

Cherwell District Council

Council

24 February 2020

Business Rates Retail Relief Policy

Report of Executive Director of Finance (Interim)

This report is public

Purpose of report

To provide members with an update on the retail relief scheme announced in the Queen's Speech on 19 December 2019, and to seek approval of the Business Rates Retail Relief Policy for 2020 -21.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of this report.
- 1.2 To approve the 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. The scheme currently allows qualifying businesses a third off their business rates on top of any other reliefs for which they are eligible.
- 2.2 In the recent Queen's Speech the Government announced that it will increase the discount to 50% from April 2020 and that it will be available to cinemas and music venues as well as independent shops, cafes, bars and pubs.
- 2.3 The Government expects local authorities to ensure these changes applied for the 2020/21, and ensure eligible business receive the increased support in their rates bills at the start of the financial year.
- 2.4 The retail relief awarded by the Council will be fully reimbursed if paid in accordance with Government guidance.
- 2.5 The policy proposed in this report fully reflects the guidance to award relief to occupied retail premises, including music venues and cinemas.

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 2020/21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in its guidance and reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief.
- 3.2 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 apply and grant the 50% relief to qualifying ratepayers from the start of the 2020/21 billing cycle.
- 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 2019/20 and 2020/21. The value of relief applied from April 2020 will be fifty per cent and must be applied after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been applied.
- 3.5 Authorities should complete their NNDR1 return for 2020/21 based on the previous one third discount scheme local authorities will then be asked to provide a further and separate estimate of their likely total cost for providing the 50% relief in 2020/21 via the NNDR3.
- 3.6 We consider shops, restaurants, cafes and drinking establishments cinemas and music venues to mean:
- **Hereditaments that are being used for the sale of goods to visit 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 visit 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

Hereditaments which are being used as cinemas and live music venues

Live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event)

- 3.8 To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment, music venue or cinema. 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 As the legislation was only received on 27 January 2020 this report has not been considered by Budget Planning Committee but has been received by Executive who have recommended to Council the approval of the Business Rates Retail Relief Scheme and related Policy effective from 1 April 2020.

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.

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Legal Implications

- 7.2 The primary legal implications for the Council are outlined in the main body of the report. The guidance advises that Councillors should consider the awarding of relief in accordance with their powers for granting discretionary rate relief as provided for by Section 47 of the Local Government Finance Act 1988 (as amended). As the main body of the report makes clear, provided the Council follows that guidance then it will be able to recover the money from Government.

As the main body of the report mentions at paragraph 3.12, there is a State Aid issue to contend with here. The Council will therefore require that any recipient of the “retail relief” completes a declaration to confirm that they have not received any other assistance from another public body within the past 3 financial years.

Comments checked by: Chris Mace Solicitor, 01295 221808, Christopher.mace@cherwell-dc.gov.uk

8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Corporate Priorities: Sound budgets and customer focused council

Lead Councillor

Councillor Tony Ilott, Lead Member for Financial Management and Governance

Document Information

Appendix No	Title
1	Business Rates Retail Relief Policy
Background Papers	
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