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## **Business Rates “Retail Relief” – amendment to Discretionary Relief Policy**

To: **Cabinet – 3<sup>rd</sup> April 2014**

Main Portfolio Area: **Business, Corporate and Regulatory Services**

By: **Andrew Stevens – Assistant Director, EK Services**  
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Classification: **Unrestricted**

Ward: **All**

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**Summary:** **The Government has announced a £1000 Business Rates discount for qualifying retail properties with a rateable value of up to £50,000 for the financial years 14/15 and 15/16.**

**The discount is to be awarded under powers introduced by the Localism Act and amendments are therefore needed to the existing Discretionary Relief Policy.**

**This report outlines the recommended approach to awarding these discounts and seeks approval for the amendments to the Discretionary Relief Policy.**

### **For Decision**

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#### **1.0 Introduction and Background**

The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.

The Government have not introduced legislation to cover these reliefs. Instead Councils are instructed to use their discretionary relief powers, introduced by the Localism Act (under section 47 of the LGFA 1988) to grant relief. Central Government will fully reimburse local authorities for the local share of the discretionary relief.

As national legislation has not been introduced to categorise the types of businesses which should be awarded this discount we need to award the discounts under our Localism Act powers which means approval by elected members is needed. The Localism Act also introduces a duty on local authorities to have regard for any relevant guidance issued by the Secretary of State when exercising its powers.

#### **2.0 The Government guidance for Business Rates “retail relief”**

2.1 The Department for Communities and Local Government issued guidance for the scheme at the end of January 2014. The Localism Act puts a duty on local authorities to have regard for any relevant government guidance issued.

As this is a measure for 2014-15 and 2015-16 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. It is for individual local billing authorities to adopt a local scheme and decide in each individual case when 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 grant relief to qualifying ratepayers.

### **Which properties will benefit from relief?**

Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

The government guidance considers shops, restaurants, cafes and drinking establishments to mean:

#### **i) Hereditaments that are being used for the sale of goods to visiting members of the public:**

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, 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 show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

#### **ii) Hereditaments 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
- DVD/ video rentals
- Tool hire
- Car hire

#### **iii) 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

To qualify for the relief the hereditament should be wholly or mainly used as a shop, restaurant, café or drinking establishment. This is a test on use rather than occupation. If the property is not wholly or mainly used for the purposes listed above they should not receive the discount.

There are some businesses that will fall within categories and the list above is not intended to be exhaustive. If such a business type is identified EK Services will determine for itself whether they are broadly similar to those mentioned above and award / not award the relief as appropriate.

The following types of business should **not** be awarded the £1000 discount in line with the government guidance:

**i) 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 advisers, tutors)
- Post office sorting office

**ii) Hereditaments that are not reasonably accessible to visiting members of the public**

### **3.0 Options**

3.1 Adapt the government guidance and decide locally on the types and categories of business which could be awarded the £1000 discount. This option is not recommended.

We have a legal duty to have regard to the government guidance issued. If we decide to award the £1000 discount to businesses outside of the government guidance there is a risk that the payments will not be funded by central government. Conversely, if we decide not to award the discount to a business which is considered as eligible in the government guidance there is a risk of legal challenge.

3.2 Award the £1000 retail relief in line with the government guidance. This option is recommended.

By choosing this option we are having regard to the relevant government guidance, securing the central funding offered by the government and reducing the risk of challenge by individual businesses.

### **4.0 Next Steps**

4.1 For Cabinet to adopt the changes to the Discretionary Relief Policy to introduce the "retail relief" for all qualifying businesses in 2014/15 and 2015/16.

## **5.0 Corporate Implications**

### **5.1 Financial and VAT**

- 5.1.1 Central government will reimburse billing authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in this guidance.

Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NNDR1) for 2014-15 and 2015-16. Central government will provide payments of the local authorities' share to authorities over the course of the relevant years.

### **5.2 Legal**

- 5.2.1 Local authorities are under a duty to have regard for any government guidance issued under the Localism Act.

### **5.3 Corporate**

EK Services are tasked to administer the Business Rates scheme in line with national legislation.

### **5.4 Equity and Equalities**

An Equality Impact Assessment has not been carried out as the beneficiaries of this discount are businesses rather than individuals.

## **6.0 Recommendation(s)**

- 6.1 Cabinet approve the changes to the Discretionary Relief Policy. EK Services will then award the £1000 "retail relief" discount in line with the relevant government guidance.

## **7.0 Decision Making Process**

- 7.1 This is a non-key decision and is subject to call-in.

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### **Annex List**

Annex 1	Amended Discretionary Relief Policy
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### **Background Papers**

<b>Title</b>	<b>Details of where to access copy</b>
None	N/A

### **Corporate Consultation Undertaken**

Finance	Sarah Martin, Financial Services Manager
Legal	N/A