

TRAFFORD COUNCIL

Report to: Executive
Date: 28 January 2019
Report for: Decision
Report of: Executive Member for Finance

Report Title

Business Rates Discretionary Rate Relief Policy 2019-20 – Amendments to Reflect the Autumn Budget 2018 Business Rates Measures

Summary

As part of the Autumn Budget 2018, the government announced a range of fully funded business rates measures to support retailers in town centres which local authorities can use their discretionary powers to implement.

Trafford Council is therefore proposing to amend its existing Business Rates Discretionary Rate Relief policy from 2019/20 to include the new measures which will support retailers with a rateable value below £51,000 for two years as well as extend the discount for local newspapers' office space in 2019/20.

Recommendation(s)

That the Executive approves the amendments to the Council's Business Rates Discretionary Rate Relief policy as outlined in the report to ensure it reflects the business rates measures announced at the 2018 Autumn Budget.

Contact person for access to background papers and further information:

Name: Louise Shaw
Extension: 3120

Background Papers: None

Relationship to Policy Framework/Corporate Priorities	Successful and Thriving Places Priority
Financial	The full cost of granting the relief will be met through a Section 31 grant from Government. Software and staffing/administration costs are expected to be met via funding from the Ministry of Housing, Communities and Local Government (MHCLG).
Legal Implications:	The Localism Act 2011 provides local government with greater flexibility with regards to discretionary relief and exemptions for Business Rates.
Equality/Diversity Implications	The proposal will have positive outcomes and ensure Government funding is maximised.
Sustainability Implications	None
Resource Implications e.g. Staffing / ICT / Assets	None
Risk Management Implications	None
Health & Wellbeing Implications	None
Health and Safety Implications	Not applicable

1.0 Background

1.1 At the 2018 Autumn budget, the Government stated that it recognises that changing consumer behaviour presents a significant challenge for retailers in town centres and is taking action to help the high street evolve.

1.2 Therefore, the Chancellor of the Exchequer announced a package of business rates measures for 2019-20 as follows:

- A one third discount for retail property with a rateable value below £51,000 for two years;
- Intention to legislate to grant a 100% relief from business rates for all standalone public toilets;
- Extension of the £1500 business rates discount for local newspapers' office space in 2019/20.

1.3 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 the new relief for retail properties in line with the relevant eligibility criteria as well as extend the discount for local newspapers' office space. They will be compensated for the cost of granting the relief through a Section 31 grant from Government. No new legislation will be required to deliver the scheme and state aid limits will apply.

- 1.4 The Ministry of Housing, Communities and Local Government (MHCLG) fully recognises that implementing the new Retail Relief scheme will place some additional burden on billing authorities. In accordance with the New Burdens doctrine, the Department will conduct an assessment of the expected reasonable additional costs of new software and staffing/administration with relevant stakeholders shortly. Full details of funding for these costs will be released following this assessment.

2.0 Introduction

- 2.1 The Council's existing Discretionary Rate Relief policy was last updated in March 2018 to include the new 2017 Revaluation rate reliefs.
- 2.2 It is proposed that the policy is changed with an effective date of 1 April 2019 to include the new Retail Rate relief and extend the newspaper offices relief as described above. The public toilet rates relief will be prescribed for and therefore are not required to be included in the amended policy.

3.0 Proposed Amendments

3.1 Retail Rate Relief where the Rateable Value is below £51k

- 3.1.1 It is proposed under this scheme that eligible ratepayers will receive a one third discount of their daily chargeable amount. The definition of retail properties will follow the guidance published by the MHCLG that has been adopted from the previous retail relief scheme in 2014/15 and 2015/16, a brief overview of the eligibility criteria can be found at Appendix A. The full details are available on the MHCLG website using the following link https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760973/Retail_Discount_Guidance.pdf
- 3.1.2 The relief will have effect for 2019/20 and 2020/21 and must be applied after mandatory reliefs and other discretionary reliefs. Locally funded relief must be applied after. State aid rules will apply to the retail relief in the normal way
- 3.1.3 Trafford is currently working closely with its software provider with the aim to implement as part of the 2019/20 annual billing cycle.
- 3.1.4 Based on Trafford's business rates records as currently held, it is expected that this new relief will benefit around 430 Trafford retailers at a combined value of c£1.4m.

3.2 Local Newspapers

- 3.2.1 The Chancellor announced that funding will be extended to grant the £1,500 business rates discount for office space occupied by local newspapers in line

with the existing criteria in 2019/20. It is proposed, therefore, that Trafford's policy reflects this.

Other Options

The Council could maintain its existing policies and not make the amendments but that would mean local businesses would pay more rates in effect not accepting the government funding available on behalf of eligible businesses.

Consultation

As this is the local application of a central Government change no consultation is required.

Reasons for Recommendation

The reason for the recommendations is as set out at the beginning of the report


Key Decision: Yes

If Key Decision, has 28-day notice been given? Yes

Finance Officer Clearance NB

Legal Officer Clearance ES

[CORPORATE] DIRECTOR'S SIGNATURE

(*electronic*)..... 

To confirm that the Financial and Legal Implications have been considered and the Executive Member has cleared the report.

Appendix A – Retail Rate Relief Discount – Brief Overview

A.1 Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

A.2 **Eligible** retail business use

For the purposes of this discount the Council, following the MHCLG guidance, considers shops, restaurants, cafes and drinking establishments to mean:

i. Retail properties 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)

Car/ caravan show rooms

Second hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

ii. Retail properties 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

Tool hire

Car hire

iii. Retail properties 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

B.1 The list below sets out the types of uses that the Council, following the MHCLG guidance, does not consider to be retail use for the purpose of this relief

B.2 **Non-eligible** retail business use:

i. Retail properties 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

ii. Retail properties that are not reasonably accessible to visiting members of the public.

The lists set out above are 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.