

Cherwell District Council

Council

25 February 2019

Business Rates Retail Relief Policy

Report of Executive Director Finance and Governance (Interim) & Section 151 Officer

This report is public

Purpose of report

To provide members with an update on the retail relief scheme announced in the Budget and to seek approval for the Business Rates Retail Relief Policy for 2019-2020.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve the proposed Business Rates Retail Relief Policy (Appendix 1).

2.0 Introduction

- 2.1 The Government announced in the Budget on 29 October 2018 that it will provide a business rates retail relief scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.
- 2.2 Guidance has been provided by the Ministry of Housing, Communities and Local Government regarding the operation and delivery of the relief. The relief must be awarded in accordance with discretionary relief powers contained within the Local Finance Act 1988 (as amended).
- 2.3 The retail relief awarded by the Council will be fully reimbursed if paid in accordance with Government guidance.
- 2.4 The policy proposed in this report fully reflects the guidance to award relief to occupied retail premises.

3.0 Report Details

- 3.1 The Government announced in the Budget on 29 October 2018 that it will provide a business rates retail relief scheme for 'occupied retail' properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21.
- 3.2 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.
- 3.3 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 Relief Policy

- 3.4 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.
- 3.5 Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
- 3.6 Local authorities have been asked to provide an estimate of their likely total cost for providing the relief in their National Non-Domestic Rates Return (NNDR1).
- 3.7 We consider shops, restaurants, cafes and drinking establishments to mean:
- **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)

- **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

OR

- **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
- Bars

3.8 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.

3.9 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.

3.10 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:

- **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
- **Hereditaments that are not reasonably accessible to visiting members of the public**

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

3.12 State Aid (De Minimis Regulations) will apply when granting this and any other relief and ratepayers may be required to complete a declaration.

4.0 Conclusion and Reasons for Recommendations

4.1 Members of Budget Planning Committee and Executive have considered this report and have recommended to Council the introduction of the Business Rates Retail Relief Scheme and the related Policy effective from 1 April 2019.

5.0 Consultation

None

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Members could agree not to determine a Business Rates Retail Relief Policy, but this would mean the Council is not complying with Central Government guidance and would be to the detriment of ratepayers in the district.

7.0 Implications

Financial and Resource Implications

7.1 In awarding the “retail relief” in accordance with the guidance the Council will be able to be fully reimbursed through the NNDR claim process.

Comments checked by:

Adele Taylor, Executive Director: Finance and Governance,
adele.taylor@cherwellandsouthnorthants.gov.uk

Legal Implications

- 7.2 Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the criteria for awarding discretionary rate relief to certain categories of non-domestic ratepayer.
- 7.3 Section 69 of the Localism Act 2011 provides a new discretionary power to reduce business rates for any local ratepayer. It is this new power that the Government is directing billing authorities to use to award the new categories of relief.
- 7.4 Relief from taxes, including non-domestic rates, can constitute state aid under European Union legislation. There are block exemptions from the state aid rules where the aid is below a de minimis level. The de minimis level applies to all de minimis aid received, including other Government subsidies or grants, in addition to any rate relief given as a de minimis aid. It will be for the Council to ensure that any relief granted does not transgress state aid rules. The de minimis threshold is €200,000 from all sources to the recipient as a whole over a rolling period of three years.

Comments checked by:
 Chris Mace, Solicitor, 01327 322125,
 Christopher.mace@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priorities of a district of opportunity and sound budgets and a customer focused council

Lead Councillor

Councillor Tony Illott, Lead Member for Financial Management and Governance

Document Information

Appendix No	Title
1	Business Rates Retail Relief Policy
Background Papers	
None	
Report Author	Jacey Scott Joint Revenues and Recovery Team Leader
Contact Information	Jacey.scott@csnresources.co.uk