

**Cherwell District Council**  
**Budget Planning Committee**

**17 February 2015**

<p><b>Discretionary Rate Relief – amendment to Retail Relief Policy and introduction of Transitional Relief Policy</b></p>
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**Report of Head of Finance and Procurement**

This report is public

**Purpose of report**

For members of Budget Planning Committee to consider a minor amendment to the Retail Relief Policy and the proposed introduction of a Transitional Relief Policy before consideration by Council.

**1.0 Recommendations**

The meeting is recommended:

- 1.1 To consider and approve the proposed amendments to the Business Rates Retail Relief Policy (Appendix 1) and the introduction of a Transitional Relief Policy (Appendix 2) for recommendation to full Council for approval.

**2.0 Introduction**

- 2.1 In December 2013 the Government's Autumn Statement announced a range of business rates relief initiatives to support businesses in 2014-2015 and 2015-2016. One of which was Retail Rate Relief. As the changes were a temporary measure the government is providing the relief by reimbursing in full those local authorities that use their discretion under Section 47 of the Local Government Finance Act 1988 (as amended) subject to state aid limits. In February 2014 the Council approved a Retail Rate Relief Policy. Relief of up to £1,000 is awarded to all qualifying properties with a rateable value of £50,000 or less. In its Autumn Statement 2014 the Government announced it was increasing the relief to £1,500 from 1<sup>st</sup> April 2015.
- 2.2 Transitional Relief was introduced from 1 April 2010 to help those ratepayers who were faced with higher business rates bills as a result of the revaluation. The scheme ends on 31 March 2015 as at the time the next revaluation was planned to take effect from 1<sup>st</sup> April 2015. The Government has, however, delayed the revaluation to 2017 and as a result a small number of ratepayers will face an increase to their full rates bill from 1 April 2015. Government guidance has been

issued to billing authorities about the operation and delivery of the relief and that it expects relief to be granted to qualifying ratepayers.

- 2.3 Although the Government will meet the full costs of these reliefs, the Council needs to pass a resolution making these awards under its discretionary powers in section 47 of the Local Government Finance Act 1988 as amended by Section 69 of the Localism Act 2011. It is necessary, therefore, to amend the existing retail relief policy to reflect the increase in the relief awarded and introduce a new policy for transitional relief.

### **3.0 Report Details**

#### **Improved Retail Rate Relief**

- 3.1 In December 2014 the Government announced that the amount of Retail Rate Relief they are prepared to fund will increase to £1,500 from 1 April 2015. The relief is available to all eligible occupied retail properties with a rateable value of £50,000 or less. The properties that benefit from the relief are those wholly or mainly used as shops, restaurants, cafes and drinking establishments. Guidance has been issued by DCLG as to the criteria that should be used in determining eligibility for the relief.

#### **Transitional Relief**

- 3.2 The Government also announced in the Autumn Statement that it will extend to 31 March 2017 the current transitional relief scheme as a result of their decision to postpone the revaluation.
- 3.3 As this is a measure for 2015-2016 and 2016-2017 only, the Government is not changing the legislation. Instead it will reimburse local authorities that use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (as amended) to grant relief.
- 3.4 It will be for individual billing authorities to adopt a local scheme and decide in each individual case to decide when to grant relief under Section 47. Central Government will fully reimburse local authorities for the local share of the discretionary relief using a Section 31 grant. In view of the fact that such expenditure will be reimbursed it is expected that billing authorities will grant discretionary relief to eligible ratepayers.
- 3.5 Properties that will benefit are those with a rateable value of up to and including £50,000 which would have continued to receive transitional relief in 2015-2016 and 2016-2017 had the existing transitional relief scheme continued in its current format.

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

- 4.1 For members of Budget Planning Committee to consider a minor amendment to the Retail Relief Policy and the proposed introduction of a Transitional Relief Policy before consideration by Council.

## **5.0 Consultation**

None

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

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Members could agree not to determine a revised Business Rates Retail Relief Policy and Transitional Relief Policy, but this would mean the Council is not complying with Central Government guidance and it would be to the detriment of ratepayers in the district.

## **7.0 Implications**

### **Financial and Resource Implications**

7.1 In awarding the retail and transitional relief in accordance with the guidance the Council will be able to be fully reimbursed through the NNDR claim process.

7.2 It is estimated that the award of retail relief in 2015-2016 will be £860,500 and transitional relief will be £60,000 which will be reimbursed by Section 31 Grant.

Comments checked by:

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### **Legal Implications**

7.2 The guidance for both retail relief and transitional relief advises that Councillors should consider the awarding of relief in accordance with their powers for granting discretionary rate relief as provided for by Section 47 of the Local Government Finance Act 1988 (as amended).

Comments checked by:

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## **8.0 Decision Information**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

All

## Lead Councillor

Councillor Ken Atack, Lead Member for Financial Management

## Document Information

Appendix No	Title
1	Retail Relief Policy
2	Transitional Relief Policy
None	
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