



Policy, Finance and Development Committee	Tuesday, 05 February 2019	Matter for Information and Decision
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Report Title: **Business Rates Relief for Retail Properties 2019/20 and 2020/21**

Report Author(s): **David Coe (Revenues Team Leader)**

Purpose of Report:	To seek Members' approval to adopt a discretionary scheme to allow a one-third rates relief to retail businesses.
Report Summary:	This report sets out a proposed discretionary scheme to allow rates relief to business ratepayers.
Recommendation(s):	A. That the discretionary scheme (as set out at paragraph 2 of the report) be approved and adopted; and B. That the criteria for deciding eligibility for this relief is delegated to the Revenues Team Leader with any appeal to Head of Finance Revenues and Benefits
Responsible Strategic Director, Head of Service and Officer Contact(s):	<p>Stephen Hinds (Director of Finance & Transformation) (0116) 257 2681 stephen.hinds@oadby-wigston.gov.uk</p> <p>Chris Raymakers (Head of Finance, Revenues and Benefits) (0116) 257 2891 chris.raymakers@oadby-wigston.gov.uk</p> <p>David Coe (Revenues Team Leader) (0116) 257 2634 david.coe@oadby-wigston.gov.uk</p>
Corporate Priorities:	<p>Effective Service Provision (CP2) Balanced Economic Development (CP3) Wellbeing for All (CP5)</p>
Vision and Values:	Customer Focus (V5)
Report Implications:-	
Legal:	There are no implications arising from this report.
Financial:	The estimated cost of providing this relief for the 2019/20 year is approximately £325,000. However, this will be fully reimbursed by Central Government.
Corporate Risk Management:	<p>Political Dynamics (CR3) Reputation Damage (CR4) Economy/Regeneration (CR9)</p>
Equalities and Equalities Assessment (EA):	There are no implications arising from this report. EA not applicable.

Human Rights:	There are no implications arising from the report.
Health and Safety:	There are no implications arising from the report.
Statutory Officers' Comments:-	
Head of Paid Service:	The report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	Clear guidelines on operating this relief have been provided by Central Government. It is also fully funded by Central Government. Therefore consultation was not deemed to be necessary.
Background Papers:	MHCLG Business Rates Retail Discount Guidance
Appendices:	None.

1. Introduction

- 1.1 At Autumn Budget 2018, the Government announced that eligible 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 adopts the same definition of retail following the previous retail relief scheme in 2014/15 and 2015/16.
- 1.2 MHCLG published guidance on the operation of this scheme in December 2018. This can be found at: <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>.
- 1.3 As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in their guidance, 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.
- 1.4 It is for individual local billing authorities to adopt a local scheme and determine in each individual case when, having regard to this guidance, to grant relief under section 47. 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 expects local government to apply and grant relief to qualifying ratepayers from the start of the 2019/20 billing cycle.

2. Proposed Scheme

- 2.1 It is recommended that the Council adopts a Local Scheme as follows, in accordance with the criteria set out in the Government's published guidance:
- 2.2 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. These are defined as:
- 2.3 Hereditaments that are being used for the sale of goods to visiting members of the public:
- 2.4 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)

- 2.5 Hereditaments that are being used for the provision of the following services to visiting members of the public:
- 2.6 Hair and beauty services (such as: hair dressers, 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, Tool hire, Car hire
- 2.7 Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:
- 2.8 Restaurants, Takeaways, Sandwich shops, Coffee shops, Pubs, Bars
- 2.9 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.
- 2.10 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is a guide as to the types of uses that Government considers for this purpose to be retail. The Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.

3. Properties not Eligible for Relief

- 3.1 The following list below sets out the types of uses that the Government does **NOT** consider to be retail use for the purpose of this relief. Again, this Council will determine whether particular properties are broadly similar in nature to those below and, if so, consider them not eligible for the relief.
- 3.2 Hereditaments that are being used for the provision of the following services to visiting members of the public:
- 3.3 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
- 3.4 Hereditaments that are not reasonably accessible to visiting members of the public:
- 3.5 Generally speaking, the government also does not consider other 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 its discretion with reference to the above and to local knowledge.

4. Properties affected

- 4.1 It is currently estimated that 122 properties in Oadby and Wigston will benefit from this relief. The total amount of relief to be allowed for the 2019/20 year is estimated at approximately £325,000 and this will be fully reimbursed by Central Government.

5. State Aid Provisions

- 5.1 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 (1407/2013)
- 5.2 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). The Council will seek to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.
- 5.3 These rules will mean that many national and international retail chains will not be able to benefit from this relief as they will exceed the limit.
- 5.4 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. Local authorities therefore need continue to apply State Aid rules, including De Minimis, to the relief for 2019/20 and 2020/21.