

Report to:	Cabinet	Date:	11 March 2020
Subject:	Business Rates – Retail Discount		
Report Of:	Cabinet Member for Performance and Resources		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	No
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Appendices:	1. Business Rates Retail Discount local scheme – Gloucester City Council 2020/21		

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. In a written ministerial statement on 27 January 2020 the Government announced it would extend the value of the Retail Discount from one third to 50% in 2020/21.

This report proposes a discount scheme commensurate with the written ministerial statement for retail discounts on business rates.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that the Business Rates Retail Discount scheme (attached at appendix) be the approved scheme for Gloucester City for 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 was one third of the bill for 2019-20, and in a written ministerial statement of 27 January 2020, the value of the retail discount was extended from one third to 50%. The discount 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 the appendix.
- 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 50% discount from a business rate bill in the 2020-21 year.
- 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 the appendix.
- 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 in the Appendix. Where there is a clear eligibility for 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, alongside a state aid declaration letter. Any businesses over which there may be uncertainty around 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 Section 69 of the Localism Act 2011) gives discretionary powers to Local Authorities to grant relief to reduce business rates bills, subject to the condition that the local authority may only grant the relief if it is satisfied that it would be reasonable to do so having regard to the interests of local council tax payers.
- 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 The Withdrawal Agreement negotiated by the Government and the EU provides that during the transition period State Aid rules will continue to apply. Providing discretionary relief as outlined 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, cinemas, live music venues and drinking establishments with a rateable value of less than £51,000 will benefit from the scheme by seeing an immediate reduction of 50% 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

- 11.1 Not applicable.

Sustainability

- 11.2 Not applicable

Staffing & Trade Union

11.3 Not applicable

Background Documents:

Business Rates Retail Discount 2020-21 LA Guidance

<https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>

Section 47 – Local Government Finance Act 1988

<https://www.legislation.gov.uk/ukpga/1988/41/section/47>

Section 31 – Local Government Act 2003

<http://www.legislation.gov.uk/ukpga/2003/26/section/31>