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| Committee: | Council | Date: | |
| Title: | Business Rates Relief Policy 2019/20 | | 21 February 2019 |
| Portfolio Holder: | Councillor Simon Howell, Portfolio Holder for Finance and Administration | | |
| Report Author: | Sue Ellis, Revenues Manager sellis@uttlesford.gov.uk | Key decision: | N |

Summary

The Government announced in the Budget on the 29th October 2018 that it will provide a business rates retail discount scheme for occupied retail properties with a rateable value of less than £51,000 for the financial years 2019/20 and 2020/21.

Guidance has been provided by the Ministry of Housing, Communities and Local Government regarding the operation and delivery of the relief, this has been attached as Appendix A. The relief must be awarded in accordance with discretionary relief powers contained within the Local Finance Act 1988 (as amended).

The retail relief will be awarded automatically to eligible businesses by the Council and this is fully reimbursed via the section 31 grant.

Discretion can be exercised under Section 47 of the Local Government Finance Act 1988 (as amended) (hereinafter “LGFA”) in order to operate the above scheme.

Recommendations

1. It is recommended that The Council:
 - Adopt the discretionary Retail Relief Discount for the years 2019/20 and 2020/21 as set out in this report and the attached Business Rates Policy (Appendix B) under Section 47 of the Local Government Finance Act 1988
 - Delegate authority for decision making on awarding Retail Relief to eligible businesses to the Section 151 Officer

Financial Implications

2. The government will fully reimburse the council for lost business rate income due to this initiative. Awards will be fully compensated via Section 31 grant subject to awards complying with the criteria set out in the guidance here will be no cost to the council.

New Burdens Grant will be made available for both software and additional administration costs. Although the government has provided details of the software provision, we have not yet been advised of the value of the administration grant to be paid.

Background Papers

3. The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report.

Local Government Finance Act 1988 Section 47

Local Government Act 2003 Section 31

MHCLG – Business Rates Retail Discount Guidance

State Aid in accordance with the De Minimis Regulations (1407/2013); (Subject to potential changes following EU Exit).

Impact

- 4.

| | |
|---------------------------------|--|
| Communication/Consultation | Billing authority will be expected to have clear arrangements for communicating the scheme to ratepayers and awarding the discount. |
| Community Safety | None |
| Equalities | None |
| Health and Safety | None |
| Human Rights/Legal Implications | Section 47 LGFA 1988 – Providing the Council follows the government guidance for the scheme then it will be able to recover the money from the Government State Aid – It's important that any qualifying ratepayer is checked to ensure no other state aid is being received by the recipient |
| Sustainability | N/A |
| Ward-specific impacts | All Wards |
| Workforce/Workplace | Resources will need to be allocated to implement this relief |

Situation

5. The Government announced in the Autumn Budget on 29 October 2018, the following changes in Business Rates Relief:

- Pub Relief would end on the 31st March 2019
- Newspaper Relief would be extended for an additional year (2019-20)
- An exemption for Public toilets will come into effect from 2020
- A new retail discount scheme commencing from the 1st April 2019

6. A total of 1,370 of businesses in the district receive 100% relief, meaning they pay no business rates at all and a further 294 businesses are in receipt of a varying level of reduction in their business rates. The total amount of businesses in the district supported by mandatory or discretionary reliefs equates 49%.
7. The retail relief scheme will provide financial benefits to 268 businesses, some who currently receive no reductions on their business rates liability and others who will see their liabilities reduced further.
8. The new business rates retail discount scheme applies to 'occupied retail' properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.
9. To illustrate how this will work, the following table gives 3 examples of differing Rateable Values and the financial effect:

| Company 1 | RV | £ |
|-----------------------------------|-------------------------|------------------|
| Annual Liability | 13,000 | 6,383.00 |
| Less Transitional Relief | | -1,166.75 |
| Less Small Business Rates Relief | | -3,477.50 |
| Total before Retail Relief | | 1,738.75 |
| Retail Relief | Equal to 1/3rd off bill | -579.58 |
| Total due | | 1,159.17 |
| | | |
| Company 2 | RV | £ |
| Annual Liability | 10,000 | 4,910.00 |
| Total before Retail Relief | | 4,910.00 |
| Retail Relief | Equal to 1/3rd off bill | -1,636.67 |
| Total now due | | 3,273.33 |
| | | |
| Company 3 | RV | £ |
| Annual Liability | 13,500 | 6,628.50 |
| Less Small Business Rates Relief | | -3,314.25 |
| Total before Retail Relief | | 3,314.25 |
| Retail Relief | Equal to 1/3rd off bill | -1,104.75 |
| Total now due | | 2,209.50 |
| | | |
| Company 3 | RV | £ |
| Annual Liability | 42,500 | 20,867.50 |
| Less Transitional Relief | | -7,909.59 |
| Total before Retail Relief | | 12,957.91 |
| Retail Relief | Equal to 1/3rd off bill | -4,319.30 |
| Total due | | 8,638.61 |

10. As this is a measure for 2019-20 and 2020-2021 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, providing Councils follow the eligibility criteria set out in its guidance; reimburse local authorities that use their discretionary relief powers (using a grant under Section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

11. The Council currently makes awards in accordance with Section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. In order to adopt the "retail relief" scheme members will be required to adopt a local scheme and decide in each individual case when to grant "retail relief".

Discretionary Retail Rate Discount Policy

12. The business rates retail relief policy for the Council will award relief to occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of relief applied shall be one third of the bill and must be applied after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been applied.

13. The relief will be awarded to eligible businesses automatically and they will be notified of the award in writing.

14. Qualifying businesses must be wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

15. Local authorities have been asked to provide an estimate of their total cost for providing the relief in their National Non-Domestic Rates Return (NNDR1).

16. Shops, restaurants, cafes and drinking establishments have been defined within the following 3 categories:

- I. Hereditaments that are being used for the sale of goods to visiting members of the public:
 - Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc.)
 - Charity shops
 - Opticians
 - Post offices
 - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
 - Car/ caravan show rooms
 - Second hand car lots
 - Markets
 - Petrol stations
 - Garden centres
 - Art galleries (where art is for sale/hire)
- II. Hereditaments that are being used for the provision of the following services to visiting members of the public:
 - Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc.)
 - Shoe repairs/ key cutting
 - Travel agents
 - Ticket offices e.g. for theatre
 - Dry cleaners

- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

III. Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs and Bars

17. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

18. The Council can determine whether particular properties (hereditaments) not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for relief.

19. In accordance with the Government's guidance on awarding Retail Rate Relief the Council considers the following not to be "retail premises" and they will not be eligible for relief under the scheme:

I. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

II. Hereditaments that are not reasonably accessible to visiting members of the public

20. The relief will be calculated using the same methodology as business rate charges and will be apportioned accordingly where the occupation, other reliefs or rateable value of a premises changes.

21. The relief will be applied automatically to eligible businesses in line with the policy.
22. State Aid (De Minimis Regulations) will apply when granting this and any other relief and ratepayers may be required to complete a declaration.

Risk Analysis

23.

| Risk | Likelihood | Impact | Mitigating actions |
|---|------------|--------|---|
| Reliefs awarded do not qualify for Section 31 grant | 1 | 3 | The policy detailed above aligns with Government Guidance |
| Resources are not available to implement the scheme | 2 | 2 | An operational plan is in place to implement scheme and advise qualifying ratepayers |
| Software resource is not provided by Councils System provider (Northgate) | 2 | 3 | The software providers are currently working on the system requirements and are on course to deliver in time for annual billing 2019-20 |

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.