

Gloucester City Council

Report to:	Cabinet	Date:	6 February 2019
Subject:	Business Rates – Retail Discount		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
Contact Officer:	Jon Topping, Head of Policy & Resources		
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Appendices:	A. Business Rates Retail Discount local scheme – Gloucester City Council 2019/20 and 2020/21		
	B. Business Rates Retail Discount Guidance		
	C. Section 47 – Local Government Finance Act 1988		
	D. Section 31 – Local Government Act 2003		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 The Government announced in the October 2018 budget that it will provide a business rates retail discount scheme for occupied retail properties with a rateable value of less than £51,000

This report proposes a discount scheme commensurate with the budget announcement for retail discounts on business rates.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) the Business Rates Retail Discount scheme (attached at appendix A) be the approved scheme for Gloucester City for 2019/20 and 2020/21

3.0 Background and Key Issues

- 3.1 The Government acknowledges that changing consumer behaviour presents a significant challenge for retailers in town centres and is taking action to help protect the high street and also to help it evolve
- 3.2 In the October 2018 budget the Government announced that it will provide a business rates retail discount scheme for occupied retail properties with a rateable value of less than £51,000, in each of the years 2019-20 and 2020-21. The value of

the discount is one third of the bill, and is to be applied after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been applied. The exception to this is where an authority applies a local relief, under Section 47; in these instances a retail discount must be applied first and any local discretionary relief applied afterwards.

- 3.3 The Government is not changing the legislation around reliefs available to properties – this measure is for 2019-20 and 2020-21 only
- 3.4 Cabinet is being asked to approve a local scheme for business rates retail discount as detailed in appendix A
- 3.5 The Government will reimburse the Council for retail discount granted under the local scheme
- 3.6 Historically, in 2016 a similar scheme was implemented and at that time there were approximately 290 properties which were eligible for the relief in the Gloucester area. It is anticipated that a similar number may potentially be eligible for the new business rates retail discount scheme.

4.0 PROGRESS

- 4.1 The Business Rates Retail Discount scheme proposes discounts for qualifying occupied retail properties with a rateable value of less than £51,000
- 4.2 The scheme will provide a one third discount from a business rate bill
- 4.3 Some businesses will already have their business rates bill reduced. Retail Discount will be applied after mandatory reliefs and Section 31 funded discretionary reliefs have been applied
- 4.4 The full eligibility criteria and arrangements for administering the scheme are detailed in appendix A
- 4.5 Gloucester City Council will delegate authority to Civica Revenues and Benefits to administer the retail discount. A report will be run to identify qualifying retail premises – as outlined at Appendix A. Where there is a clear eligibility to Retail Discount, it will be applied to the eligible business's rates bill. A letter will be enclosed with the annual business rates bill to explain the retail discount and state aid declaration letter. Any businesses over which there may be uncertainty account eligibility will be issued with an application form to apply for the Retail Discount relief
- 4.6 Should there be any dispute over eligibility then an appeal can be made, and considered by the Section 151 Officer

5.0 Reasons for Recommendations

- 5.1 Business Rates retail discount is a two year scheme; backed and financed by Central Government to support those smaller businesses with retail units which have business rate bills of less than £51,000 a year.

6.0 Future Work and Conclusions

6.1 The impact of these changes will be monitored

7.0 Financial Implications

7.1 The full cost of granting Business Rates Retail Discount will be met by Central Government and will be reclaimed by the local authority via the usual standard process.

8.0 Legal Implications

8.1 Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act 2011) gives discretionary powers to Local Authorities to grant relief to reduce business rates bills.

8.2 The cost of relief to the Local Authority can be recovered from the Government by way of grant under section 31 of the Local Government Act 2003.

8.3 To access the funding, the Local Authority is required to establish a discretionary scheme for administering the relief under Section 47.

8.4 Providing discretionary relief is likely to amount to State Aid and as such any decision is subject to the European rules on State Aid. The relief should be awarded in accordance with the De Minimis Regulations, allowing an undertaking to receive a maximum of €200,000 De Minimis aid in a three year period.

9.0 Risk & Opportunity Management Implications

9.1 There are no risks associated as the scheme has full backing and funding from Central Government. There are many positive impacts from the introduction of the scheme. Local shops, restaurants, cafes and drinking establishments with a rateable value of less than £51,000 will benefit from the scheme by seeing an immediate reduction of one third from their business rates bills. This could also encourage potential new businesses, as renting retail premises would be more affordable

10.0 People Impact Assessment (PIA):

10.1 None

11.0 Other Corporate Implications

Community Safety

11.1 Not applicable.

Sustainability

11.2 Not applicable

Staffing & Trade Union

11.3 Not applicable

Background Documents: None