

POLICY & FINANCE COMMITTEE

24 JANUARY 2019

BUSINESS RATES - NEW RETAIL DISCRETIONARY RATES RELIEF

1.0 Purpose of Report

- 1.1 To inform the Policy & Finance Committee of a proposed new Business Retail Rates Relief Scheme for the financial years 2019/20 and 2020/21.
- 1.2 To request that the Policy & Finance Committee adopt the proposed new Business Retail Rates Relief Scheme for the 2019/20 and 2020/21 financial years.

2.0 Background Information

- 2.1 The Government announced in the Autumn Budget on 29 October 2018 that it will provide business rates relief of up to 1/3rd to all occupied retail properties with a rateable value of £51,000 or less in each of the years 2019-20 and 2020-21.
- 2.2 As this is a measure for 2019-20 and 2020-21 only, the Government will not change the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out guidance, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.
- 2.3 It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief.
- 2.4 Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

3.0 Proposals

Which properties will benefit from relief?

- 3.1 Properties that are occupied with a rateable value of £51,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
- 3.2 The following are considered to be shops, restaurants, cafes and drinking establishments for the purposes of this scheme:

Properties that are being used for the sale of goods to visiting members of the public including:

Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, 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 Showrooms
Second Hand Car Lots
Markets
Petrol Stations
Garden Centres
Art Galleries (where art is for sale/hire)

Properties 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
DVD/ video rentals
Tool hire
Car hire

Properties 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
Bars

- 3.3 The list set out above is not intended to be exhaustive, properties not listed that are broadly similar in nature to those above should be considered as eligible for the relief.

Which properties will not benefit from relief?

- 3.4 The types of uses set out in the list below are not considered to be retail use for the purpose of this relief. Properties that are similar in nature to those below are also not considered to be eligible for the relief under this scheme.

Properties 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, bureau de change, payday lenders, betting shops, pawn brokers)

Other services (e.g. estate agents, letting agents, employment agencies)

Medical services (e.g. dentists, doctors, osteopaths, chiropractors)

Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)

Post office sorting office

3.5 Eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

3.6 The relief will be applied against the net bill after all other reliefs.

3.7 Examples of how the relief would be applied to the business rates bill are shown at **Appendix A.**

4.0 Equalities Implications

4.1 There are no equality implications associated with this report.

5.0 Impact on Budget/Policy Framework

5.1 Central Government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme. There will therefore be no additional costs incurred by the Council in adopting such a scheme for 2019/20 and 2020/21.

State Aid

5.2 The state aid provisions that govern this relief come under Section 69 of the Localism Act which amended Section 47 Local Government Finance Act 1988.

5.3 The support offered under this policy is given under the State Aid Regulations (1407/2013). This allows an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous years).

5.4 There will be a requirement for ratepayers receiving support to confirm that they have not received any other State Aid that, together, exceeds in total €200,000, in accordance with the above.

6.0 RECOMMENDATION

That the proposed new Business Retail Rates Relief Scheme for the 2019/20 and 2020/21 financial years be adopted.

Reason for Recommendation

To establish a local business rates retail relief scheme for the financial years 2019/20 and 2020/21.

Background Papers

Nil

For further information please contact Phil Ward, on Ext 5347

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The retail discount (one third) is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant.

Example 1: An occupied shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Retail discount (1/3): = -£6,547

Rates due (after retail discount): = £13,093

Example 2: An occupied charity shop with a rateable value of £40,000

Gross rates (before any reliefs) = £40,000 x 0.491 = £19,640

Net rates after charity relief: = £3,928

Retail discount (1/3): = -£1,309

Rates due (after charity relief and retail discount): = £2,619

Example 3: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £13,500 x 0.491 = £6,629

Net rates after SBRR (50%): = £3,314

Retail discount (1/3): = -£1,105

Rates due (after SBRR and retail discount): = £2,210

Example 4: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)

Gross rates (before any reliefs) = £10,000 x 0.491 = £4,910

Net rates after SBRR (100%): = £nil

Rates bill is nil and, therefore, no retail discount applies