

Cherwell District Council

Policy on the extension of transitional relief for small and medium properties

1. Introduction

Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988 to enable billing authorities to grant relief in any circumstances. The Government has determined that the Council can use its discretionary powers under the Localism Act to grant transitional relief to ensure eligible properties receive the same level of protection they would have received had the transitional relief scheme extended into 2015-16 and 2016-17.

Guidance has been issued which provides the policy framework for the operation and delivery of this rate relief - the detail, however, regarding its implementation has been left to be determined by local authorities. This policy establishes transitional relief will be applied to businesses across Cherwell District within the framework established in the Government guidance.

2. Which properties will benefit from transitional relief?

Properties that will benefit are those with a rateable value up to and including £50,000 who would have received transitional relief in 2015-16 or 2016-17 had the existing transitional relief scheme continued in its current format. In line with the existing thresholds in the transitional relief scheme, the £50,000 rateable value threshold should be based on the rateable value shown for 1 April 2010 or the substituted day in the cases of splits and mergers.

This policy applies to transitional relief only (i.e. those moving to higher bills).

3. How much transitional relief will be available?

Eligible properties will receive the same level of protection they would have received had the transitional relief scheme extended into 2015-16 and 2016-17. The transitional relief scheme should be assumed to remain as it is in the current statutory scheme except that:

- a. the cap on increases for small properties in both 2015-16 & 2016-17 should be assumed to be 15% (before the increase for the change in the multiplier), and
- b. the cap on increases for other properties (up to and including £50,000 rateable value) in both 2015-16 and 2016-17 should be assumed to be 25% (before the increase for the change in the multiplier)

The scheme applies only to properties up to and including £50,000 rateable value based on the value shown for 1 April 2010 or the substituted day in the cases of splits and mergers. Changes in rateable value which take effect from a later date should be calculated using the normal rules in the transitional relief scheme. For the avoidance of doubt, properties whose rateable value is £50,000 or less on 1 April 2010 (or the day of merger), but increase above £50,000 from a later date will still be eligible for the relief. Where necessary the Valuation Office Agency will continue to issue certificates for the value at 31 March 2010 or 1 April 2010. The relief should be calculated on a daily basis.

4. Recalculations of relief

As with the current transitional relief scheme, the amount of relief awarded should be recalculated in the event of a change of circumstances. This could include, for example, a backdated change to the rateable value of the hereditament. This change of circumstances could arise during the year in question or during a later year.

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect,. Such a revocation or variation of a decision can only take effect at the end of a financial year. Within these regulations, local authorities may still make decisions which are conditional upon eligibility criteria or rules for calculating relief which allow the amount of relief to be amended within the year to reflect changing circumstances.

When making an award for the extension of transitional relief we will ensure in the conditions of the award that the relief can be recalculated in the event of a change to the rating list for the property concerned (retrospective or otherwise). This is so that the relief can be re-calculated if the rateable value changes.

5. Claiming transitional relief

We will automatically award transitional relief if we consider your property meets the eligibility criteria and apply it your bill. We do, however, need to get you to make a "De Minimis" Declaration in relation to State Aid (see below) to confirm the award of the relief.

6. State Aid

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. The extension of transitional relief is State Aid compliant where it is provided in accordance with De Minimis Regulations. We have to establish the award will not result in you "the undertaking" having received more than €200,000 of

De Minimis aid in a three year period and will send you a De Minimis Declaration form for completion and return.

7. How will transitional relief be awarded?

Relief awarded will be credited against the Business Rates Bill.

8. Right of Appeal

If you disagree with a decision made under this policy, you must write and tell us why you think the decision is wrong, i.e. whether you consider the published criteria have been properly applied.

We will take account of any information given in your appeal letter. We will decide whether or not the criteria have been properly applied. This is called 'reconsidering' the decision. We will write to tell you what has happened, normally within 7 days of decision.