

Business Rates Relief

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Director: Martin Woods, Director – Service Delivery
Service Manager: Ian Potter, Lead Specialist - Vulnerable People – Service Delivery
Lead Officer: Helen Morris, Revenues Specialist, - Service Delivery
Contact Details: Helen.morris@southsomerset.gov.uk or 01935 462033

Purpose of the Report

1. To request that the District Executive approve the use of the Council's local discount powers to implement Retail Rate Relief in relation to Business Rates from 1 April 2019 for two years.
2. To request that the District Executive approve the extension of the Local Newspaper relief for 2019/2020.
3. To request that the District Executive approve the extension of the doubling of Rural Rate Relief for 2019/2020 and to continue in future financial years until primary legislation has been changed.

Forward Plan

4. This report appeared on the District Executive Forward Plan with an anticipated Committee date of January 2019

Public Interest

5. In the Autumn Budget of 2018, it was announced that the Government recognises that there is changing consumer behaviour on the high street and therefore announced a number of measures to help retailers during these challenging times. This report outlines these measures which are to be brought in from April 2019.

Recommendations

6. That the District Executive:
 - a. Approve the use of the Councils local discretionary powers to implement Retail Rate Relief from April 2019 for two years;
 - b. Approve the use of the Councils local discretionary powers to extend the Business Rate Relief Scheme for Local Newspapers for the 2019/20 financial year;
 - c. Approve the use of the Councils local discretionary powers to extend the doubling of the Rural Rate Relief for the 2019/20 financial year and future financial years until the primary legislation has been changed.

Background

7. In the Autumn Budget of 2018, the Chancellor announced a package of business rate measures to help support retailers and to help the high street evolve. These measures were:
 - A one third discount for retail property with a rateable value below £51,000 for two years;

- Intention to legislate to grant a 100% relief from business rates for all standalone public toilets;
 - Extension of the £1,500 business rates discount for local newspapers' office space in 2019/2020.
8. In the Autumn statement of 2016, the Chancellor confirmed that the Government will double Mandatory Rural Rate Relief to 100% from 1 April 2017. However this needed a change to primary legislation. Local Authorities used their discretionary powers to grant 100% for 2017/18, this was approved by District Executive in March 2017.
 9. In October 2017 it was announced that following the decision not to reintroduce the Local Government Finance Bill, for 2018/2019 it would be expected that local authorities continue to use their local discount powers to grant 100% Rural Rate relief to eligible ratepayers as we have done in 2017/2018.

Retail Rate Relief

10. The Government has announced a new relief scheme for retail properties that have a rateable value of below £51,000. Under the scheme, eligible ratepayers will receive a one third discount on their daily chargeable amount. The definition of retail properties will follow that adopted from the previous retail relief scheme in 2014/15 and 2015/16. The Ministry for Housing, Communities and Local Government (MHCLG) have now issued further guidance on the operation of the relief scheme. State Aid rules will apply to the retail relief.
11. Local Authorities are expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988, as amended) to grant this new relief for retail properties in line with the relevant eligibility criteria. There is no new legislation required to deliver the scheme.
12. The value of the 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.
13. Approximately 620 retail premises benefited from the Retail Rate Relief scheme in 2014/15 & 2015/16.
14. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £51,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments and who do not already receive 100% business rate relief.
15. Government considers 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: Florist, bakers, butchers, grocers, greengrocer, jewelers, 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
- Secondhand car lots
- Markets
- Petrol stations
- Garden Centres

- Art galleries (where art is for sale/hire)

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

- Hair and beauty services (such as hairdressers, nail bars, beauty salons, tanning shops etc)
- 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

17. 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

18. Types of business excluded, 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, bureau 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 advisors, tutors)
- Post office sorting offices
- Hereditaments that are not reasonably accessible to visiting members of the public.

19. 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.

20. State Aid Law is how the European Union regulates state funded support to businesses. Discretionary Relief amounts to State Aid. The De Minimis Regulations allow a business to receive up to €200,000 of De Minimis aid in a three year period (the current financial year and the two previous financial years). It is our responsibility to ensure that a business has not received more than the limit of State Aid. Therefore we will require ratepayers to sign a declaration confirming this.

21. We will issue application forms with the Annual Bill for 2019/20, we will ensure that application form is available on our website. We will send out communication via our social media pages encouraging Businesses to apply for the relief. We will follow up any outstanding declarations that are not

returned with a visit from an officer within the Locality Team who would be able to help the customer complete the form.

22. We will work closely with the regeneration programs for Yeovil, Chard and Wincanton to ensure that there is a maximum take up for this relief.

Public Toilets

23. The Government also announced intentions to bring forward primary legislation to grant a 100% relief from business rates for all standalone public toilets, from 2020/2021. Further details on this measure will follow in due course.

Local Newspaper Relief

24. In the Budget announcement 2016, it was announced that the Government would introduce a £1500 business rate relief for office space occupied by local newspapers, up to a maximum of one discount per local newspaper title and per hereditament, up to state aid limits for 2 years from 1 April 2017.
25. Following the announcement in the autumn budget 2018, this relief is to be extended for a further year in 2019/20.
26. There is currently one local newspaper receiving this relief.

Rural Rate Relief

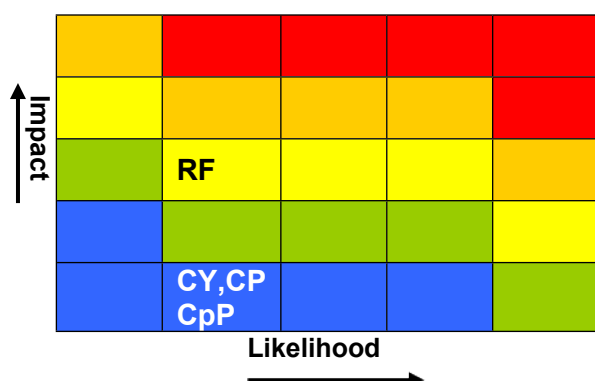
27. Following the decision not to reintroduce the Local Government Finance Bill, which included the change to primary legislation for the doubling of rural rate relief to 100%. The government expects local authorities to continue to use their local discount powers to grant 100% rural rate relief to eligible ratepayers, as they have done so for 2017/18 and 2018/19. Local authorities will be compensated in full for their loss of income as a result of this change. This compensation will be paid by section 31 grant and calculated on the basis of the returns that councils make under the rates retention scheme.
28. It is proposed that this is continued for the next three financial years, 2019/2020, 2020/21 & 2021/22 or until the financial compensation from government changes, at which point a report would be brought back to members.

Financial Implications

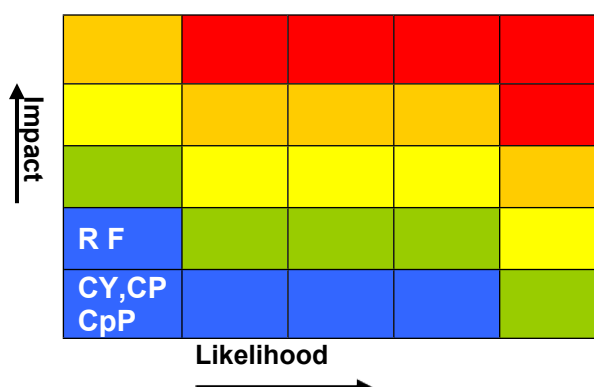
29. Where the Council uses its local discount powers to implement the Retail Relief Scheme, to extend the Local Newspaper Relief for 2019/20 and the doubling of Rural Rate relief for 2019/2020 and future years, the cost will be reimbursed in full by Government via a section 31 grant.

Risk Matrix

Risk Profile before officer recommendations



Risk Profile after officer recommendations



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R = Reputation	Red = High impact and high probability
CpP = Corporate Plan Priorities	Orange = Major impact and major probability
CP = Community Priorities	Yellow = Moderate impact and moderate probability
CY = Capacity	Green = Minor impact and minor probability
F = Financial	Blue = Insignificant impact and insignificant probability

Council Plan Implications

30. The proposed policy supports the “Economy” Priority - To promote a strong economy with thriving urban and rural businesses.

Carbon Emissions and Climate Change Implications

31. None associated with this report

Equality and Diversity Implications

32. There are no specific implications with this report.

Privacy Impact Assessment

33. Consideration has been given to the Privacy impact assessment and as there is not direct marketing implications there is no impact. A privacy statement will be included with the application forms.

Background Papers

34. The following background papers can be viewed on the council website www.southsomerset.gov.uk

- Report to District Executive – March 2017 – item 8
- Report to District Executive – April 2017 – item 8
- Report to District Executive – March 2018 – item 8