

Business Rates Relief

Executive Portfolio Holder: Peter Seib, Finance and Legal Services
Director: Martin Woods, Director – 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 increase the Retail Rate Relief from one third to 50 percent in relation to Business Rates from 1 April 2020.
2. To request that the District Executive approve the extension of the Local Newspaper relief for an additional 5 years until 31 March 2025.
3. To request that the District Executive approve Pub relief in relation to Business Rates for 2020/2021.

Forward Plan

4. This report appeared on the District Executive Forward Plan with an anticipated Committee date of March 2020

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. In January 2020 a Written Ministerial Statement was made, announcing a number of additional business rates measures to support businesses at no cost to the Council. This report outlines these, which are to be brought in from April 2020.

Recommendations

6. That the District Executive:
 - a. Approve the use of the Councils local discretionary powers to increase Retail Rate Relief from one third to 50 percent from April 2020 for one year and to extend the relief to include cinemas and music venues with a Rateable Value of less than £51,000;
 - b. Approve the use of the Councils local discretionary powers to extend the Business Rate Relief Scheme for Local Newspapers, for an additional 5 years until March 2025;
 - c. Approve the use of the Councils local discretionary powers to re-introduce Pub relief of £1,000 to eligible pubs, with a Rateable Value of less than £100,000.

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. A one third discount for retail property with a rateable value below £51,000 for two years;

- b. Extension of the £1,500 business rates discount for local newspapers' office space in 2019/2020.
8. In January 2020 the Financial Secretary to the Treasury made a Written Ministerial Statement announcing additional business rates measures that will apply from the 1 April 2020. These are:
 - a. Increase of Retail Rate Relief from one third to 50 percent for 2020/2021 and to extend the relief to include cinemas and music venues.
 - b. The extension of the £1500 for office space occupied by local newspapers for an additional 5 years until 31 March 2025.
9. The introduction of a £1,000 Pub relief for 2020/2021.

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 now receive a 50 percent 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. 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 50 percent of the bill and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied.
13. 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, drinking establishments, cinemas and live music venues and who do not already receive 100% business rate relief.
14. 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)
15. 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

16. 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

17. 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.

18. 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.

19. State Aid Law is how the European Union regulates state funded support to businesses. Discretionary Relief amounts to State Aid. The de minimus Regulations allow a business to receive up to €200,000 of de minimus 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.

20. The 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.

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

Local Newspaper Relief

22. 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.
23. Following the announcement in the autumn budget 2018, this relief was extended for a further year in 2019/20.
24. In January 2020 it was announced that this would be extended for an additional 5 years until 31 March 2025.
25. There is currently one local newspaper receiving this relief.

Pub Relief

26. The Government recognises the important role that pubs play in urban and rural communities. In the Written Ministerial Statement on the 27 January 2020, it was announced that there would be £1000 business rate relief for public houses with a rateable value of less than £100,000, for one year, from the 1 April 2020.
27. 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.
28. The scheme will be available to eligible occupied properties with a rateable value of less than £100,000. Where pubs are part of a chain, relief will be available for each eligible property in the chain, subject to meeting State Aid requirements.
29. The Governments policy intention is that eligible pubs should:
 - Be open to the general public
 - Allow free entry other than when occasional entertainment is provided
 - Allow drinking without requiring food to be consumed
 - Permit drinks to be purchased at a bar.
30. For these purposes it should exclude:
 - Restaurants
 - Cafes
 - Nightclubs
 - Hotels
 - Snack bars
 - Guesthouses
 - Sporting venues
 - Music venues
 - Festival sites
 - Theatres
 - Museums
 - Exhibition halls
 - Cinemas
 - Concert halls
 - Casinos

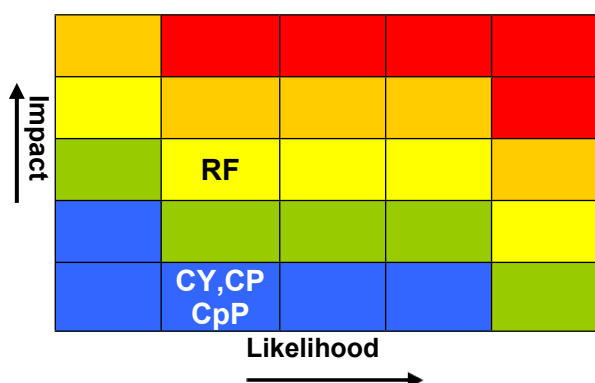
31. The £1,000 relief will be automatically applied to the identified eligible public houses. We will ask for a de minimis State Aid declaration to be completed only if ratepayers have received other public support which is de minimis State Aid. This may be particularly relevant to those premises that are part of a large pub chain.
32. The relief will be applied to bills after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, including retail relief.

Financial Implications

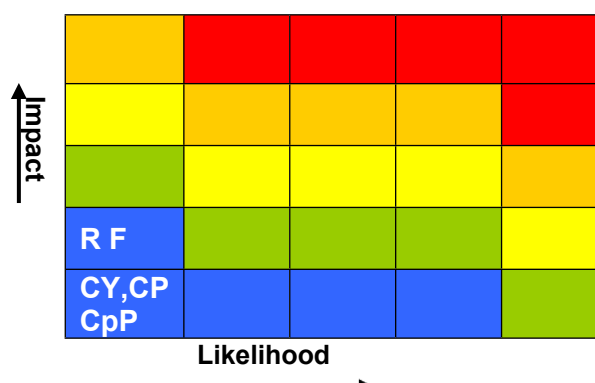
33. Where the Council uses its local discount powers to increase the Retail Relief Scheme, to extend the Local Newspaper Relief until the 31 March 2025 and to introduce Pub Relief, the cost will be reimbursed in full by Government via a section 31 grant.

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

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

Carbon Emissions and Climate Change Implications

35. None associated with this report

Equality and Diversity Implications

36. There are no specific implications with this report.

Privacy Impact Assessment

37. 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

38. 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
 - Report to District Executive – January 2019 – item 12
-