

Extended business rate reliefs and support to businesses as a result of the COVID-19 coronavirus
COUNCILLOR DAVID SEATON, CABINET MEMBER FOR FINANCE
April 2020
Deadline date: N/A

Cabinet portfolio holder: Responsible Director:	Councillor David Seaton, Cabinet Member for Finance Peter Carpenter, Interim Corporate Director Resources
Is this a Key Decision?	YES Has this Item been Included on the Forward Plan? NO – Urgency Procedures Invoked
Is this decision eligible for call-in?	NO – Waiver of Call-in Procedures Invoked
Does this Public report have any annex that contains exempt information?	NO

R E C O M M E N D A T I O N S
The Cabinet Member is recommended to:
<ol style="list-style-type: none"> 1. Approve the payment of the various reliefs and grants as requested by government and as set out by the full guidance provided by government departments including the additional categories as referred to in paragraphs 7.4 to 7.5 under the councils discretionary powers; 2. Instruct officers to ensure that the reliefs and payments are processed in accordance with the agreed schemes for the qualifying properties and rebilling takes place at the earliest opportunity and that any further categories as advised by government to be included within the scheme are also processed at the earliest opportunity;

1. SUMMARY OF MAIN ISSUES

- 1.1 In response to the coronavirus (COVID-19) the government have made changes to many aspects of the economy providing support to businesses and individuals in various ways. As part of these measures the government are providing support to some businesses in a number of ways which are either linked to or directly reduce the business rate liability.
- 1.2 Although the government will fully fund these additional payments and reliefs through the use of s31 grants the reliefs and payments are for local authorities to administer. The government are not making amendments to the primary legislation governing these reliefs as they are for one year only and are instead asking authorities to use their discretionary powers to administer them, which is in line with previous schemes albeit on a much smaller scale.

2. PURPOSE OF THIS REPORT

2.1 This report is for the Cabinet Member for Finance to consider the various relief and payments to be given to business ratepayers under paragraph 3.4.3 of Part 3, Section 3 of the constitution in accordance with the terms of their portfolio at paragraph (h).

2.2 With the approval of the Chairman of Growth, Environment, and Resources Committee, the urgency procedure, special urgency procedure, and waiver of call-in procedure have been invoked to suspend the requirement to publish notice of the decision for 28 days, to suspend the requirement to publish the decision for five days, and to subject the decision to a three day call-in period. These procedures have been invoked to ensure that relief is provided to business in line with Government guidance to mitigate the impact of COVID-19 as soon as possible.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. DETAILS OF DECISION REQUIRED

4.1 Approve the payment of the various reliefs and grants as requested by government and as set out by the full guidance provided by government departments including the additional categories as referred to in paragraphs 7.4 to 7.5 under the councils discretionary powers.

4.2 Instruct officers to ensure that the reliefs and payments are processed in accordance with the agreed schemes for the qualifying properties and rebilling takes place at the earliest opportunity and that any further categories as advised by government to be included within the scheme are also processed at the earliest opportunity.

5. CONSULTATION

5.1 Consultation is not required but discussions have been held with the Local Taxation section.

6. ANTICIPATED OUTCOMES

6.1 When the measures are agreed, the relevant payments and reliefs will be processed and the business will see the financial benefit for 2020-21 in order to assist with financial pressures arising from the covid-19 outbreak.

7. REASONS FOR RECOMMENDATIONS & ANY RELEVANT BACKGROUND INFORMATION

7.1 When the council's budget was set on 6th of March 2020 approval was given to provide updated levels of business rate relief to certain categories of properties. For 2020/21 only the changes increased the retail discount from one-third to 50 per cent, and extended that discount to cinemas and music venues, the maximum RV remained at £51,000 for these reliefs. In addition the government extended the duration of the local newspapers office space discount until 2025, and introduced an additional discount for pubs with a rateable value of less than £100,000 of £1,000 in 2020/21. All reliefs were subject to state aid rules.

7.2 Due to the coronavirus outbreak the government have over the last few days and weeks commencing with the chancellors budget on 11th March with further updates more

recently made significant changes to the level of support they are going to provide to business within certain sectors.

- 7.3 As the major reliefs are again for one year only the Government is not changing the primary legislation covering the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in the guidance, reimburse local authorities that use their discretionary relief powers, under section 47 of the Local Government Finance Act 1988 (as amended) to grant relief. The reimbursement to authorities will be provided by payments to be credited to the general fund with grants under section 31 of the Local Government Act 2003.
- 7.4 The effect of the various announcements has resulted in the following additions to reliefs already approved for 2020/21:

7.4.1 Retail relief

The relief has been expanded to include the leisure and hospitality sector which includes the following and is operational for 2020/21

Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities).

- Sports grounds and clubs
- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

Hereditaments that are being used for the assembly of visiting members of the public.

- Public halls
- Clubhouses, clubs and institutions

Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest and Boarding Houses
- Holiday homes
- Caravan parks and sites

In addition to the new categories above additional property types have been added to the following category

Hereditaments that are being used for the provision of the following services to visiting members of the public

- Employment agencies
- Estate agents and letting agents
- Betting shops

The full lists including the additions above are not exhaustive as it would be impossible to list all the varied uses within the qualifying purpose.

In addition the level of retail relief has been increased to 100% and the RV limit of £51,000 has been removed completely although relief is still subject to EU state aid rules. Advice from MHCLG is as follows:

The Government has notified the EU of its intention to bring forward an immediate change to the UK's tax treatment of non-domestic property, in response to the ongoing Covid-19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty on the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount scheme will become a notified State aid. Authorities should prepare to award the discount ignoring de minimis limits and MHCLG will inform them of the outcome of the notification as soon as it is known.

7.4.2 Public Houses

The additional pub relief of £1,000 for 2020/21 already approved has now been increased to £5,000. However this relief has now been superseded as the retail relief is more generous and includes public houses.

7.4.3 Cash grants

Two cash grants have been introduced for 2020/21 to help businesses through this difficult time.

Scheme 1 – Business Support Grants Fund

The scheme provides that all properties in receipt of rural rate relief or small business rates relief on 11th March, including those in receipt of tapered relief, will be eligible for a grant payment of £10,000.

Properties whose liability is calculated using the small business multiplier but not in receipt of small business rates relief will not qualify for this grant and neither will properties which are occupied for personal use, e.g. private stables, beach huts and moorings even if they are in receipt of relief.

Scheme 2 – Retail, Hospitality and Leisure Business Grants Fund

The scheme provides that properties within the retail, hospitality and leisure sectors i.e within the retail discount scheme which would have qualified for retail discount on 11th March will be entitled to either, £10,000 where the RV is £15,000 or less or £25,000 where the RV is greater than £15,000 and less than £51,000.

A business cannot receive grants from both scheme 1 and scheme 2. The cash grants are subject to current state aid rules which have recently been increased to a level of 800,000 euros (previously 200,000 euros). It is the responsibility of the relevant business to notify if these rules would be breached.

7.4.4 Nursery discount

This relief will apply in 2020/21 only for hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to business rates in the year 2020/21. There will be no rateable value limit on the relief. Ofsted will ensure that all local authorities can access the Ofsted Early Years Register to help authorities identify eligible properties.

7.5 For all the reliefs and grants the respective government departments are providing detailed guidance covering all aspects of the measure including eligibility criteria, funding arrangements, reconciliation processes etc which to be followed when implementing the relief/grant payment.

8. ALTERNATIVE OPTIONS CONSIDERED

8.1 None have been considered as there are no other realistic options to deal with this issue.

9. IMPLICATIONS

Finance

9.1 The full details of all reliefs and grants is not yet known but the gross cost of the measures will be significant however the overall net impact on the councils general fund will be neutral as the government have undertaken to fully fund them by way of s31 grant. In addition the government have committed to providing new burdens funding to cover the administrative costs of dealing with these reliefs and grants. As a further measure to aid cash flow the Government will be providing estimated levels of funding up front which will be at the full value of the relief granted not just the councils own share. These amounts will then be adjusted following the closure of accounts for 2020/21 in the usual manner.

9.2 So far payments have been received for the two grant schemes (£34.45m) and for the full value of the original s31 grants amounting to £4.95m, previously due over the course of the year. In respect of the expanded retail relief scheme, and nursery discount the government have asked for a data collection exercise to be undertaken to be returned by 9th April 2020 which is being done. The government will then make payments based on this information, as with the grant scheme these are likely to be significant.

Legal

9.3 Awards of relief under these schemes are granted under the discretionary relief scheme which is detailed in s47 Local Government Finance Act, as inserted by Section 69 of the Localism Act 2011.

9.4 Awards of discretionary relief to the rate payers outlined within section 7 of this CMDN are allowed under s47 Local Government Finance Act 1988 (as amended by the Local Government Act 2003) and the Local Government and Rating Act 1997.

Carbon Impact Assessment

There are no carbon impact implications to consider.

10. DECLARATIONS / CONFLICTS OF INTEREST & DISPENSATIONS GRANTED

None.

11. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information Act 1985) and The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012

There are no additional documents.