

North East Derbyshire District Council

Cabinet

13 March 2019

Business Rates Discretionary Retail Discount

Report of Councillor P R Kerry, Portfolio Holder for Finance

This report is public

Purpose of the Report

- To provide Cabinet with details of the Government's proposals for a new discretionary business rates retail discount scheme designed to support certain small and medium retail businesses and request approval to adopt a scheme to meet the intent of the proposals.

1 Report Details

- 1.1 National Non-Domestic rates (business rates) are levied on non-domestic properties which appear in the local rating list. A proportion of the amount collected by the council, 50% for 2019/20, is retained locally and provides a significant contribution towards the cost of providing local services.
- 1.2 In the Autumn Budget 2018, the Government announced that eligible occupied retailers with a rateable value below £51,000 will receive a one third discount on their business rates bills. This scheme will run in 2019/20 and 2020/21 and is restricted to "retail" properties by a broad definition relating to the sale of tangible goods, including prepared food and drink rather than services and is specified in detail in Appendix 1.
- 1.3 As the discount is scheduled to last for only 2 years the Government does not intend to amend primary legislation but expects councils to use their discretionary powers under section 47 of the Local Government Finance Act 1988, as amended to grant the discount, the value of which will be reimbursed by a grant under Section 31 of the Local Government Act 2003
- 1.4 The detail of the scheme which the government expects rating authorities to adopt is provided in a guidance document from the Ministry of Housing, Communities and Local Government and the council's scheme will be based on that document and will follow the government guidance notes in full. Eligibility will be determined for the financial year 2019/20 in the first instance and the discounts applied automatically to qualifying businesses' bills.

- 1.5 Only discount granted within the Government guidelines will be eligible for reimbursement and Local Authorities have been requested to estimate the likely cost of providing this in their National Non Domestic Rate Return 1 (NNDR1).

2 Conclusions and Reasons for Recommendation

- 2.1 The report seeks agreement to introduce the proposed Business Rates Discretionary Retail Discount Scheme, in accordance with the Government's establishment of funding.

3 Consultation and Equality Impact

- 3.1 There are no consultation or equality issues arising from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 Should the Council decide to not adopt the scheme, retail properties within the district may not be able eligible to access the discount to their business rates.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 The government has confirmed that the council will be fully reimbursed for qualifying expenditure incurred in line with the guidance.
- 5.1.2 The estimate of total additional discount to be granted for the council is £497,000 of which the 50% share of the Council's and other local precepting authorities is expected to be fully reimbursed.

5.2 Legal Implications including Data Protection

- 5.2.1 The Council has been given the responsibility to assist the Government in providing an additional business rates discount to assist retail business in the area through exercising discretionary powers and must consider and decide whether to formally approve the use of these powers.
- 5.2.2 Section 47 of the Local Government Finance Act 1988 allows a billing authority to provide discretionary relief for business rates.
- 5.2.3 State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary discount falls within the definition and in order for businesses to be compliant with the De Minimis Regulations (EC 1407/2013) the recipient must sign a declaration that the award of this discount is within the threshold of €200,000 received over a rolling three year period. The State Aid provisions will be assessed as part of the eligibility evaluation process.

5.3 Human Resources Implications

- 5.3.1 There are no issues arising directly from this report.

6 Recommendations

- 6.1 That Cabinet formally approves the adoption of a new business rates retail discount scheme as set out in Appendix 1, for the financial years 2019-20 to 2020-2021.

7 Decision Information

<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input checked="" type="checkbox"/> <i>Capital - £250,000</i> <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	Yes
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	Yes
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	None directly
<p>Links to Corporate Plan priorities or Policy Framework</p>	All.

8 Document Information

Appendix No	Title						
1	NEDDC Business Rates Discretionary Retail Discount Scheme						
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>							
<table border="1"> <thead> <tr> <th>Report Author</th> <th>Contact Number</th> </tr> </thead> <tbody> <tr> <td>Andrew Gascoigne – Revenues & Benefits Manager</td> <td>01246 217105</td> </tr> <tr> <td>Dawn Clarke – Head of Finance & Resources</td> <td>01246 217658</td> </tr> </tbody> </table>		Report Author	Contact Number	Andrew Gascoigne – Revenues & Benefits Manager	01246 217105	Dawn Clarke – Head of Finance & Resources	01246 217658
Report Author	Contact Number						
Andrew Gascoigne – Revenues & Benefits Manager	01246 217105						
Dawn Clarke – Head of Finance & Resources	01246 217658						

Appendix 1

North East Derbyshire District Council - Business Rates Retail Discount Scheme

The Business Rates Retail Discount Scheme for the Council will award a reduction of one third of the net balance (£) (after all other eligible discounts) to occupied retail premises (hereditaments) on the condition that:

- A. The hereditament has a rateable value of £51,000 or less
- B. It is occupied and is wholly or mainly being used as a shop, restaurant, cafe or drinking establishment.

It is considered shops, restaurants, cafes and drinking establishments means:

- (a) 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)

AND

- (b) 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.)
- 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

AND

- c) 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
 - Public Houses
 - Bars

The list set out above is not intended to be exhaustive as it would be impossible to list the many varied retail uses that exists. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the council considers for the purpose to be retail.

The council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the discount. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for the discount.

To qualify for the discount the hereditament should be wholly or mainly used as a shop, restaurant, and cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test of use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purposes will not qualify for the discount.

The Council considers the following **not** to be “Retail Premises” and **not** eligible for discount under the scheme:

- a) 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
- b) Hereditaments that are not reasonably accessible to visiting members of the public.
- c) Generally speaking, the council also does not consider assembly or leisure uses beyond those listed above to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues which are not similar in nature to the hereditaments described above. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, the council will exercise their discretion with reference to the above guidance and using their knowledge of their local tax base.

The existing categories of discretionary relief (i.e. charitable/CASC/rural etc. top up and not for profit) will be applied first in the sequence of discretionary reliefs and, therefore, before the new retail discount.

The eligibility for the discount and the relief itself will be assessed and calculated on a daily basis.

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