

Councillor Briefing Note No. 19-007

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Retail Rate Relief for the High Street

Introduction

Following announcements made in the last budget the council's revenues department will be delivering a new type of rate relief to specific high street retail businesses with effect from 1 April 2019.

- The government announced in the budget on 29 October 2018 that it will provide a business rates retail relief scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21.
- Relief will be awarded to certain occupied retail properties that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments in each of the years. The property must be used for retail use.
- The value of the relief will equate to one third of the bill, after other reliefs have been deducted and due to the exact nature of the award will be deemed a discount.
- The discount will have effect for 2019/20 and 2020/21 and the team's aim is to have it applied to annual bills which will be issued in March 2019.

The award of this discount must comply with EU law on state aid. There is a form which will be issued which requires those who are awarded this discount to confirm that they have not received any other state aid that exceeds in total €200,000. (This would need to include any other retail discount they have been granted for premises other than the one to which the declaration relates, under the De Minimis Regulations EC 1407/2013.)

Background

The revenues and benefits service operate a number of mandatory and discretionary rate relief schemes delivering in the region of £30m of support, each year to a variety of business rate payers, mainly mandatory relief to charities. Since the revaluation of all non-domestic properties in 2017 the team have successfully delivered £1.3 million to those most adversely affected by the revaluation process and a further £290,000 will be distributed in 2019-20, in addition to the retail rate relief.

A similar less generous retail rate relief scheme was successfully delivered by the team three years ago, offering £1000 reduction to specific types of businesses. Like the last scheme this relief will be delivered through local authority discretionary discount powers (under section 47(3) of the Local Government Finance Act 1988).

Government has specified the types of businesses that should qualify and these are set out below. The scheme will be fully funded by s31 grant provided by Government.

It is estimated that around 1,000 business ratepayers will benefit from the new scheme. The scheme will deliver around £3 million of additional support to the high street during this financial year which will be automatically calculated, becoming part of our daily billing process using the Northgate Revenues System. The revenues team have a wealth of experience delivering other discretionary and short-term rate reductions and are now equipped with the latest software to deliver this discount.

Whilst the criteria for determining the discount is clear there are robust processes deployed by the team to determine entitlement. An appeals process is already in place for determining other forms of discretionary rate relief and this process will be followed in the unlikely case of a dispute.

Qualification Criteria

To be eligible for this discount, the retail premises must:

- Be occupied (empty premises do not qualify);
- Have a rateable value of less than £51,000;
- Have an occupied rates charge for the year (properties receiving 100% Small Business Rate Relief, for example, do not qualify);
- Be wholly, or mainly, used for retail purposes for visiting members of the public.

Qualifying retail uses include:

- Shops, including post offices, car showrooms, car hire, opticians, petrol stations; restaurants, cafes, including takeaways and drinking establishments.
- The government has identified certain retail uses that do not qualify for the discount. The following premises will not get a discount if they are being used for the following:
- Financial services, such as banks, building societies, cash points: both individual cash points and retail units with only cash points in them, bureau de change, payday lenders, betting shops, pawn brokers.
- Other services such as estate agents, letting agents, employment agencies.
- Medical services such as dentists, doctors, osteopaths, chiropractors and vets.
- Professional services such as solicitors, accountants, insurance agents/ financial advisers, tutors.
- Post office sorting offices.
- Cinemas, theatres, museums, nightclubs, music venues, gyms and premises used for sporting activities.
- Properties that are not reasonably accessible to visiting members of the public

What do businesses do if they think they qualify and the discount is not shown on their 2019/20 bill?

If retail rate relief discount is not automatically applied businesses can complete a brief application form which is available via the web. Ratepayers may need to take advice in terms of state aid.

Please note the discretionary retail relief discount will only run from 1 April 2019 to 31 March 2021 and applications must be received no later than six months after the end of the financial year to which any discount is to apply.

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