

Appendix O1: Business Rates Reliefs Policy 2025/26 report to be considered at Cabinet on 13 February'

Committee:	Cabinet
Title:	Business Rates Reliefs Policy 2025/26
Portfolio Holder:	Councillor Neil Hargreaves, Portfolio Holder for Finance and the Economy
Report Author:	Gareth Robinson, Interim Director of Finance, Revenues and Benefits

Summary

1. The Council is required to review and approve its policy for the application of Business Rates Reliefs on an annual basis. This policy covers both reliefs which are mandatory (as determined by central government), and discretionary (as awarded by the Council under section 47 of the Local Government Finance Act 1988).
2. In practice, most discretionary reliefs are funded by way of central government grant, provided that the Council agrees to adopt and administer the reliefs in line with the associated government guidance. As such, for the most part, the Council's Business Rates Reliefs Policy serves simply to enact central government policy at a local level.
3. The Business Rates Relief Policy for 2025/26 has been reviewed to preclude Private Schools from consideration of Hardship Relief following confirmation from Central Government that the removal of mandatory rates relief for Private Schools is to come into effect from 01 April 2025. The change is to ensure that the aims/objectives of the policy are not adversely affected by the change in legislation. The Hardship Relief is designed to assist those businesses in exceptional circumstances only.
4. The policy has also been reviewed as:
 - a Central Government is reducing the relief for Retail, Hospitality and Leisure sectors for 2025/26 from 75% to 40%, and
 - b Central Government has confirmed the end of the Local Newspaper Relief from 1 April 2025.
5. The proposed Business Rates Reliefs Policy for 2025/26 is set out at Appendix A to this report.

Recommendations

6. It is recommended to Council that the Business Rates Relief Policy for 2025/26 is amended to prevent Private Schools from applying for assistance in

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 anticipation of the changes to the Local Government Finance Act 1988. The recommended policy can be found in Appendix A.

7. It is recommended to council to delegate authority to the Council’s Section 151 Officer to make any additional amendments as necessary to ensure the definition of Private Schools aligns with that Act once such amendments come into force.
8. It is recommended to council to reduce the relief percentage within the policy for Retail, Hospitality and Leisure sector for 2025/26 from 75% to 40% as a result of changes to Central Government policy.
9. It is recommended to council to end Local Newspaper Relief in line with Central Government policy.

Financial Implications

10. The impact of not approving this change would be a £165k ongoing impact on the General Fund budget, which would generate the need for additional savings. The financial implications of the proposed Business Rates Relief Policy 2025/26 will be factored into the 2025/26 General Fund budget, to be approved by Council on 25th February 2025.

Background Papers

11. This report has been prepared with reference to published government guidance on each of the forms of business rates relief set out in Appendix A. This guidance is available to the public on the gov.uk website.

Impact

12.

Communication/Consultation	Corporate Management Team (CMT) and Informal Cabinet Briefing (ICB)
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	Policy ensures compliance with the Subsidy Control Act 2022
Sustainability	N/A

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Ward-specific impacts	N/A
Workforce/Workplace	N/A

Background and purpose of report

Business Rates for Private Schools

13. The powers relating to the granting of mandatory and discretionary relief are given to the Council under the Local Government Finance Act 1988.

14. Uttlesford District Council (UDC) adopted its 2024/25 Business Rates Relief Policy on 11 March 2024. A link to the meeting documents can be found here: [Agenda for Council on Monday, 11th March, 2024, 7.00 pm - Modern Council](#)

15. Sections 43 and 45 of the Local Government Finance Act 1988 allows mandatory relief of 80% to be granted on premises where the ratepayer is a charity or trustees for a charity and the premises are wholly or mainly used for charitable purposes.

16. HM Treasury published a technical note on 29 July 2024 giving details on the removal of mandatory charitable rates relief for Private Schools that hold a charitable status.

17. The Government confirmed in the Autumn statement of 30 October 2024 that they will be legislating the proposed policy change through a Local Government Finance Bill led by the Ministry of Housing, Communities and Local Government (MHCLG) which will amend the Local Government Finance Act 1988.

18. The Government recognises though that some pupils have special education needs (SEN) that can only be met through attendance at a Private School. Therefore, in the Autumn statement, the Government also announced that Private Schools which are "wholly or mainly" concerned with providing full time education to pupils with an Education, Health and Care Plan (EHCP) will remain eligible for business rates charitable relief.

19. It will be down to the educational provider to evidence that they are 'wholly or mainly' concerned with providing full time education to pupils with an EHCP.

20. Following notification of this change, work has been carried out by the Revenues and Benefits service to identify the number of Private School hereditaments in Uttlesford affected as a result of the policy change.

21. It has been identified that there are 3 Private School hereditaments affected by the proposed changes.

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22. Although some of these Private Schools may provide education to pupils with an EHCP, it is not known at this stage how many could be classified as “wholly or mainly” concerned with providing full time education to pupils with an EHCP. This is because this level of data is not held in the IT systems.

23. All identified Private Schools that are potentially affected by the changes will be written to, notifying them of the effects of the changes and inviting them to make representation if they believe they should continue to receive mandatory relief in line with the new legislation. Cases will then be processed on an individual basis.

24. There are a number of Independent and Non-Maintained schools (INMS) which are not subject to Business Rates and so have not been included as part of this report.

25. Of the total collectable charge collected, 50% is sent to Government, 40% is retained by Uttlesford District Council, 9% is given to Essex County Council and 1% given to the Fire Authority.

26. Based on 2024/25 liabilities, the balance of new collectable income as a result of the removal of mandatory rates relief for the 3 Private Schools identified totals approximately £472,000. The amount retained by UDC (40%) would equate to approximately £189,000.

27. As a result of the removal of the mandatory rates relief for private school hereditaments, there is the potential for Private Schools to make an application for discretionary rates relief from the Council under UDC's current Business Rates Relief Policy.

28. All non-mandatory reliefs under the policy must be applied for. None are automatically awarded.

29. Under the Hardship Relief category, it is currently possible for the Council to award up to 100% relief in respect of any hereditament. The relief awarded would initially last for a 12-month period, with reviews of the relief occurring every 12 months.

30. It is important to note that 40% of any relief awarded post 1 April 2023 under the Localism Act 2011 would be borne through the Council's own funds and so would be a cost to the Council. This is in line with the regulations of the Local Government Finance Act 1992.

31. UDC's Hardship Relief category, as stated, does currently allow for applications to be made from affected Private Schools. The recommendation is to amend the policy to be clear that applications for discretionary rates relief from affected Private Schools cannot be made following the removal of mandatory rates relief from 01 April 2025.

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32. If the policy is not amended, this may:

- a. Increase unnecessary applications requiring a considerable amount of work by the Revenues and Benefits team to process and decide the applications
- b. Increase volumes of unnecessary work arising as a result of applications being declined e.g. appeals against decisions being made
- c. Increase UDC's expenditure should applications be accepted and paid

Retail, Hospitality and Leisure Sector Relief

33. In addition, and further to the policy change regarding mandatory rate relief for Private Schools, Central Government has legislated for reliefs to continue to be granted for the Retail, Hospitality and Leisure sector for 2025/26.

34. The relief awarded to the Retail, Hospitality and Leisure (RHL) sector continues to be funded by Central Government. The Council is responsible only for administering the reliefs and awarding them to qualifying businesses. There is no cost to the Council.

35. The balance of the relief was reduced by Central Government in the Autumn Statement of 30 October 2024 from 75% to 40%, with effect from 1 April 2025. As of 31st December, the total sum of mandatory 75% Retail, Hospitality and Leisure Reliefs granted during 2024/25 is £3,328,786 (over 529 NDR accounts).

36. Using 2024/25 figures and only considering the government's decision to reduce the relief from 75 to 40% from 1st April 2025, the revised relief for 2025/26 would be £1,775,352 (i.e. $£3,328,786/75*40$).

37. This equates to a reduction of £1,553,433 in mandatory reliefs, putting potential new burdens on discretionary reliefs by the same amount. Obviously, the council does not have the resources to fund this drop in reliefs as the numbers are so great. Therefore, this is not recommended.

38. Those businesses already in receipt of a Retail, Hospitality and Leisure relief will not need to reapply for the relief in respect of 2025/26. The new percentage of the award will automatically be amended on the IT systems and will be applied to the bill for 2025/26 for each qualifying business.

Local Newspaper Relief

39. Central Government has also confirmed the end of Local Newspaper Relief from 2025/26. This relief was previously fully funded by Central Government through a Section 31 grant and so was not a cost to the Council.

40. There are currently no Local Newspaper Reliefs paid by UD.

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41. This relief has been removed from the Business Rates Relief Policy for 2025/26.

42. All of these changes have been reflected in the updated policy.

Risk Analysis

43.

Risk	Likelihood	Impact	Mitigating actions
The Council's policy is not in accordance with government guidance	1 – low due to the level of expertise within the Revenues and Benefits service	3 – Council may be unable to reclaim the cost of providing some reliefs from central government if conditions have not been met	Policy has been reviewed by senior officers prior to recommendation to Council
Reliefs are not administered in line with the policy, or inaccurate or fraudulent applications for reliefs are made	1 – low due to the level of expertise within the Revenues and Benefits service, information held on businesses, and access to the central valuation register	2 – incorrect allocation of reliefs, loss of income from government reimbursement of ineligible claims	Officers collect and check details against various databases, and have the support of software provided by HMRC to check for fraudulent claims

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project