

## Decision under Delegated Powers

### Officer Making the Decision

Strategic Director of Corporate Services

### Recommendations

It is recommended that:

1. Additional transitional business rate relief relating to the 2017/18 financial year is offered to qualifying businesses in line with the scheme details set out in the background to this report.
2. Transitional business rate relief relating to the 2018/19 financial year is offered to qualifying businesses in line with the scheme details set out at in the background to this report.

### Reasons

1. To ensure that use of the additional government funding provided for transitional business rate relief in the financial year 2017/18 is, as far as is practical, fully utilised.
2. To provide qualifying businesses with transitional business rate relief in line with additional government funding provided for transitional business rate relief in the financial year 2018/19.

### Authority for Decision

Authority for these decisions arises from the Cabinet Report 'Discretionary Business Rates Relief in Charnwood' of 19 October 2017. Minute 43 of this meeting resolved (inter alia):

'that delegated authority be given to the Strategic Director of Corporate Services, in consultation with the Cabinet Lead Member for Finance and Revenues and Benefits, to apply the scheme of transitional business rate relief for affected businesses for future financial years based on the resources available.'

## Decision and Date

Agreed  


14 September 2018

## Background

A £300m package of additional transitional reliefs for businesses adversely affected by the 2017 business rates revaluation relief was announced by the Government in March 2017. This was over and above the mandatory transitional reliefs announced within the 2016 autumn statement. The additional package of relief requires that a local scheme be developed for its allocation and administration for the four financial years commencing 2017/18.

The Council's share of the total £300m was spread over the four years as follows:

| 2017/18  | 2018/19  | 2019/20 | 2020/21 |
|----------|----------|---------|---------|
| £471,000 | £229,000 | £94,000 | £13,000 |

The Council's approach in 2017/18 was to provide a more generous transitional phasing by capping increases to small and medium properties to 2% plus inflation. It was considered appropriate to target relief to smaller and medium sized businesses as they are more likely to be local independent businesses and, being of lower scale, may have greater difficulties in paying the additional rates. This approach was consistent with Government policy where they had indicated their preference that relief is awarded to ratepayers or localities that face the most significant increases in bills, and for ratepayers occupying lower value properties. This approach is continued into 2018/19 in line with the delegation approved within the original Cabinet report of 19 October 2017.

This Delegated Decision covers two elements of transitional relief being:

- Additional transitional relief that can be made available in respect of 2017/18 (which may be extended to utilise government funding unallocated within the original 2017/18 scheme parameters)
- The transitional relief scheme that will be applied in respect of 2018/19

Details of these elements are set out below:

### *Extension of transitional relief relating to 2017/18*

Initial awards of transitional relief relating to 2017/18 have now been finalised. The total value of relief awarded is £390,610, approximately £81,000 below the total funding available in this year of £471,000. It is therefore appropriate to extend this scheme to maximise the use of government funding.

One condition of the initial 2017/18 scheme was that relief be directed to those properties facing rate increases of more than 2%, after allowing for inflation, as a result of the national revaluation and where the rateable value is up to £100,000. This parameter will be extended to increase the rateable value to up to £125,000. This will increase the total relief awarded to approximately £460,000.

Businesses will not have to apply for relief. Identified businesses will be automatically re-billed at lower amounts subject to confirmation that state aid limits have not been breached.

### *Transitional relief scheme for 2018/19*

The new scheme of discretionary rate relief for the 2018/19 financial year will apply to those properties currently benefiting from Charnwood's Discretionary Transitional Business Rate Relief Scheme in 2017/18 and still facing substantial increases. The Government have agreed to meet any relief awarded through such a scheme up to a maximum level of £229,000.

Relief awarded in respect of 2018/19 will cap the level of the 2018/19 rate charge to the 2017/18 level plus inflation (i.e. 3%) plus 14%. The rateable value threshold will be £125,000.

It is estimated that the awards available to ratepayers following the introduction of this scheme will cost in the region of £223,000.

Businesses will not have to apply for relief. Identified businesses will be automatically re-billed at lower amounts subject to confirmation that state aid limits have not been breached.

The Lead Member for this service (Cllr Tom Barkley) has been consulted and approves the approach set out above in respect of both 2017/18 and 2018/19.

## Financial Implications

The decisions taken above are designed to maximise the use of government funding provided for transitional relief. The schemes are designed such that it is expected that no additional funding will be required from the Council's own resources. Any funding that may ultimately be required would be nugatory and found within existing budgets.

## Risk Management

| <i>Risk Identified</i>  | <i>Likelihood</i> | <i>Impact</i> | <i>Risk Management Actions Planned</i>  |
|---|-------------------|---------------|---|
| The cost to the Council of the transitional relief scheme could exceed funding provided by Government | 2<br>(Unlikely)   | 2<br>(Minor)  | <ul style="list-style-type: none"><li>The scheme is designed to cost slightly less than funding provided; limited additional funding can be found within existing budgets</li></ul> |

Key Decision:

Yes

(amounts > £100,000; affects multiple wards)

Date included on Forward Plan:

15 August 2018

Background Papers:

Cabinet report 19 October 2017:  
Discretionary Business Rate Reliefs  
in Charnwood