

DECISION TAKEN UNDER DELEGATION TO THE CHIEF EXECUTIVE

Subject:

Discretionary Rate Relief Policy 2026/27

Date of Decision:

17th March 2026

Decision Number:

2/2026

Background:

The Council has a policy relating to discretionary rate reliefs for business. Some elements of the policy are decisions made by the Council. Other elements are items that the Government requests that Councils add to their discretionary policies in order to give effect to budgetary policy decisions, which Government does not have time to enact via legislation. Changes to the policy require Council agreement before the start of each financial year.

The proposed policy for 2026/27 policy contains no changes to the Council's own discretionary relief choices, However, it does contain changes to the Government's elements to give effect to Supporting Small Business Relief (2026/27 to 2028/29), Pubs and Live Music Venues Relief (2026/2027) and Film Studio Relief (to 2033/34). The cost of these reliefs will be fully funded by the Government. The proposed policy is detailed at Appendix A.

Following the cancellation of the Cabinet meeting on 17th March 2026, there is no mechanism other than the Chief Executive's Urgency powers to give effect to the policy in time for it to be effective for the 2026/27 financial year and therefore urgency powers were utilised to ensure the Council's acceptance of the policy.

Supporting Information:

The Leader of the Council and Leaders of the Council's opposition parties have been consulted and neither had any objection to the contents of the policy.

CHELMSFORD CITY COUNCIL'S DISCRETIONARY RATE RELIEF POLICY 2026/2027

PART A

1. Introduction

- 1.1 Section 47 of the Local Government Finance Act 1988 allows Local Authorities to award discretionary rate relief to a range of organisations, including charities, Community Amateur Sports Clubs and other non-profit making bodies.
- 1.2 In the case of charities, the ratepayer must be a charity or trustee for a charity and the property must be wholly or mainly used for charitable purposes. Mandatory relief of 80% will be given in such cases, where not excluded by legislation, and such qualifying charities can also receive up to a further 20% discretionary relief.
- 1.3 In the case of Community Amateur Sports Clubs, these must be registered with HM Revenue & Customs in order to be eligible for 80% mandatory relief. They can also receive up to a further 20% discretionary relief.
- 1.4 In the case of non-profit making organisations, all or part of the property must be occupied by an institution or organisation which is not established or conducted for profit and whose main objectives are charitable or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature or the fine arts or it is wholly or mainly used for the purposes of recreation.

2. Awarding Relief

- 2.1 The Council's policy for determining applications for discretionary rate relief can be divided into 2 parts as follows:

Part 1

- 2.2 A 'top-up' discretionary rate relief of up to 20% may be granted to charitable organisations which already receive 80% mandatory relief.
The Council currently chooses to award 'top-up' relief to scouts, guides and the sea cadets.

Part 2

- 2.3 It is intended that the scheme provides a mechanism for sports clubs and organisations to continue and expand their role in providing sports development opportunities, by maximising the availability of relief to those clubs and organisations who operate in accordance with the Council's aspirations for the development of sport in the City.
- 2.4 All sports clubs and organisations will start off with a flat rate of 40% rate relief, provided that they meet the following criteria:
 - (a) The primary purpose of the club/organisation should be to provide sporting opportunities to its members or to a local community
 - (b) Membership should be open to all members of the community irrespective of gender, race, age, disability, religious belief and financial circumstances

- (c) Membership fees should be realistic and not used as a means of restricting membership to a particular community group
- (d) Profits and surpluses must be used to further the sporting objectives of the club/organisation and not distributed as a share or dividend amongst some or all members
- (e) A legal constitution must be in existence and applicants must demonstrate that they are operating in accordance with its requirements.

3. Adjusted Relief

3.1 Applicants who meet all of the above criteria and are awarded the basic 40% rate relief, will also be able to have their relief adjusted by some or all of the following:

10% The applicant can demonstrate a close working relationship with local schools & disabled groups and where practical, has supported the development of their sport(s) in schools and has encouraged and assisted school pupils and/or disabled persons to join appropriate clubs. The applicant undertakes to continue this development work

10% The applicant can demonstrate support for its coaches and administrators to obtain further relevant qualifications, e.g. coaching qualifications, National Coaching Foundation courses, Running Sport courses etc. The applicant undertakes to continue this work.

10% The applicant can demonstrate that they have provided opportunities for regular use of its facilities and equipment by outside groups/the Council's Sports Development Unit and undertakes to continue this policy

10% The applicant can demonstrate that they have in place or are working towards a development plan and (if applicable) a child protection policy

-20% Should fewer than 50% of members be resident in the City, then a reduction in relief of 20% of the total rate liability will be made

Table of relief at current levels.

Relief	
Discretionary Rate Relief	Base level of 40%
Work with Schools or Disadvantaged Groups	+10%
Support for coaches/administrators	+10%
Shared use of facilities	+10%
Current Development Plan/child protection policy	+10%
Less than 50% of members resident in the borough	-20%

4. Awarding Relief

- 4.1 Any ratepayer applying for discretionary rate relief who does not meet the criteria for relief under the existing policy must meet all of the following criteria and any award will be based on these factors:
- (a) The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief)
 - (b) The ratepayer must not be an organisation that could receive relief as a non-profit making organisation or as Community Amateur Sports Club.
 - (c) The ratepayer must occupy the premises – no relief will be granted for unoccupied properties
 - (d) The premises and the organisation must be of significant benefit to the residents of the City
 - (e) The ratepayer must:
 - (i) Provide facilities to certain priority groups such as elderly, disabled, minority or disadvantaged groups, OR
 - (ii) Provide significant employment or employment opportunities to residents of the City
 - (f) Provide residents of the City with such services, opportunities or facilities that cannot be obtained locally or are not provided by another organisation
 - (g) The ratepayer must show that the organisation will comply with all legislative requirements and operate in an ethical, sustainable, and environmentally friendly manner at all times
- 4.2 Where a ratepayer can demonstrate that all the above criteria are met, any award must have due regard to:
- (a) the financial status of the applicant when determining the level of relief to be granted, and
 - (b) the impact and best interests of the Council Tax payers of the City
- 4.3 Relief will not be given to those organisations where a bar is the main activity. It would be expected that any bar profits would be used to offset any expenses thus negating the reliance on public funds.
- 4.4 Where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then an application may be made for relief under Section 49 of the Local Government Finance Act 1988. There will be no requirement to grant relief in such cases under the Council's discretionary rate relief policy.

5. Level and Period of Relief granted

- 5.1 The level of relief to be granted, if any, will range from 0% to 100% of the ratepayer's liability. Awards of discretionary rate relief will be made for a fixed period and reviewed on an annual basis.

6. Equality and Diversity Implications

- 6.1 It is important that the Discretionary Rate Relief Policy clearly shows the criteria on which premises could be eligible so that all potential applicants are aware of why their application has been either accepted or refused.

PART B

EXTENSIONS TO CHELMSFORD CITY COUNCIL'S DISCRETIONARY RATE RELIEF POLICY

1. **Introduction**

- 1.1 Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988. The changes came into effect from 1 April 2012, and they extend the existing provision relating to the granting of discretionary rate relief.
- 1.2 The changes allow Local Authorities to grant discretionary rate relief in any circumstances where it feels fit. However, the whole cost of any purely discretionary relief awarded will have to be met by the City's Council Tax payers. Some discretionary reliefs are reimbursed in full by the Government via grants paid in accordance with section 31 of the Local Government Act 2003. Details of such reliefs are set out below in paragraphs 2 to 5 below

2. **RETAIL, HOSPITALITY AND LEISURE RELIEF SCHEME (Applicable in financial year 1 APRIL 2025 to 31 MARCH 2026 ONLY)**

- 2.1 The available Retail, Hospitality and Leisure relief is a reduction of 40% of the non-domestic rates bill after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been applied. It can be awarded retrospectively to qualifying businesses. The Council will strictly apply the criteria contained in its 2025/26 Discretionary Rate Relief policy to any such applications.

3. **SUPPORTING SMALL BUSINESS RELIEF (2026/27 to 2028/29)**

- 3.1 The Supporting Small Business Relief (SSBR) will help those ratepayers who, as a result of the change in their rateable value at the 2026 revaluation or measures announced in the 2025 Budget, are losing some or all of their Small Business Rate Relief, Rural Rate relief, 40% Retail, Hospitality and Leisure Relief and/or 2023 SSBR and, as a result, are facing large increases in their bills.
- 3.2 There is no discretion around whether to grant this relief if the terms of the scheme are met. Full technical detail regarding the operation of this scheme can be found at [Business Rates Relief: 2026 Supporting Small Business Relief, local authority guidance - GOV.UK](#)
- 3.3 The SSBR scheme will ensure that the increase per year in the bills of eligible ratepayers is limited to a cash value of the greater of £800 per year during the operation of the scheme or the relevant caps within the statutory transitional relief scheme or until the full increased liability is reached. Businesses previously eligible for the 2023 SSBR scheme will receive this continued protection for one year only (until 31 March 2027).

3.4 The statutory transitional relief scheme restricts increases to a fixed percentage of the previous year's bill. The percentage varies according to the rateable value of the property and changes during the three year duration of the scheme until the full increased liability has been reached.

Rateable Value	2026/27 cap increase	2027/28 cap increase	2028/29 cap increase
Up to £20,000	5%	10% plus inflation	25% plus inflation
£20,001 to £100,000	15%	25% plus inflation	40% plus inflation
Over £100,000	30%	25% plus inflation	25% plus inflation

As stated in paragraph 7.3, where the 2026/27 rate liability is higher than the 2025/26 liability, it will increase by the **greater** of the transitional relief cap increase or the £800 Supporting Small Business Relief.

3.5 Ratepayers remain in the Supporting Small Businesses relief scheme until 31 March 2029 or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the SSBR scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.

3.6 There is no 2nd property test for eligibility for Supporting Small Business relief scheme. However, those ratepayers who during 2025/26 lost entitlement to small business rate relief because they failed the 2nd property test but have, under the rules for small business rate relief, been given a 12 month period of grace (or 3 years if the ratepayer took on the second property after 27/11/2025) before their relief ended can continue on the scheme for the remainder of their period of grace.

3.7 As with all reliefs, the amount of relief awarded under the Supporting Small Business relief scheme should be recalculated in the event of a change to the rateable value of the hereditament. This change of circumstance could arise during the year in question or during a later year.

3.8 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. But within these regulations, local authorities may still make decisions which allow the amount of relief to be amended within the year to reflect changing circumstances.

3.9 Therefore, when making an award for SSBR, the conditions of the award include that it can be recalculated in the event of a change to the rating list (retrospective or otherwise). This is so that the relief can be recalculated if the rateable value changes. This applies to all Discretionary Relief awarded by Chelmsford City Council.

4 PUBS AND LIVE MUSIC VENUES RELIEF (effective 1 April 2026 to 31 March 2027)

4.1 A relief of 15% will be applied to the remaining business rate liability (ie after all other applicable reliefs) of pubs and live music venues during the financial year 2026/27. The

Government has provided local authorities with detailed guidance regarding the relief [Business rates: Pubs and live music venues relief - local authority guidance - GOV.UK](#)

4.2 Relief will be awarded to pubs that meet all of the following characteristics:

- is open to the general public
- allows free entry other than when occasional entertainment is provided
- allows drinking without requiring food to be consumed: and,
- permits drinks to be purchased at a bar

4.3 The meaning of a pub does not include:

- restaurants, cafes, nightclubs, snack bars
- hotels, guesthouses, boarding houses
- festival sites, theatres, concert halls, cinemas
- museums, exhibition halls: and,
- casinos

4.4 The proposed exclusions in 4.3 are not intended to be exhaustive, local authorities will apply characteristics that would lead a business to be classified as a pub using its natural and generally accepted meanings.

4.5 Live music venues:

- are wholly or mainly used for the performance of live music for the purpose of entertaining an audience
- can be used for other activities but only if those other activities:
 - i) are ancillary or incidental to the performance of live music (eg the sale of food or drink to audience members)
 - ii) do not affect the primary use of the premises for the performance of live music (eg because the activities are infrequent)

5 FILM STUDIO RELIEF (effective 1 APRIL 2024 to 31 March 2034)

5.1 Although no properties in the Chelmsford City Council area fit the criteria defined by the Government, it is included in the policy for the sake of completeness. Full qualifying criteria are set out here [Business rates: Film studio relief - local authority guidance - GOV.UK](#) . In summary, qualifying film studios will benefit from a 40% reduction in their gross business rate bills until 2034.

6 SUBSIDY ALLOWANCES

6.1 The Supporting Small Business Relief scheme is likely to amount to subsidy. Any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations. For detailed information see [UK subsidy control regime - GOV.UK \(www.gov.uk\)](#) regarding the UK's subsidy control regime and the UK's international subsidy control requirements.

6.2 The Minimal Financial Assistance rules allow public authorities to award up to £315,000 during the 'applicable period'. The 'applicable period' is defined as the elapsed period of the current financial years and the two preceding financial years. Businesses operating in more than one area should be aware of their reporting and accounting responsibilities if receiving multiple awards of Supporting Small Business Relief.

- 6.3 Where it is clear to the Council that a ratepayer is likely to breach subsidy controls or Minimal Financial Assistance limits, the Council will automatically withhold the relief. In any case, the Council will ask ratepayers to complete a subsidy declaration before granting the relief.

7 ADMINISTRATION OF APPLICATIONS FOR RELIEF (Parts A& B)

- 7.1 Decisions relating to the granting of reliefs will be delegated to the staff reporting to the Director of Connected Chelmsford. Most reliefs will be granted automatically using records already held by the Council. Applications from business rate payers who think they should be eligible must be made in writing to Chelmsford City Council, Business Rates, Civic Centre, Duke Street, Chelmsford CM1 1JE.
- 7.2 If an application for relief is accepted, the award will be back-dated to the start of entitlement where that date is within the financial year in which the application is received. In cases where the relief is one which is fully funded by way of Government grants, the back-dating may be extended into previous financial years as long as eligibility criteria are satisfied.
- 7.3 There is no statutory right of appeal against a decision made by the Council in respect of discretionary reliefs. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. The review will be carried out by a senior officer within the Revenues Team. Any subsequent request for review will be considered by the Revenue and Benefit Services Manager in consultation with the Director for Connected Chelmsford.
- 7.4 If an unsuccessful applicant requests a review, they will still need to continue to pay their rates bill. Once the review has been carried out, the ratepayer will be informed, in writing, of the decision.
- 7.5 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.