

**Report to:** Cabinet  
**Date of Meeting:** 6 February 2019  
**Public Document:** Yes  
**Exemption:** None  
**Review date for release** None



**Agenda item:** 17

**Subject:** Business Rates – Rate Relief Measures

**Purpose of report:** This report updates Members on business rates measures announced in the Budget on 29 October 2018:

- Retail Discount scheme for two years
- Extension of the local newspaper business rates discount
- 100% rate relief for public conveniences

The first two measures need to be adopted by the Council in order to ensure that Government funding is passed onto eligible businesses. The third measure relating to public conveniences is for information only as it requires the Government to amend legislation in order for this to be implemented.

**Recommendation:**

- 1. To implement the ‘Retail Discount Scheme’ for 2019/20 & 2020/21 in line with the Government’s scheme guidance including delegated authority to the Service Lead and the S151 to determine eligibility.**
- 2. To continue awarding the local newspaper discount in line with Government policy.**
- 3. To note the Government’s intention to implement 100% rate relief for public conveniences. Should this measure require the Council to adopt a local discount/relief scheme then this is delegated to the Council’s S151 Officer in conjunction with the Finance Portfolio to implement.**

**Reason for recommendation:** Members need to approve these rate reliefs to ensure that ratepayers can benefit from the extra funding announced in the Autumn 2018 Budget.

**Officer:** Libby Jarrett, Service Lead – Revenues & Benefits,  
[ljarrett@eastdevon.gov.uk](mailto:ljarrett@eastdevon.gov.uk). 01395 517450

**Financial implications:** As stated in the report the costs involved of granting reliefs will be covered by Government.

**Legal implications:** The legal position is detailed in the report and no further comment is required.

**Equalities impact:** Low Impact

**Risk:** Low Risk

**Links to background information:**

- [Retail Discount Guidance](#)

**Link to Council Plan:**

Developing an outstanding economy

## **1.0 Background**

1.1 In the 2018 Autumn Budget the Government announced a package of business rates measures:

- A one third discount scheme for occupied retail property with a rateable value below £51,000 for two years (2019/20 & 2020/21);
- An extension of the £1500 business rates discount for local newspapers' office space in 2019/20.
- An intention to legislate to grant a 100% relief from business rates for all standalone public toilets;

## **2.0 Retail Discount Scheme**

2.1 The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve.

2.2 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 relief 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.

2.3 Where the Council grants a locally funded relief it must be applied after the Retail Relief.

2.4 This measure is for 2019/20 and 2020/21 only, so the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria, reimburse local authorities that 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. It will be for individual local billing authorities to decide to adopt the scheme and to determine entitlement against the Government guidance. 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 therefore expects local government to grant relief to qualifying ratepayers.

2.5 The Government have issued scheme guidance which is available [here](#). In essence properties that will benefit from the relief will be occupied premises that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

2.5.1 Shops, restaurants, cafes and drinking establishments mean:

- i. Premises 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, 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 filling stations
- Garden centres
- Art galleries (where art is for sale / hire)

ii. Premises 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. Premises 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

2.5.2 The types of uses that the Government does not consider to be retail for the purpose of this relief are:

i. Premises 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. Premises that are not reasonably accessible to visiting members of the public

2.5.3 The Government considers cinemas, theatres, museums or properties used for sport or physical recreation (e.g. gyms) are outside the scope of this relief.

2.6 The total amount of government-funded relief available for each property for 2019/20 and 2020/21 under this scheme is one third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. There is no relief available under this scheme for properties with a rateable value of £51,000 or more.

2.7 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis so if a ratepayer vacates part way through a year then the discount will be apportioned pro rata.

2.8 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.

## **2.9 State Aid**

2.9.1 State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.

2.9.2 The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).

2.9.3 Ratepayers will be required to complete an online application for the relief which will include a declaration relating to State Aid.

2.9.4 The Government are advising that although we are scheduled to leave the EU on 29 March 2019 we will still need to apply state aid rules post this date as done currently.

## **2.10 Qualifying Businesses**

2.10.1 In East Devon we have 6,426 rating assessments. Initial predictions indicate approximately 500 businesses could benefit from this scheme. We will be able to obtain more accurate figures over the coming weeks.

## **2.11 Administering and promoting the Scheme**

2.11.1 The Government are expecting local authorities to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle.

2.11.2 It is our intention that we will identify qualifying businesses and automatically award the amount of relief to the annual bills for both financial years. Alongside the bill we will enclose a covering letter and will ask businesses to confirm entitlement (including meeting state aid rules) by completing an on-line declaration.

2.11.3 Details of the scheme will be included with the bills and published on our website. We will work closely with the Communications and Economic team to ensure that the scheme is effectively promoted.

## **2.12 Members approval**

2.12.1 The recommendation is to adopt the Government's scheme as set out in the guidance as this funding provides financial support to our local retailers which clearly links to our key priority in developing an outstanding economy.

2.12.2 Delegated authority is sought for the Service Lead for Revenues & Benefits in conjunction with the Council's S151 to resolve any dispute regarding eligibility for the relief.

## **3.0 Local Newspaper Discount**

3.1 The Government introduced funding to local authorities so that they could provide a discount worth up to £1,500 a year for two years from 1 April 2017, to office space occupied by local newspapers. This is up to a maximum of one discount per local newspaper title, per hereditament up to state aid limits.

- 3.2 As this was due to expire on 31 March 2019, the Government have announced that they are extending this for 2019/20.
- 3.3 We currently have one local newspaper that is benefitting from this discount.
- 3.4 The recommendation is that Members continue with this discount in line with Government policy.

#### **4.0 Public Conveniences**

- 4.1 The Chancellor of the Exchequer also announced that they would introduce 100% rate relief to all standalone public conveniences whether publicly or privately owned. The Government have suggested that this will be introduced through a new mandatory relief. As this measure requires primary legislation it is unclear when this will be come into force. Feedback from our professional body is that it is unlikely that this will be implemented for this coming financial year.
- 4.2 Within East Devon we have 28 rating assessments for standalone public conveniences. East Devon is responsible for the rates on 21 of these with an annual cost of approximately £45K.
- 4.3 As we don't have detail on this then it is unclear of how this will be funded as the cost of mandatory reliefs are not normally reimbursed through S31 grants therefore this may mean that we will pick up a proportion of the cost through the Business Rate Retention Scheme.