

# Cherwell District Council

## Council

24 February 2020

### Local Discretionary Business Rate Relief Scheme for 2020-2021

#### Report of the Executive Director Finance (Interim)

This report is public

#### Purpose of report

For members to consider and approve the local Discretionary Business Rate Relief Scheme for 2020-2021.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report and any financial implications for the Council.
- 1.2 To approve the adoption of the local Discretionary Business Rate Relief Scheme for 2020-2021 (appendix 1).

#### 2.0 Introduction

- 2.1 In the Spring Budget 2017 Chancellor announced £300m funding for local councils to help businesses facing an increase in their business rates following the 2017 Revaluation. Any unspent funding will be returned to central government. The total funding for Cherwell District Council for the financial year 2020-2021 is £21,000 a reduction from £147,000 in 2019-20, £358,000 in 2018-19 and £736,000 in 2017-2018.
- 2.2 The Government expects billing authorities to use their discretionary powers under section 47 of the Local Government Finance Act to deliver the scheme. Billing authorities will be compensated through a Section 31 grant for the cost to the authority of granting the relief, up to a maximum amount based on the authority's allocation of the £300m fund.
- 2.3 Each authority is required to devise its own Discretionary Relief Scheme.

### **3.0 Report Details**

- 3.1 The assistance Cherwell District Council can offer under the scheme is limited to the £21,000 funding provided. Based on a minimum award of £50.00 relief will be awarded to 171 businesses.
- 3.2 A copy of the proposed Local Discretionary Business Rate Relief Policy for 2020-2021 is shown at Appendix 1 of this report. The draft policy for 2020-2021 remains unchanged to again maximise the use of funding and to support to local businesses.
- 3.3 The attached policy outlines the proposed qualifying criteria and exclusions.
- 3.4 European “State Aid” rules apply to any business rates relief granted.

### **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Members are asked to note the contents of the report and approve the adoption of the Local Discretionary Business Rates Relief Scheme for 2020-2021 (Appendix 1).

### **5.0 Consultation**

- 5.1 This has been presented to members of Budget Planning Committee and Executive who have endorsed the Policy.

### **6.0 Alternative Option and Reasons for Rejection**

- 6.1 The following alternative option has been identified and rejected for the reasons given below.

Option 1: Members could choose not to recommend the proposed schemes but in view of the fact that expenditure will be reimbursed the Government expects billing authorities to grant relief to all qualifying ratepayers

### **7.0 Implications**

#### **Financial and Resource Implications**

- 7.1 The report sets out the proposed Local Discretionary Relief scheme to provide relief to business ratepayers in properties facing business rates rises as a result of the Revaluation. The local scheme aims to distribute no more than Government funding allocation provided. The Government has announced that it will reimburse councils for the actual cost of relief granted, in accordance with its guidance, through Section 31 grant.

Comments checked by:

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#### **Legal Implications**

- 7.2 Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the criteria for awarding discretionary rate relief to certain categories of non-domestic ratepayer.
- 7.3 Relief from taxes, including non-domestic rates, can constitute state aid under European Union legislation. There are block exemptions from the state aid rules where the aid is below a de minimis level. The de minimis level applies to all de minimis aid received, including other Government subsidies or grants, in addition to any rate relief given as a de minimis aid. It will be for the Council to ensure that any relief granted does not transgress state aid rules. The de minimis threshold is €200,000 from all sources to the recipient as a whole over a rolling period of three years.

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## 8.0 Decision Information

### Wards Affected

All

### Links to Corporate Plan and Policy Framework

Corporate Priorities: Sound budgets and customer focused council.

### Lead Councillor

Councillor Tony Illott, Lead Member for Financial Management.

## Document Information

Appendix No	Title
1	Local Discretionary Rate Relief Policy 2020-2021
Background Papers	
None	
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