

MID SUFFOLK DISTRICT COUNCIL

TO: Cabinet	REPORT NUMBER: MCa/19/46
FROM: Cabinet Member for Finance	DATE OF MEETING: 10 February 2020
OFFICER: Andrew Wilcock (SRP Operations Manager)	KEY DECISION REF NO. CAB181

BUSINESS RATES DISCOUNTS POLICY

1. PURPOSE OF REPORT

- 1.1 The Government, in the Queen's Speech, recently announced changes to some business rate discounts and proposed a new discount for pubs. This report provides an overview of these and explains the steps to be taken to implement these discounts.

2. OPTIONS CONSIDERED

- 2.1 **Option 1 – Delegate authority to the Assistant Director – Corporate Resources in consultation with the Cabinet Members for Finance and the Leaders to agree a local discretionary discount for pubs, update the retail discount policies and extend the local newspaper discount, once the Government has provided the full details of the schemes.**

The current discretionary retail discount policies can be updated to reflect the changes i.e. the increase in the value of discount granted and the additional categories that will be eligible (inclusion of cinemas and music venues).

The ratepayer in receipt of the local newspaper discount can have their discount extended for another year.

A new policy can be introduced for the discount for pubs once the details are known.

- 2.2 **Option 2 – Wait for the Government to provide the full details of the schemes.**

A report can come back to Cabinet once the Government has provided the full details of the schemes.

This could create a delay in ratepayers receiving the discount depending on when a report can be taken back to Cabinet.

- 2.3 **Option 3 - Do nothing**

There is no mandatory requirement on billing authorities to provide these discounts, however the Government is funding the scheme. It would therefore be an opportunity missed to support local ratepayers.

3. RECOMMENDATIONS

- 3.1 That Cabinet give authority to the Assistant Director – Corporate Resources in consultation with the Cabinet Members for Finance and the Leaders to agree a local discretionary discount for pubs, update the current retail discount policy and extend the local newspaper discount, once the Government has provided the full details of the schemes.

REASON FOR DECISION

To provide a discretionary retail discount, local newspaper discount and pub discount to support ratepayers in Babergh and Mid Suffolk.

To enable the implementation of the discretionary discount schemes.

4. KEY INFORMATION

- 4.1 In 2017 the Government introduced a £1,500 discount for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, for 2 years from 1 April 2017.
- 4.2 The Government then announced in the October 2018 Budget an extension to the local newspaper discount for 1 year. It also announced that it would provide a business rates retail discount scheme for occupied retail properties with a rateable value of less than £51,000 for each of the years 2019/20 and 2020/21. The value of the discount was one third of the rates bill.
- 4.3 As these were a temporary measure, the Government did not change the legislation around the discounts available to properties. Individual local billing authorities had to 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. The Government committed to fully reimburse local authorities for their local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).
- 4.4 Cabinets approved the introduction of a local discretionary retail discount policy on 4 (Mid Suffolk) and 7 (Babergh) February 2019. The current policies are shown in Appendices A and B.
- 4.5 The Government has announced further changes to business rate discounts in the Queen’s Speech on 19 December 2019. It stated that it will:
- Increase the retail discount from one third to 50% and include cinemas and music venues within the scheme
 - Extend the duration of the local newspapers discount
 - Introduce an additional discount for pubs.
- 4.6 At the time of writing this report no further details have been provided by the Government. It is assumed that due to the temporary nature of these discounts and the length of time that it would take to amend primary legislation, local billing

authorities will be asked to use their discretionary power to implement these discounts.

- 4.7 As these discounts are discretionary, the Councils can choose not to grant them if they consider that appropriate, for example where granting the discount would go against the Councils' wider objectives for the local areas. However, the Councils need to recognise the support that these discounts will give to local ratepayers and the local economy and the fact that the Government will fund these discounts.
- 4.8 There is a short timescale to introduce these discount policies from 1 April 2020, so that they are included on the business rates bills issued for 2020/21. The ideal situation for ratepayers is that they receive their new 2020/21 business rates bill with the relevant relief/discount included, rather than having to reissue the bills after the start of the new financial year. The Shared Revenues Partnership (SRP) is currently due to issue 2020/21 bills on 11 March 2020.
- 4.9 To meet this timeline the Cabinets would need to consider the relevant discretionary policies (if the Government has provided further detail) or delegate authority for the final decision making, at their meetings on 10 and 11 February 2020.

5. LINKS TO CORPORATE PLAN

- 5.1 Taking measures to implement the retail and pub discounts announced in the Queen's Speech will support the local economies of the two districts.

6. FINANCIAL IMPLICATIONS

- 6.1 The Government will reimburse the Council and the major precepting authorities for the actual cost to them under the rates retention scheme of the reliefs that fall within the definitions in the guidance using a grant under section 31 of the Local Government Act 2003. The Council will provide an estimate of the likely cost for providing the discounts in the National Non-Domestic Rate Return 1 (NNDR1) for 2020/21.
- 6.2 For 2019/20 there are currently around 225 Babergh ratepayers in receipt of the retail discount amounting to £567,000 of relief and 137 Mid Suffolk ratepayers with relief amounting to £330,000. This is at no cost to the Council. Updating the retail discount policy in line with the Government announcement will increase the level of relief awarded.
- 6.3 As the detail of the pub discount is currently unknown, it is not possible to provide an estimate of the level of relief that will be awarded.

7. LEGAL IMPLICATIONS

- 7.1 The Council can use discretionary relief powers, introduced by the Localism Act (under section 47 of the local Government Finance Act 1988, as amended) to grant relief under this Government scheme.

8. RISK MANAGEMENT

8.1 This report is not closely linked with any of the Council's Corporate / Significant Business Risks. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If qualifying ratepayers fail to apply for the discount, then they may encounter unnecessary trading difficulties.	3 – Probable	2 – Noticeable / Minor	Officers proactively identify cases that can apply for the discount. Take-up campaign

9. CONSULTATIONS

9.1 No direct consultation has been undertaken in respect of this proposal.

10. EQUALITY ANALYSIS

10.1 An Equality Impact Assessment (EIA) is not required as the policy relates to businesses and not individuals.

11. ENVIRONMENTAL IMPLICATIONS

11.1 None identified from this policy.

12. APPENDICES

Title	Location
(a) Babergh current Retail Discount Policy	Attached
(b) Mid Suffolk current Retail Discount Policy	Attached

**Babergh District Council
Retail Discount - Business Rate Relief Policy**

1. Background

- 1.1. The retail sector is changing, and consumer behaviour presents a significant challenge for retailers in town centre. The Government wishes to take action to help the high street evolve.
- 1.2. The Government announced in the Budget on 29 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 in each of the years 2019/20 and 2020/21. The value of discount should 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, except those introduced using the powers granted under the Localism Act 2011.

2. Introduction

- 2.1. The Local Government Finance Act 1988 gives Local Authorities the power to grant discretionary retail discount to properties that are 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. Available relief

- 3.1. There is no relief available under this policy for properties with a rateable value of more than £50,999.
- 3.2. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
- 3.3. The relief will be applied against the net business rates bill after all other reliefs have been taken into account.
- 3.4. Where the net rate liability for the day, after all other reliefs but before the retail discount, is less than the retail discount, the maximum amount of retail discount will be no more than the value of the net rate liability.
- 3.5. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de-minimis limits.

4. Awarding relief

- 4.1. 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.
- 4.2. We consider shops, restaurants, cafes and drinking establishments to mean:

(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)
- 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
- Bars

4.3. 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.

4.4. As a guide, the list below sets out the types of uses that the Council does not consider to be retail for the purpose of this policy:

(i) Hereditaments that are being used as charity shops.

(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.

5. Administration of applications for relief

- 5.1. The Council's Shared Revenues Partnership will identify the potential properties that may be eligible for the retail discount. It is for the ratepayer to opt out if they are already receiving maximum state aid.
- 5.2. The Council's Shared Revenues Partnership will administer all applications for the retail discount and determine the amount of discretionary retail discount to be awarded.
- 5.3. Decisions regarding discretionary retail discount will be notified to the ratepayer in writing within 28 days of the decision, or as soon as reasonably practicable. Unsuccessful applicants will be given reasons for any refusal to award relief.

6. State Aid

- 6.1 Local rate relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the current de minimis level. The ratepayer must inform the Council if they are already receiving maximum state aid.
- 6.2 Rate relief for charities and non-profit making bodies is not normally considered to be state aid, because the recipients are usually not in market competition with other businesses. However, if the charity or non-profit making body is engaged in commercial activities or they are displacing an economic operator or if they have a commercial partner, rate relief could constitute state aid.
- 6.3 To find further information on state aid please visit www.gov.uk/state-aid

7. Duration of awards

- 7.1. The award of discretionary retail discount will be made for a fixed period ending on 31st March 2021. The only exception is where the business rates liability of a retail business ends before this date.

8. Right of appeal

- 8.1. There is no statutory right of appeal against a decision made by the Council in respect of discretionary retail discount. However, the Council will review the

decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the Head of the Shared Revenues Partnership in consultation with the Council's Section 151 Officer.

- 8.2. If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.
- 8.3. The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

Mid Suffolk District Council Retail Discount - Business Rate Relief Policy

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