

REPORT TO: STRATEGY AND RESOURCES

Date: 2 March 2020

TOPIC: BUSINESS RATES RELIEF

REPORT BY: HEAD OF RESOURCES

1 INTRODUCTION

- 1.1 Section 47 of the Local Government Finance Act (LGFA)1988 enables the Council to exercise discretion to award rate relief in respect of properties occupied by charities and other not for profit organisations. It also allows billing authorities to grant locally determined discretionary business rate discounts in any circumstances provided it is in the interests of the local taxpayers to do so.
- 1.2 North Devon Council's policy for the granting of Discretionary Non-Domestic Rates Relief was approved by Executive on 2 October 2017 and adopted with effect from 1 April 2017. This policy was updated 1 April 2019 to include a new business rate relief scheme for retail properties with a rateable value below £51,000 and an extension to the existing business rate relief for local newspaper office space.
- 1.3 On Monday 27 January 2020 the Financial Secretary to the Treasury made a Written Ministerial Statement announcing additional business rate measures that will apply from 1 April 2020. This report seeks approval to incorporate these new measures in our Discretionary Business Rate Relief scheme from that date.

2 RECOMMENDATIONS

- 2.1 That members approve the adoption of the revised policy for the granting of Discretionary Non-Domestic Rates Relief, to include the additional business rate measures as announced by the Financial Secretary to the Treasury as outlined in Appendix A, with effect from 1 April 2020.

3 REASONS FOR RECOMMENDATIONS

- 3.1 It is good practice for the Council to have readily understood guidelines for deciding whether or not to grant relief and for determining the amount of relief. It is also desirable that any criteria by which an individual case is judged should be made public to help interested individuals and bodies.

- 3.2 In order to stimulate local business growth and retain local businesses and jobs within North Devon, it is proposed the Council applies available powers to offer the new measures announced by the Financial Secretary to the Treasury when it is evident that this would be a real benefit to local taxpayers to do so. The purpose of the policy for the granting of Discretionary Non-Domestic rates Relief is to attract, develop and retain businesses within the District, encouraging them to expand, create jobs and provide economic value to the area.

4 REPORT

- 4.1 Section 47 of the Local Government Finance Act (LGFA) 1988 enables the Council to exercise discretion to award rate relief in respect of properties occupied by charities and other not for profit organisations. It also allows billing authorities to grant locally determined discretionary business rate discounts in any circumstances provided it is in the interests of the local taxpayers to do so.
- 4.2 North Devon Council's policy for the granting of Discretionary Non-Domestic Rates Relief (Appendix A) was approved by Executive on 2 October 2017 and adopted with effect from 1 April 2017. This policy was updated 1 April 2019 to include a new business rate relief scheme for retail properties with a rateable value below £51,000 and an extension to the existing business rate relief for local newspaper office space.
- 4.3 This year the Government intends to introduce additional business rate measures from 1 April 2020. The Government's intention is that Councils should make preparations to ensure eligible businesses receive the increased support in the rates bill at the start of the financial year and they have confirmed that Councils will be fully funded for awarding these reliefs.
- 4.4 The new measures announced in the Written Ministerial Statement are as follows;
- 4.5 **Retail Discount** (Appendix J of the policy) This new temporary relief for the years 2019-2020 and 2020-2021 was introduced in April 2019. The Government recognised that changing consumer behaviour presented a significant challenge for retailers in our town centres and this relief was introduced with the intention of helping the high street evolve. The temporary relief awarded a one third discount to retail properties with a rateable value below £51,000 from 1 April 2019. The Written Ministerial Statement announced the increase of this relief from one third to 50 per cent to apply from 1 April 2020. This relief will also be extended to cinemas and music venues.
- 4.6 **Local Newspaper Relief (Appendix F of the policy)** This was originally a temporary relief for 2017-2018 and 2018-2019, awarding a grant of £1,500 in line with the eligibility criteria set out in guidance produced by Central Government. The relief was then extended for a further year, 2019/2020. The Government now intends to extend this discount for a further 5 years until 31 March 2025.

- 4.7 **Pubs Discount (Appendix H of the policy)** The Government recognises the important role that pubs play in urban and rural communities across the country. In the Written Ministerial Statement the Financial Secretary to the Treasury announced a £1,000 business rate discount for public houses with a rateable value of less than £100,000 for one year from 1 April 2020.
- 4.8 North Devon Council's existing policy for the granting of Discretionary Non-Domestic Rates Relief, as previously approved in October 2017 and amended in April 2019, has been amended to incorporate these measures announced in the Written Ministerial Statement. **No other changes have been made.**

5 RESOURCE IMPLICATIONS

- 5.1 The reliefs announced in the Written Ministerial Statement will be reimbursed by a section 31 grant.
- 5.2 The Discretionary Business Rate Relief Scheme should be cost neutral and the government will only reimburse the local authority up to the annual limit set.
- 5.3 MHCLG have told us that they recognise that implementing the new pub discount and retail discount schemes will place some additional burden on billing authorities. The department have said that they will conduct an assessment of the expected reasonable costs of new software and administration and will provide funding to meet these costs

6 EQUALITIES ASSESSMENT

- 6.1 Equality Impact Assessment Summary attached.

7 CONSTITUTIONAL CONTEXT

| Article or Appendix and paragraph | Referred or delegated power? |
|-----------------------------------|------------------------------|
| Part 3 Annex 4 | Delegated |

8 STATEMENT OF CONFIDENTIALITY

- 8.1 This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

9 BACKGROUND PAPERS

- 9.1 The following background papers were used in the preparation of this report:

- Business Rates Information Letter (1/2020)

The background papers are available for inspection and kept by the author of the report.

10 STATEMENT OF INTERNAL ADVICE

10.1 The author (below) confirms that advice has been taken from all appropriate Councillors and Officers.

Author: Julie Dark

Date: 07/02/2020

Reference: Section 47 of the Local Government Finance Act (LGFA)1988
Section 69 of the Localism Act 2011
Section 31 of the Local Government Act 2003