

Item



BUSINESS RATES RETAIL DISCOUNT SCHEME 2019/20 & 2020/21

To:

Councillor Richard Robertson, Executive Councillor for Finance and Resources

Strategy & Resources Scrutiny Committee 11/02/2019

Report by:

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Wards affected:

All

Non - Key Decision

1. Executive Summary

- 1.1 The purpose of this report is to recommend the adoption of a policy to award "Retail Discount" in accordance with the Discretionary Rate Relief powers as contained within Section 47 of the Local Government Finance Act 1988 (as amended) for the years 2019-20 and 2020-21. The policy is attached as Appendix A.
- 1.2 Central Government has recognised that changing consumer behaviour presents a significant challenge for town and city centre retailers. The retail sector is changing, particularly due to internet shopping, and many High streets are experiencing challenges as they look to adapt to

changing consumer preferences in how people shop. The Government wishes to support town centres by providing particular support to retailers.

2. Recommendations

The Executive Councillor is recommended to:

- 2.1 Adopt the Retail Discount policy (appendix A) for qualifying businesses in occupation of retail premises which have a rateable value of less than £51,000, for the financial years 1 April 2019 to 31 March 2020 and 1 April 2020 to 31 March 2021 only.
- 2.2 Delegate authority to the Head of Revenues and Benefits to award the “Retail Discount” where a ratepayer demonstrates their entitlement.

3. Background

- 3.1. The Government announced in the Autumn Budget that it will provide a rates discount to all occupiers of retail premises with a Rateable Value of less than £51,000 in each of the years 2019/20 and 2020/21. In late November, the Government issued guidance to support local authorities in administering the “Retail Discount”.
- 3.2 The “Retail Discount” awarded by the Council will be fully reimbursed by the Government if made in accordance with the Government Guidance. The Policy proposed in Appendix A reflects fully the Government’s guidance.
- 3.3 This discount must be awarded by the Council in accordance with the Discretionary Rate relief powers as contained within the Local Government Finance Act 1988 (as amended) and will be calculated at a third of the rate bill after any other applicable reliefs have been awarded.

- 3.4 State Aid (De Minimis Regulations) will apply when granting this and any other relief and ratepayers may be required to complete a declaration to confirm that they would not exceed state aid limits (currently 200,000 euros) through the granting of this discount.
- 3.5 Some preliminary modelling work has been carried out to identify properties and approximately 500-600 ratepayers are likely to qualify for the discount.

4. Implications

(a) Financial Implications

In awarding the “retail discount” in accordance with the Guidance the Council will be fully reimbursed through the NNDR claim process. This will be done by a grant under section 31 of the Local Government Act 2003. The scheme will therefore be zero cost to the Council.

The total value of Retail Discount awarded in Cambridge would be in the region of £1.9m applied to between 500 and 600 ratepayers.

(b) Staffing Implications

None – it is anticipated that the administration can be managed through existing resources in the Business Rates team.

(c) Equality and Poverty Implications

This Policy reflects the Governments expectation that all local authorities will adopt the proposals in full and provide the maximum discount to qualifying ratepayers.

(d) Environmental Implications

None

(e) Procurement Implications

None – statutory process.

(f) Community Safety Implications

None

5. Consultation and communication considerations

Consultation is not necessary although direct communication will be made with qualifying ratepayers in order to maximise take up of the discount.

6. Background papers

(a) Guidance from MHCLG – issued November 2018

7. Appendices

Appendix A : Criteria for granting discretionary discount

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Kevin Jay, Local Taxation Manager, tel: 01223 457704, email: kevin.jay@cambridge.gov.uk.

Appendix A

NATIONAL NON-DOMESTIC RATE RELIEF:

CRITERIA FOR THE GRANTING OF DISCRETIONARY DISCOUNT BY CAMBRIDGE CITY COUNCIL TO RETAIL PROPERTIES

Under section 47 of the Local Government Finance Act 1988 the Cambridge City Council will use its powers to grant rate relief to properties in the following circumstances. (subject to not exceeding state aid thresholds).

- The property is occupied;
- The property has a rateable value of less than £51,000;
- The property is being wholly or mainly used as a shop, restaurant, café or drinking establishment; and
- The relief is in respect of the 2019/20 and 2020/21 financial years only.

The property must be wholly or mainly used as a retail property i.e. more than half of the premises must actually be used for these purposes.

An emphasis will be placed on the actual use of the property rather than full reliance on the description of individual properties in the local rating list.

Below are examples of properties that are considered eligible and those that are not. This list is not exhaustive and some cases will be determined on an individual basis.

Eligible Property

It is considered shops, restaurants, cafes and drinking establishments to mean premises that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, opticians, stationers, off licence, chemists, newsagents, hardware stores, charity, supermarkets etc.)
- Post offices, markets, petrol stations, garden centres, second hand car lots.
- Show & display rooms (such as: furnishing, double glazing, garage doors, kitchen / bathroom, carpet, cars & caravans etc.)
- Art galleries (where art is for sale / hire)

Or, properties providing the following services to visiting members of the public, including:

- Hair and beauty services (such as: hairdressers, nail bars, beauty salons, tanning shops, etc.)
- Shoe repairs/ key cutting, dry cleaners, launderettes.
- Travel agents, ticket offices e.g. for theatre.
- PC/ TV/ domestic appliance repair, DVD/ video rentals, photo processing
- Funeral directors
- Tool hire, car hire.

Or, properties being used for the sale of food and/ or drink to visiting members of the public, including:

- Restaurants, takeaways, sandwich shops, coffee shops, pubs, bars

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 intended to be a guide as to the types of uses that Council and Government considers for this purpose to be retail.

Property not considered eligible

In accordance with the Government's guidance on awarding "Retail" Rate Relief, the Council considers the following not to be "retail premises" and will not be eligible for relief under the scheme:

- Offices including 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.

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