

TRAFFORD COUNCIL

Report to: Executive
Date: 19 February 2020
Report for: Decision
Report of: Executive Member for Finance and Investment

Report Title

Business Rates Discretionary Rate Relief Policy – Amendments to increase and extend Retail Rate Discount, extend local newspaper offices relief and reintroduce Pub Discount

Summary

On 27 January 2020, the Financial Secretary to the Treasury made a Written Ministerial Statement announcing additional business rates measures that will apply from April 2020.

Trafford Council is therefore proposing to amend its existing Business Rates Discretionary Rate Relief policy from 2020/21 to include the new measures which will support retailers with a rateable value below £51,000 increasing the retail discount from one-third to 50 per cent, extend those eligible to music venues and cinemas as well as extend the discount for local newspapers' office space and re-introduce the £1,000 discount to eligible pubs with a rateable value of less than £100,000.

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 in January 2020.

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 The Government continues to recognise the important role that the high street has, as well as the role pubs play in urban and rural communities.
- 1.2 Therefore, in a Written Ministerial Statement on 27 January 2020, the Financial Secretary to the Treasury announced a package of business rates measures for 2020-21(unless otherwise stated) as follows:
- Increase the one third discount to 50 per cent for retail property with a rateable value below £51,000;
 - Extend the retail discount eligibility criteria to include music venues and cinemas with a rateable value below £51,000;
 - To re-introduce the £1,000 business rates discount for public houses with a rateable value of less than £100,000;
 - Extension of the £1,500 business rates discount for local newspapers' office space for an additional 5 years until 31 March 2025.
- 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 increase the existing discount for retail properties in line with the relevant eligibility criteria as well as extend the discount for local newspapers' office space and reintroduce the Pub Discount. They will be compensated for the cost of granting the discounts 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 these extended and re-introduced discount schemes 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 January 2019 to include the new rate reliefs announced in the 2018 Autumn Statement as follows:

- A one third discount for retail property with a rateable value below £51,000 for two years;
- Extension of the £1,500 business rates discount for local newspapers' office space

- 2.2 It is proposed that the policy is changed with an effective date of 1 April 2020 to include the increased and extended Retail Rate discount and the re-introduced Pub discount for 2020/21 and the extended newspapers' office space relief to 2025.

3.0 Proposed Amendments

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

- 3.1.1 It is proposed under this scheme that the retail discount will increase for eligible ratepayers from one third to 50 per cent and will apply in 2020/21.

- 3.1.2 In addition, the definition of retail properties, which currently follows the guidance published by the MHCLG, will be extended to include music venues and cinemas. Updated guidance on the definitions can be found at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861149/200127_Retail_Discount_Guidance.pdf

- 3.1.3 The discount will have effect for 2020/21 only and must be applied after mandatory reliefs and other discretionary reliefs. Locally funded relief must be applied after all centrally funded reliefs have been applied. State aid rules will apply to the retail relief in the normal way

- 3.1.4 Trafford will be implementing the reliefs as part of the 2020/21 annual billing exercise to ensure the discounts are awarded before the start of the financial year.

3.1.5 Based on Trafford's business rates records as currently held, it is expected that the increased discount will benefit around 618 Trafford retailers at a combined value of c£970k.

3.2 Pub Discount where the Rateable Value is below £100k

3.2.1 The Government has stated that it recognises the important role that pubs play in urban and rural communities across the country.

3.2.2 It is proposed that a business rates discount of £1,000 per eligible pub should be awarded, where the rateable value is below £100k. The Governments guidance on what an eligible pub is can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/861146/200127_Pub_Discount_Guidance.pdf

3.2.3 The discount will have effect for 2020/21 only and must be applied after mandatory reliefs and other discretionary reliefs, including the retail discount. Locally funded relief must be applied after all centrally funded reliefs have been applied. State aid rules will apply to the pub discount in the normal way

3.2.4 Trafford will be implementing the discount as part of the 2020/21 annual billing exercise to ensure it is awarded before the start of the financial year.

3.2.5 Based on Trafford's business rates records as currently held, it is expected that the re-introduction of this discount will benefit around 72 Trafford pubs at a combined value of £72k.

3.3 Local Newspapers

3.3.1 The Ministerial Statement also announced the intention to extend by 5 years – until 31 March 2025 - the grant of £1,500 business rates discount for office space occupied by local newspapers in line with the existing criteria. It is proposed, therefore, that Trafford's policy reflects this.

3.3.2 Trafford currently has no known eligible local newspaper offices but proposes to include in its policy to be able to grant the relief in the future as appropriate.

Other Options

The Council could maintain its existing policies and not make the amendments but that would mean local businesses would pay more business 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 **DS**

[CORPORATE] DIRECTOR'S SIGNATURE *(electronic)*



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