

Business Rate Reliefs

Executive Portfolio Holder:	Peter Seib, Finance & Legal Services
Strategic Director:	Kirsty Larkins, Director Service Delivery
Lead Officer:	Alison Hann, Specialist - Principal Revenues
Contact Details:	Alison.hann@southsomerset.gov.uk or 01935 462086

Purpose of the Report

1. To request that the District Executive approve the use of the Council's local discount powers to award Retail, Hospitality and Leisure Relief from 1 April 2022
2. To request that the District Executive approve the use of the Council's local discount power to retrospectively award the Covid Additional Relief Fund (CARF) from 1 April 2021 to 31 March 2022 and delegate authority to the Director of Service Delivery and the Executive portfolio holder for Finance to approve the scheme once written.
3. To request that the District Executive approve the use of the Council's local discount powers to award Transitional and Supporting Small Business Rates Relief from 1 April 2022
4. To make District Executive aware of the new Mandatory Relief for public toilets.
5. To request that District Executive approve the updated Discretionary Business Rates Relief Policy.

Forward Plan

6. This report appeared on the District Executive Forward Plan with an anticipated Committee date of February 2022.

Public Interest

7. At the budget on 27th October 2021 the Chancellor announced the introduction of a new business rates relief scheme for retail, hospitality and leisure properties worth almost £1.7 billion in 2022/23. This will support businesses that make our high streets and town centres a success and help them to evolve and adapt to changing consumer demands.
8. On 25th March 2021 the government announced a new Covid-19 Additional Relief fund of £1.5 billion. This received Royal Assent in December 2021. The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.

9. The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme ends on 31st March 2022, as a result a small number of ratepayers would face a jump to their full rates bill from 1 April 2022. The government announced at the budget on 27th October 2021 that for certain ratepayers the scheme would be extended for one year.

Recommendations

10. That the District Executive recommend that the Chief Executive:
 - a. Approve the use of the Councils local discretionary powers to award retail, hospitality and leisure relief of 50 percent from April 2022 for one year.
 - b. Approve the use of the Councils local discretionary powers to award CARF relief retrospectively from 1 April 2021 to 31 March 2022. And delegate final approval of the scheme adopted to the Director of Service Delivery and the Portfolio Holder for Finance.
 - c. Approve the use of the Councils local discretionary powers to award transitional relief and supporting small business rates relief from April 2022 for one year.
 - d. Approve the updated Discretionary Business Rates Relief Policy.

Background

11. In March 2020 in response to the Coronavirus pandemic the Chancellor of the Exchequer in his emergency budget announced that relief for retail businesses would be increased from 33% to 100% and that eligibility would be extended to include Hospitality and Leisure businesses for the 2020/21 Financial year. In the Autumn budget of 2020, it was announced that this package would continue until July 2021, after which time the discount was reduced to 66% until 31st March 2022
12. In the Autumn budget of 2021, it was announced that from April 2022 a new Retail, Hospitality and Leisure business rates relief scheme would provide eligible, occupied properties with a 50% relief up to a cash cap limit of £110,000 per business.
13. On 25 March 2021 the Government announced a new COVID-19 Additional Relief Fund (CARF) of £1.5 billion. Guidance to apply this relief was received in December 2021 and the fund will be available to support those businesses affected by the pandemic and are not eligible for existing support linked to business rates. This relief will be provided in the form of a reduction in business rates liability for the 2021/22 financial year rather than as a cash grant payment.



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14. The transitional relief scheme was introduced in 2017 to help those ratepayers who were faced with higher bills as a result of the revaluation. The scheme was due to end on 31 March 2022, but government has announced that it would extend the transitional relief (TR) scheme and the supporting small business scheme (SSB) for one year to the end of the current revaluation cycle.
15. At the 2018 Budget the Chancellor announced a mandatory business rate relief for public lavatories. The Non-Domestic Rates (Public Lavatories) Bill received royal assent in late 2021.

Retail, Hospitality and Leisure Business Rate Relief

16. The 2022/23 Retail, Hospitality and Leisure Business Rates Relief scheme will provide eligible, occupied, retail, hospitality and leisure properties with a 50% relief up to a cash cap limit of £110,000 per business.
17. As this is a temporary measure for 2022/23 only, the government is not changing legislation relating to the reliefs available to properties. Instead Local Authorities will be expected to use their discretionary relief powers under s47 of the Local Government Finance Act 1988 (as amended) to grant relief.
18. The government will fully reimburse billing authorities and major precepting authorities for their loss of income under the rates retention scheme with a grant under s31 of the Local Government Act 2003.
19. Relief will be applied directly to qualifying ratepayers from the start of the 2022/23 billing year. Subject to the £110,000 cash cap per business the total amount of government-funded relief available for each property for 2022/23 under this scheme is:
 - a. For chargeable days from 1 April 2022 to 31 March 2023, 50% of the chargeable amount. The eligibility for the discount and the relief itself will be assessed and calculated on a daily basis.
20. The relief must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants but before those where local authorities have used their wider powers introduced by the Localism Act 2011, which are not funded by section 31 grants.
21. Under the cash cap, no ratepayer can in any circumstances exceed the £110,000 cash cap across all of their hereditaments in England.
22. The Retail, Hospitality and Leisure scheme is likely to amount to subsidy (formerly known as State Aid). Any relief provided by SSDC under this scheme will need to comply with the UK's domestic and international subsidy control obligations. In those cases where it is clear to SSDC that the ratepayer is likely to breach the cash cap or the subsidy rules, we will automatically withhold relief.



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23. SSDC will automatically apply the relief to any account where Expanded Retail Relief from 2021/22 remained in payment until 31 March 2022. We will write to all entitled parties and ask ratepayers on a self-declaration basis, to inform the authority if they are in breach of the cash caps or subsidy limits.
24. Hereditaments that meet the eligibility criteria for the Retail, Hospitality and Leisure scheme will be occupied hereditaments that meet all of the following conditions on the chargeable day.
- a. They are wholly or mainly being used:
- As shops, restaurants, cafes, drinking establishments, cinemas or live music venues; or
 - For assembly and leisure; or
 - As hotels, guest & boarding premises or self-catering accommodation
25. The meaning of shops, restaurants, cafes, drinking establishments, cinemas or live music venues is further defined to mean:
- a. Hereditaments that are being used for the sale of goods to visiting members of the public:
- Shops (e.g. florists, bakers, butchers, grocers, greengrocers, jewelers, 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 or hire)
- 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



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- Photo processing
- Tool hire
- Car hire

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
- Pubs
- Bars

d. Hereditaments which are being used as cinemas

e. Hereditaments that are being used as live music venues:

- Live music venues are wholly or mainly used for the performance of live music for entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or theatre for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended.)
- Hereditaments can be a live music venue even if used for other activities, but only if those other activities are (i) merely ancillary or incidental to the performance of live music (e.g. sale and supply of alcohol) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent).
- There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music. Although we would expect this to be clear in most circumstances, further guidance can be found under section 182 of the Licensing Act 2003.

26. The Government considers assembly and leisure to mean:

a. Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities):

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities



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- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

b. Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, guest and boarding houses
- Holiday homes
- Caravan parks and sites

27. The following hereditaments are not considered eligible for the discount:

- Financial services (e.g. banks, building societies, cash points, bureau de change, short-term loan providers)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/financial advisers, employment agencies, estate agents, letting agents)
- Post office sorting offices
- Hereditaments that are not reasonably accessible to visiting members of the public

Covid-19 Additional Relief Fund (CARF)

28. The Covid-19 Additional Relief Fund (CARF) will provide eligible, occupied, properties with a backdated business rate relief for the period 1 April 2021 to 31 March 2022.

29. As this is a temporary measure for 2021/22 only, the government is not changing legislation relating to the reliefs available to properties. Instead Local Authorities will be expected to use their discretionary relief powers under s47 of the Local Government Finance Act 1988 (as amended) to grant relief.

30. Central government will fully reimburse local authorities for discretionary relief awards which comply with the guidance dated December 2021 up to the maximum level of £3,021,815 for South Somerset District Council.

31. Billing authorities will be responsible for designing the discretionary relief schemes that are to operate in their areas. However they must:

- a. Not award relief to ratepayers who for the same period of the relief either are or would have been eligible for the Extended Retail Discount (covering Retail,



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Hospitality and Leisure), the Nursery Discount or the Airport and Ground Operations Scheme (AGOSS)

- b. Not award relief to a hereditament for a period when it is unoccupied (other than hereditaments which have become closed temporarily due to the government's advice on Covid-19, which should be treated as occupied for the purpose of this relief), and
 - c. Direct their support towards ratepayers who have been adversely affected by the pandemic and have been unable to adequately adapt to that impact.
32. In line with the legal restriction in s47(8a) of the Local Government Finance Act 1988 billing authorities may not grant the discount to themselves, certain precepting authorities (e.g. a parish or county council) or a functional body, within the meaning of the Greater London Authority Act 1999.
33. It is for local authorities to determine the level of relief for individual hereditaments.
34. The relief must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants but before those where local authorities have used their wider powers introduced by the Localism Act 2011, which are not funded by section 31 grants.
35. Relief will be applied directly to qualifying ratepayers for the period 1 April 2021 to 31 March 2022 (or part thereof that they are the qualifying ratepayer) the maximum amount of government-funded relief available for each property for 2022/23 under this scheme is:
 - a. For chargeable days from 1 April 2022 to 31 March 2023, a flat percentage of the chargeable amount (actual % amount to be confirmed with the other Somerset Authorities). The eligibility for the discount and the relief itself will be assessed and calculated on a daily basis.
 - b. We will use an occupation date of 15th December 2021 (the date that the guidance was released) to automatically award to the businesses that we identify as eligible that remain in occupation as at this date.
 - c. Eligible businesses will be asked to self-declare that they have not exceeded subsidy rules and that the business has been adversely affected by the pandemic and have been unable to adequately adapt to that impact. In those cases where it is clear to SSSDC that the ratepayer is likely to breach the subsidy rules, we will automatically withhold relief.
 - d. 5% of the funding will be reserved for cases where in partnership working with the Economic Development team we identify that awarding further relief would benefit the local economy.



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- e. 2% of the funding will be reserved for cases where there is a retrospective change in Ratable Value or other changes in circumstances that could increase the award.
 - f. All awards must be made by 30th September 2022
36. All Somerset authorities are currently working with the other Somerset Authorities to align policies on the % of relief to be awarded, and seeks to delegate the authority to approve the final scheme to the Director of Service Delivery and Executive Portfolio Holder for finance.
37. The CARF scheme is likely to amount to subsidy (formerly known as State Aid). Any relief provided by SSDC under this scheme will need to comply with the UK's domestic and international subsidy control obligations. In those cases where it is clear to SSDC that the ratepayer is likely to breach the cash cap or the subsidy rules, we will automatically withhold relief.

Transitional Relief (TR) and Supporting Small Business Scheme (SSB)

38. The TR and SSB reliefs will restrict increases in bills to 15% for businesses with small properties (up to and including £20,000 rateable value) and 25% for medium properties (up to and including £100,000 rateable value).
39. As this is a temporary measure for 2022/23 the government is not changing the legislation around transitional relief. Instead, the government will reimburse the Council if it uses its discretionary relief powers under section 47 of the Local Government Finance Act 1988 to grant relief.
40. This policy does not apply to those in downward transition to lower bills, those will fall to their full bill on 1 April 2022.
41. The SSB scheme will be assumed to remain as it is in the Council's current scheme (for periods up to 31 March 2022) with a percentage cap in 2022/23 of 15% plus inflation or a cash value increase of £600 if greater.
42. Where the ratepayer would have been in receipt of both TR and SSB in respect of 2022/23, a single award of section 47 relief resulting in a chargeable amount equivalent to that had the original TR and SSB schemes continued will be allowed.
43. Under the statutory transition scheme which ends on 31 March 2022, TR is measured before all other reliefs. But the extension of TR and SSB into 2022/23 will be delivered via s47 Local Government Finance Act 1998 and will therefore be measured after other reliefs (including other funded reliefs granted such as Retail, Hospitality and Leisure relief and CARF relief).



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44. The TR and SSB schemes are likely to amount to subsidy (formerly known as State Aid). Any relief provided by SSDC under this scheme will need to comply with the UK's domestic and international subsidy control obligations. In those cases where it is clear to SSDC that the ratepayer is likely to breach the cash cap or the subsidy rules, we will automatically withhold relief.

Public Lavatory Relief (Mandatory)

45. At the 2018 Budget the Chancellor announced a mandatory business rate relief for public lavatories. The Non-Domestic Rates (Public Lavatories) Bill 2021 received royal assent in late 2021.
46. The relief applies retrospectively from 1 April 2020
47. This is a mandatory relief it, therefore can be awarded to ourselves and to other precepting authorities such as town and parish councils and the county council.
48. The relief will not apply to toilets of a larger unit of ratable property, for example toilets in public libraries. It amends Part 3 of the Local Government Finance Act 1988 to ensure that, in relation to an eligible hereditament which consist wholly or mainly of a public lavatory the chargeable amount will be zero. This provides, in effect a 100% mandatory relief for eligible public lavatories.

Discretionary Business Rates Relief Policy

49. The previous agreed policy on mandatory and discretionary relief remains unchanged, however the section on retail reliefs has been updated to reflect current government guidance for Retail, Hospitality and Leisure Relief.
50. The policy has been updated in conjunction with ACS Consulting services, experts in the provision of professional support and advice to revenues teams across England and Wales and now reflects and accurate position of current and future reliefs available.

Financial Implications

51. Retail, Hospitality and Leisure Relief is fully funded by Central Government.
52. SSDC will only receive a maximum of £3,021,815 in reimbursement for the CARF relief and therefore the scheme will be carefully devised so not to overspend with extensive modelling.
53. Mandatory reliefs (public lavatories) are fully funded by government.

Legal implications (if any) and details of Statutory Powers

54. Relevant Legislation



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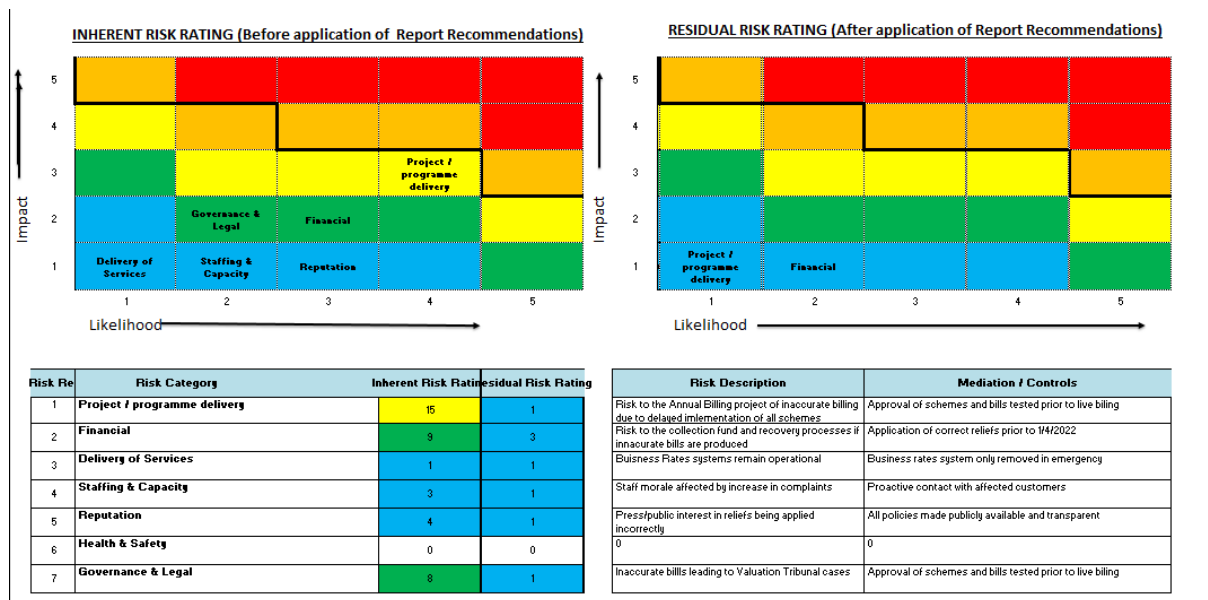
- a. Local Government Finance Act 1988
- b. The Non-Domestic Rates (Public Lavatories) Act 2021

55. Official Guidance Documents

- a. [2022/23 Retail, Hospitality and Leisure Relief Scheme: local authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/2022-23-retail-hospitality-and-leisure-relief-scheme-local-authority-guidance)
- b. [COVID-19 Additional Relief Fund \(CARF\): local authority guidance - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/covid-19-additional-relief-fund-carf-local-authority-guidance)
- c. [Guidance on the UK's international subsidy control commitments - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/guidance-on-the-uk-s-international-subsidy-control-commitments)

Risk Matrix

The risk matrix shows risk relating to the Council Plan headings.



Council Plan Implications

- 56. Council Plan – Priority 1 - *Lead the recovery and revitalisation of our economy and communities to be stronger, more resilient and more vibrant than before Covid-19*
 - a. Desired Outcome – to provide support to businesses adversely impacted by the Covid 19 pandemic

Carbon Emissions and Climate Change Implications

None

Equality and Diversity Implications



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<i>An Equality Impact Relevance Check Form has been completed in respect of the Proposal?</i>	Yes / No
<i>The Impact Relevance Check indicated that a full EIA was required?</i>	Yes / No
<i>If an EIA was not required please attach the Impact Relevance Check Form as an Appendix to this report and provide a brief summary of its findings in the comments box below.</i>	
<i>If an EIA was required please attach the completed EIA form as an Appendix to this report and provide a brief summary of the result of your Equality Impact Assessment in the comment box below.</i>	
Additional Comments	

Privacy Impact Assessment

57. Consideration has been given to the Privacy impact assessment. Letters will need to be sent to those businesses identified as qualifying for any discretionary relief giving them an opt-out option when they self-declare that they will not qualify. This is also necessary under s47 Local Government Finance Act 1988 to give twelve months' notice of the end date of the relief.
58. As this information is being used for its intended purpose of processing Business Rates accounts and is largely the information of companies as opposed to individuals, the privacy impact is low. A privacy statement will be included on our website on the appropriate pages and on any letters sent out.

Background Papers

59. The following background papers can be viewed on the council website
- 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
 - Report to District Executive – March 2020 – item 9