

# Public Document Pack

## Officer Decisions

Friday, 18th January, 2019  
Time Not Specified

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### AGENDA

1. **Introduction of the Business Rates Retail Discount**  
**BR Retail Discount Delegated Authority report 4th Jan 2019 (003)**      **2 - 10**  
**Appendix A - BR Retail Discount Policy 4th Jan 2019**

Date Published: 18<sup>th</sup> January 2019  
Harry Catherall, Chief Executive

## RECORD OF DECISION TAKEN UNDER DELEGATED AUTHORITY FROM EXECUTIVE/COUNCIL/COMMITTEE



<b>DELEGATED OFFICER</b>	<b>Louise Mattinson</b>
<b>DECISION TAKEN BY:</b>	
<b>DELEGATED BY:</b>	Executive (on the 10 <sup>th</sup> August 2017)
<b>IN CONSULTATION WITH:</b>	Executive Member
<b>PORTFOLIO AREA:</b>	Resources

**SUBJECT: Introduction of the Business Rates Retail Discount**

**1. DECISION**  
Introduction of the new Business Rates Retail discount for the financial years 2019/20 and 2020/21.

**2. REASON FOR DECISION**  
In considering the report presented to the Executive Board on 10<sup>th</sup> August 2017: 'Introduction of Supporting Small Business relief, Business Rate relief for Pubs and the Local Discretionary Relief Scheme', it was agreed;

- To delegate to the Director of Finance and IT (now Director of Finance and Customer Services), in consultation with the Executive Member for Resources, the authority to approve the amendment to the Council's Business Rates Relief policy to include the provision for implementing any future government announced relief or discount;

Within the 2018 Autumn Budget, a new retail discount was announced and as such, this report seeks to record the delegated power to implement from 1<sup>st</sup> April 2019.

**3. BACKGROUND**  
The Government announced, as part of the 2018 Autumn Budget, that it will provide a Business Rates Retail Discount scheme for some occupied retail properties in each of the years 2019/20 and 2020/21.

Those that will benefit from the relief will be occupied properties with a rateable value of £51,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

The Government has provided a definition of shops, restaurants, cafes and drinking establishments, as follows:

- Properties that are being used for the sale of goods to visiting members of the public;
- Properties that are being used for the provision of the following services to visiting members of the public, and;
- Properties that are being used for the sale of food and/or drink to visiting members of the public.

A more detailed description of the properties and businesses that will qualify is attached in Appendix A.

#### **4. OPTIONS CONSIDERED AND REJECTED**

The Retail Discount being implemented from April 2019 is prescribed and detailed by the Ministry for Housing, Communities and Local Government, and as such there are no alternative options to consider.

#### **5. POLICY IMPLICATIONS**

A full and comprehensive policy for the Retail Discount is detailed in Appendix A.

#### **6. FINANCIAL IMPLICATIONS**

The Retail Discount will be fully funded through Section 31 Grants, provided by the Government, based on the criteria set out in the guidance.

To assist Local Authorities with the administrative burden, it is expected that additional new burdens funding will also be announced shortly.

#### **7. LEGAL IMPLICATIONS**

The funding for the discount is to be provided by way of a grant under section 31 of the Local Government Act 2003. To access the funding, the Council is required to establish a discretionary scheme for administering the rate relief under section 47 of the Local Government Finance Act 1988. In addition, the scheme will have to also meet the Government's grant conditions.

#### **8. RESOURCE IMPLICATIONS**

Existing resources within the Business Rates team will be used to administer the discount.

#### **9. EQUALITY AND HEALTH IMPLICATIONS**

**Please select one of the options below. Where appropriate please include the hyperlink to the EIA.**

Option 1  Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2  In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3  In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

#### **10. CONSULTATIONS**

No consultation is required on this matter.

#### **11. DECLARATION OF INTEREST**

All Declarations of Interest of the officer with delegation and the any Member who has been

consulted, and note of any dispensation granted should be recorded below:

**VERSION:** 1

**CONTACT OFFICER:** Andy Ormerod

**DATE:** 18<sup>th</sup> January 2019

**BACKGROUND DOCUMENTS:** Appendix A Business Rates Retail Discount Policy

DIRECTORS - has legal and finance advice been considered ?

YES

NO



# **Business Rates Retail Discount Policy**

**(Budget 2018)**

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## **1. Introduction and scope**

- 1.1 As part of its role in the administration of National Non-Domestic Rates (more commonly referred to as Business Rates), the Council has several areas where it can exercise its discretion to provide reductions to the amounts of business rates that are due to be paid.
- 1.2 This policy document outlines the Retail Discount announced in the 2018 Budget. This local discount is awarded under Section 47 of the Local Government Finance Act 1988.

## **2. Retail Discount**

### **2.1 Background**

The Government announced in the Budget in November 2018 that a discount would be introduced that provides a reduction of one third of the bill (after all other reliefs have been applied), to all occupied retail properties with a rateable value of £51,000 or less, in each of the years 2019/20 and 2020/21. The granting of this discount will be under section 47 of the Local Government Finance Act 1998, as amended.

### **2.2 Qualifying properties**

Properties that will benefit from the discount will be occupied properties with a rateable value of £51,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

#### **Definition of shops, restaurants, cafes and drinking establishments:**

##### ***a. Properties that are being used for the sale of goods to visiting members of the public, for example:***

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc);
- Charity shops;
- Opticians;
- Post offices;
- Furnished shops/display rooms (such as: carpet shops, double glazing, etc);
- Car/caravan show rooms;
- Second hand car lots;
- Markets;
- Petrol stations;
- Garden centres, and;
- Art galleries (where art is for sale/hire).

##### ***b. Properties that are being used for the provision of the following services to visiting members of the public, for example:***

- Hair and beauty services;

- Shoe repairs/key cutting;
- Travel agents;
- Ticket offices e.g. for theatre;
- Dry cleaners;
- Launderettes;
- PC/TV/domestic appliances repair;
- Funeral directors;
- Photo processing;
- DVD/video rentals;
- Tool hire, and;
- Car hire.

***c. Properties that are being used for the sale of food and/or drink to visiting members of the public, for example:***

- Restaurants;
- Sandwich shops;
- Coffee shops;
- Pubs, and;
- Bars.

The above lists are not exhaustive and merely a guide to the properties who may qualify retail discount.

## **2.3 Non-qualifying properties**

Properties that will not benefit from retail discount will include:

***a. Properties that are being used for the provision of the following services to visiting members of the public, for example:***

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers);
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors);
- Professional services (e.g. solicitors, accountants, insurance agents/financial advisors, tutors), and;
- Other services (e.g. estate agents, letting agents, employment agencies).

***b. Properties that are not reasonably accessible to visiting members of the public:***

***c. Blackburn with Darwen BC defined exclusions:***

- In addition to the exclusions outlined in the government guidelines, Blackburn with Darwen BC will not grant retail relief to:
  - Amusement arcades – establishments operating a business that is predominately gambling/slot machines, etc.
  - Takeaways – establishments that predominately function as a takeaway. Any business that has takeaway facility and seating will be determined by the number of covers available. To be considered a restaurant or cafe and therefore qualify for this relief the business must provide seating for a minimum of 8 customers at any one sitting.



- Shisha cafes – any cafe that facilitates the smoking of Shisha pipes within or adjacent to the property.

#### **2.4 Special Circumstances**

The Council will reserve the right to award or decline applications for business rate discount when faced with exceptional cases.

#### **2.5 Amount of discount awarded**

The eligibility for the discount and the discount itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of discount to be granted for a chargeable day for a particular property in the financial year 2019/20.

$$\text{Amount of discount to be granted} = \frac{v}{3}$$

**Where** V is the daily charge for the property for the chargeable day after the application of any mandatory relief and any other discretionary reliefs (excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants)

This new discount is deducted after mandatory and other discretionary reliefs (funded by section 31 grants) have been applied. The following Section 31 reliefs will be active in 2019/20:

- Rural Rate Relief (i.e. the top up to 100%)
- Local Newspaper Temporary Relief
- Supporting Small Businesses Relief
- Revaluation 2017 Discretionary Scheme Relief

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)

#### **2.6 Application process**

Organisations who may qualify will be identified and then automatically awarded the discount by the Business Rates team. Once awarded, all businesses will be served with a revised bill and a covering note to explain the discount and the obligations to notify the Council if state aid limits are breached (200,000 euros).

Only businesses that may potentially exceed the state aid limits will be made to apply directly to the Council. These cases will tend to be the national chains/companies that reside on the high street.

Such cases will be issued with an application form which will request a written undertaking that state limits are not breached before award of the discount.

## **2.7 Period of Discount**

If there are no changes to the property '*Retail discount*' shall apply for the financial years 2019/20 and 2020/21 unless future legislation changes the details of the discount.

## **2.8 Appeals**

Any appeal against a decision made under the '*Retail Discount*' policy must be made in writing and reach the Council within 28 days of an organisation receiving notification of an award decision.

- The Council will acknowledge the appeal within 5 working days of receipt.
- The Director of Finance and Customer Services will consider the appeal.
- The applicant will be informed of the final decision as soon as practicable thereafter.