

Barnsley Metropolitan Borough Council

Report of the Executive Director Core Services

Business Rates – Local Discretionary Relief Scheme – Retail Relief Scheme 2019/2020 and 2020/2021

1. Purpose of Report

- 1.1 The purpose of this report is to seek approval to amend the existing Business Rates Local Discretionary Relief Scheme.
- 1.2 At the 2018 Autumn Budget, the Chancellor announced that the Government would introduce a new relief scheme for retail properties that have a rateable value of below £51,000.
- 1.3 Under the scheme, eligible ratepayers will receive a one third discount of 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.
- 1.4 This will be administered through the Council's discretionary powers under section 47 of the Local Government Finance Act 1988.
- 1.5 This report sets out the amendments to be made to the Council's current scheme.

2 Recommendations

- 2.1 It is recommended that approval is given to update the existing Local Discretionary Business Rate Relief Scheme to reflect the changes recently announced in the 2018 Autumn Budget, detailed at section 4.3 - below.

3 Introduction and Background

- 3.1 Central Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and is taking action to help the high street evolve and adapt;
- 3.2 The Chancellor of the Exchequer has therefore announced a package of business rates measures at the 2018 Autumn Budget which includes a one third discount for retail properties with a rateable value below £51,000 for two years;
- 3.3 The Ministry of Housing, Communities and Local Government (MHCLG) plans to publish guidance on the operation of the relief scheme shortly.

4 Proposal and Justification

- 4.1 Following consultation and agreement at Cabinet the scheme will be included and published within the Council's Discretionary Rate Relief Policy.
- 4.2 The Local Discretionary Business Rates Relief Scheme – Retail Relief will apply from the 1st April 2019 to 31st March 2021.

- 4.3 As per the Business Rates Information Letter (4/2018) dated 2nd November 2018 the definition of retail properties will follow that adopted from the previous retail relief scheme in 2014/15 and 2015/16.
- 4.4 Until such time as further clarification is provided by MHCLG the following hereditaments will be considered eligible for relief:
- 4.5 Occupied hereditaments with a rateable value below £51,000, that are wholly or mainly used as shops, restaurants, cafes and drinking establishments which the Government consider 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, 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)

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

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

4.6 In addition to the above, until such time as further clarification is provided by MHCLG the following hereditaments will be considered ineligible for relief:

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

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

- 4.7 The lists above are not exhaustive; it is for local authorities to determine for themselves whether particular properties are broadly similar to those above and, if so, consider them to be eligible or ineligible for relief. This decision rests with the Service Director (S151) Finance responsible for the assessment of entitlement to relief.
- 4.8 Relief will be awarded to ratepayers who meet the qualifying criteria to receive relief under the Retail Relief scheme, they will be notified of state aid implications and advised to contact us if the relief causes them to exceed de minimus levels of state aid i.e. more than €200,000 (£174,189.43 – approx.) over 3 consecutive fiscal years, to a single undertaking for a wide range of purposes.
- 4.9 If for any reason the Council is unable to identify eligibility for a particular business, those businesses will be contacted to seek additional information as necessary in order that an informed decision can be made.
- 4.10 Under the hierarchy of relief any mandatory relief must be deducted before calculating the one third reductions. As such the relief will be calculated based on the net charge after any mandatory relief (i.e. Small Business Rate Relief) has been deducted.

- 4.11 Also, as they predate the Retail Relief scheme to be introduced at 1st April 2019, any pre-existing Local Discretionary Reliefs should also be deducted before calculating the one third reduction. The current discretionary reliefs awarded are Local Discretionary Relief, Pub Relief and Supporting Small Businesses.
- 4.12 The Council's website will be updated with details of the Local Discretionary Relief Policy so that any new ratepayers that have yet to be identified as qualifying may make an application.
- 4.13 The Government have confirmed that the Retail Relief scheme will be in place for at least two years starting from 1st April 2019 and ending on 31st March 2021.
- 4.14 Awards will end upon change of occupation or vacation and will be recalculated for the appropriate number of days.
- 4.15 Ratepayers will be notified in writing of decisions made within seven days of receipt of the application and an amended bill will be issued as soon as practicable after a decision has been made.
- 4.16 As this is a discretionary scheme there is no formal appeal process. In line with the Council's Discretionary Relief Policy 2017 the Council will reconsider its decision if a request is made using the Council's online dispute form which should contain a full explanation of why the ratepayer does not agree with the decision. A discretionary panel comprised of the Head of Financial Services (Corporate) and the Service Director for Finance S151 Officer, will look at the request and either confirm or revise the decision.

5 Consideration of Alternative Approaches

- 5.1 No alternative approaches need be considered at this time. The guidance provided, so far, by Central Government is clear on who should be considered eligible for relief.
- 5.2 If, upon further guidance from MCHLG, further stipulations are added there may be a need to consider alternative approaches.

6 Implications for local people / service users

- 6.1 The business community should find the new policy easy to understand. The businesses that are entitled will be awarded relief or invited to make an application.
- 6.2 The guidance provided clearly identifies which hereditaments used wholly or mainly for retail purposes are eligible for relief; other hereditaments are therefore excluded.

7 Employee implications

- 7.1 None

8 Financial Implications

- 8.1 Local authorities will be 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.
- 8.2 Government have announced that local authorities will be fully compensated for the cost of granting the relief via a Section 31 grant.
- 8.3 The impact of the above has been built into the Council Medium Term Financial Strategy.

9 Communications Implications

- 9.1 The Council will award relief to businesses that appear eligible under the scheme and notify them of the award as part of the Annual Billing process.
- 9.2 The Council will also identify those that may qualify for relief and approach them to complete the necessary online application forms.
- 9.3 Once ratified, the scheme will be incorporated into the existing Discretionary Rate Relief Scheme.

10 Consultation

- 10.1 There is no legal requirement to consult on the above proposals however the new scheme will be published on the Council's website and communicated with the business community.

11 The Corporate Plan and the Council's Performance Management Framework

- 11.1 The business unit is responsible for the billing and timely collection of non-domestic rates. The new policy is in line with the corporate objective of encouraging business growth and provides the right support for those businesses that need financial assistance.

12 Promoting equality, diversity, and social inclusion

- 12.1 No impact on equality and diversity and social inclusion.

13 Tackling the Impact of Poverty

- 13.1 Tackling health inequalities

14 Reduction of crime and disorder

- 14.1 This proposal has no direct impact on the reduction of crime & disorder.

15 Risk management issues

- 15.1 No risk management issues.

16 Health, safety, and emergency resilience issues

16.1 No health, safety and emergency resilience issues

17 Compatibility with the European Convention on Human Rights

17.1 No direct implications

18 Conservation of biodiversity

18.1 No direct implications

19. Background Papers

If you would like to inspect background papers for this report, please email governance@barnsley.gov.uk so that appropriate arrangements can be made