

Report to: Cabinet

Date: 6 February 2019

Title: Business Rate Retail Discount Policy

Report of: Director of Service Delivery

Cabinet member: Councillor Alan Shuttleworth

Ward(s): ALL

Purpose of report: To approve the proposed Retail Discount Policy

Decision type: Key Decision

Officer recommendation(s): (1) Approve the Business Rate Retail Discount Policy as set out in Appendix 1

(2) Grant the Director of Service Delivery delegated authority, in consultation with the Lead Member, to review and, if necessary, amend the Retail Discount Policy following the consultation period and at the end of year 1 of the scheme

(3) Grant the Director of Service Delivery delegated authority to implement and enforce the Retail Discount Policy, including any measures necessary for or incidental to its management and administration.

Reasons for recommendations: Cabinet approval is required for the Retail Discount Policy which will be used for the purposes of administering the scheme

Contact Officer(s): Name: Nick Ducatel
Post title: Functional Lead (Growth and Prosperity)
E-mail: Nick.ducatel@lewes-eastbourne.gov.uk
Telephone number: 01323 415914

1 Introduction

- 1.1 In the October 2018 budget, the Government announced a business rates Retail Discount scheme for occupied retail properties that have a rateable value of below £51,000 in each of the years 2019-20 and 2020-21. Under the scheme, eligible ratepayers will receive a one third discount off their rates bill.
- 1.2 The Government will reimburse local authorities that use its discretionary relief powers under section 47 of the Local Government Finance 1988 to grant relief.

2 Proposed Scheme

2.1 The Government has set down the criteria under which properties will benefit from the relief.

2.2 Retail discount will be available to 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. The Government has set out a list of qualifying hereditaments, the principal ones being –

- Shops (such as florists, bakers, greengrocers, butchers, jewellers, off licenses, chemists, newsagents)
- Charity Shops
- Opticians
- Post Offices
- Furnishing shops
- Car showrooms
- Second hand car lots
- Markets
- Hair and beauty services (hairdressers, nail bars, tanning shops, tattoo parlours and body piercing services)
- Shoe repairs / key cutting
- Travel Agents
- Ticket Offices e.g. theatre
- Dry cleaners and laundrettes
- Funeral Directors
- Photo processing
- Tool hire
- Car hire
- Restaurants
- Takeaways
- Sandwich and Coffee shops
- Pubs and Bars

According to the Government, the above list is not intended to be exhaustive, but should be taken as a guide to local authorities as to the types of uses the Government considers to be 'retail' for the purposes of the Retail Discount. The Council can determine for itself whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief.

2.3 Certain types of business will **not** qualify for relief. They are 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, ATM's, bureaux de change, payday lenders, 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
- Cinemas and Theatres
- Museums
- Nightclubs and Music venues
- Venues used for physical recreation (e.g. gyms)

2.4 The scheme can only support those retail businesses that are in occupation and is calculated on a daily basis. There is no relief available under the scheme for hereditaments with a rateable value above £51,000.

2.5 The discount is applied against the net bill after all other Mandatory and Discretionary reliefs are taken into account. Discount will be State Aid compliant and subject to State Aid de minimis levels.

2.6 Initially the discount will be applied to all hereditaments considered eligible through the information held on the Business Rates database. Eligible ratepayers will be notified by the issue of a new Annual Bill for 2019/20 in March.

3 Financial implications

3.1 Central Government will fully reimburse local authorities for the local share of the discretionary relief / discount using a grant under section 31 of the Local Government Act 2003.

3.2 The overall estimated cost of the scheme in 2019/20 is approximately £1,044,705 and will provide support to 347 retail businesses.

4 Consultation

4.1 Although there is no legislative requirement to consult on the proposed scheme we are consulting with local ratepayers, Chamber of Commerce and Federation of Small Businesses. The consultation will run for a period of 4 weeks and closes on 31 January 2019.

4.2 The outcome from the consultation will be considered and updated as an appendix to this report prior to Cabinet on 6 February 2019.

5 Legal implications

5.1 As a billing authority, the Council has power to make and implement a Discretionary Business Rate Relief Scheme across Lewes District under section 47 of the Local Government Finance Act 1988.

5.2 Approval of the policy is an executive function and proper to be made by Cabinet.

5.3 Providing discretionary relief to ratepayers is likely to amount to State Aid (the means by which the European Union regulates state funded support to

businesses) However, Retail Discount will be State Aid compliant where it is provided in accordance with the De Minimis Regulations. These 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).

- 5.4 To administer De Minimis it is necessary for the Council to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. The Government has made available a sample De Minimis declaration which the Council may wish to use, to discharge this responsibility.
- 5.5 The UK is scheduled to leave the EU on 29 March 2019. If there is an Implementation Period, the State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. If the UK leaves the EU without a negotiated Withdrawal Agreement, the Government has announced its intention to transpose EU State Aid rules into UK domestic legislation, with only technical modifications to correct deficiencies with the transposed EU law to ensure the regime operates effectively in a domestic context. The Council should therefore continue to apply State Aid rules, including De Minimis, to the relief for 2019/20 and 2020/21

Lawyer consulted 03.01.19

Legal ref: 007956-JOINT-OD

6 Risk management

- 6.1 Whilst the scheme is not mandatory, failure to implement the policy to support retail businesses could cause reputational damage to the council.

7 Equality analysis

- 7.1 An Equalities and Fairness impact assessment has been completed and submitted to the Equality and Fairness Planning Group and no quality issues were identified by the group.
- 7.2 It is our view that the policy is robust and evidence shows no potential for discrimination. If, however, any issues are identified in the consultation, or during the first year of implementation, these will be reviewed and, if appropriate, changes will be made to the policy for 2020/21.

8 Appendices

- Appendix 1 – Retail Relief Policy
- Appendix 2 – Consultation Outcome (to follow)

9 Background papers

The background papers used in compiling this report were as follows:

- Ministry of Housing , Communities & Local Government: Letter to Chief Finance Officers of English Billing Authorities
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/761826/BRIL_5_-_2018.pdf
- Ministry of Housing, Communities & Local Government: Business Rates: Retail Discount – Guidance
<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>