendix 3 merges existing policies into one new policy document making it easier for business rate payers and staff.

4.2 Some amendments have been made to reflect recent legislation changes and changes due from April 2025.

4.3 Delegated authority to award reliefs has been reviewed with the Monitoring Officer and are being updated to ensure efficiency when considering applications whilst complying with the Council's constitution.

4.4 Approval is being sought as detailed in the recommendations. Authority is also being sought for the Monitoring Officer to make the necessary amendments to the Council's constitution. In cases where the value of relief would be greater than £100,000 Cabinet will determine the application.

4.5 The Council is required to adopt a retail, hospitality and leisure scheme for 2025/26 to ensure eligible businesses continue to receive this vital support. As the temporary relief schemes are fully funded by the Government and large volumes of business ratepayers are eligible, approval is being sought to delegate decisions to the Head of Revenues and Benefits and staff in the business rates team.

5 Alternative options considered

5.1 None. The Council is required to consider any application for relief under the discretionary powers referred to in this report. Adopting a policy setting out the circumstances and any criteria that must be met ensures consistency and fairness for business rate payers.

6 Consultation and feedback

6.1 No consultation has been undertaken. The policy is not new and no significant changes have been made

7 Key risks

7.1 The risks are in Appendix 1

Report author:

Jayne Gilpin, Head of Revenues and Benefits jayne.gilpin@cheltenham.gov.uk

Appendices:

- i. Risk Assessment
- ii. Equality Impact Assessment Screening
- iii. Discretionary Rate Relief Policy
- iv. Climate Change Assessment

Background information:

1. The Local Government Finance Act 1988 , amended
<https://www.legislation.gov.uk/ukpga/1988/41/contents>
2. The Non Domestic Rating Act 2023
3. <https://www.legislation.gov.uk/ukpga/2023/53/contents>
4. The Non-domestic Rating (Multipliers and Private Schools) Bill
5. <https://bills.parliament.uk/bills/3887>

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions

Appendix 2: Equality Impact Assessment Screening

1. Identify the policy, project, function or service change

a. Person responsible for this Equality Impact Assessment

Officer responsible: Jayne Gilpin	Service Area: Revenues and Benefits
Title: Head of Revenues and Benefits	Date of assessment: 27/01/2025
Signature: Jayne Gilpin	

b. Is this a policy, function, strategy, service change or project?

Policy

If other, please specify:

c. Name of the policy, function, strategy, service change or project

Discretionary Business Rate Reliefs

Is this new or existing?

**Already exists
and is being
reviewed**

Please specify reason for change or development of policy, function, strategy, service change or project

Polices already exist for discretionary business rate reliefs. Amendments are being made to reflect legislation changes and an extension of retail relief into 2025/26

d. What are the aims, objectives and intended outcomes and who is likely to benefit from it?

Aims: To approve changes to the discretionary business rate relief policy from 2025/26

Objectives: To approve the revised policy to be effective from 2025/26. The policy brings together existing policies into one policy going forward. It also incorporates changes to reflect changes in legislation and the extension of retail reliefs in 2025/26

Outcomes:	
Benefits:	Eligible businesses receive a reduction to their business rate bill. The changes to existing policies do change the eligibility criteria. Businesses in the retail, hospitality and leisure sector will benefit from reduced bills in 2025/26 if the scheme is approved

e. What are the expected impacts?	
Are there any aspects, including how it is delivered or accessed, that could have an impact on the lives of people, including employees and customers.	No
Do you expect the impacts to be positive or negative?	No impact expected
Please provide an explanation for your answer:	
Discretionary rate relief policies are being updated with some minor amendments to reflect legislation changes. The retail relief scheme has also been extended by Government for 2025/26 and needs to be approved as relief is awarded using the council's discretionary powers. All schemes reduce business rate bills for eligible businesses. .	

If your answer to question e identified potential positive or negative impacts, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

f. Identify next steps as appropriate	
Stage Two required	No
Owner of Stage Two assessment	Jayne Gilpin
Completion date for Stage Two assessment	27/01/2025