

# Selby District Council

## Leader Urgent Decision Report



**To:** Leader of the Council  
**Date:** 23 March 2020  
**Ward(s) Affected:** All  
**Authors:** Tammy Fox, Taxation, Benefits and Debt Team Leader and June Rothwell, Head of Operational Services  
**Lead Executive Member:** Cllr Lunn, Lead Executive Member for Finance and Resources

### 1. Summary

- 1.1 This report provides an update on the recently announced urgent budget measures regarding business rates and the Government's response to provide support for businesses following the COVID-19 outbreak.
- 1.2 The Council is expected to implement these measures as quickly as possible to provide immediate help to businesses, they are being asked to do this using their discretionary powers under Section 47 of the Local Government Finance Act 1988 to grant these reliefs.
- 1.3 Local authorities should adopt a local scheme to determine each individual case, having regard to the further guidance provided to apply this relief under Section 47. Central Government will fully reimburse local authorities for these using a grant under Section 31 of the Local Government Act 2003.

### 2. Recommendations

- 2.1 That as the matter is urgent, due to putting in place arrangements for Covid 19, the Leader agrees:
  - i. That the Council will implement with immediate effect, on 23 March 2020, the Government's financial rescue package to support and protect businesses affected by COVID-19, as set out in Section 4 of this report;
  - ii. To delegate authority to the Council's Section 151 Officer to agree a new Discretionary Rate Relief Scheme, in consultation with the Leader which shall include;
    - a. The matters set out in section 4 of this report, and
    - b. That the new discounts apply from the 1<sup>st</sup> April 2020.
  - iii. That delegated authority be given to the Head of Operational Services to administer the approved Scheme.

### **3. Background**

3.1 From the 11 March 2020 onwards the Government has announced a £330 billion financial rescue package to support and protect businesses affected by COVID-19, including those in the retail, hospitality and leisure sectors.

3.2 With regards to local authority business rates administration they include -

- A 100% business rates relief scheme for all retail, hospitality and leisure businesses in England for 2020/21
- A 100% business rates relief scheme for nurseries in England for 2020/21
- An increase in the pub relief scheme from a £1,000 discount to £5,000
- Small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief
- Grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000

### **4. The Report**

#### **4.0 Business rates reliefs**

#### **4.1 Increased retail, hospitality and leisure relief**

4.1.1 In the 2019/20 and 2020/21 financial years a temporary scheme was introduced to provide rates relief to all occupied retail properties including shops, restaurants, cafes and drinking establishments with rateable values below £51,000. Qualifying ratepayers would receive a third off their bill. In January 2020 this was increased to 50% for the 2020/21 financial year, also music venues and cinemas were added the eligible list.

4.1.2 Following recent events the Government has now increased this relief to 100% for all properties in these sectors and removed the rateable value cap.

4.1.3 On the 18 March 2020 updated guidance on the increased retail relief was published by MHCLG confirming the criteria to be eligible for this discount.

4.1.4 This is detailed below -

Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:

- a) as shops, restaurants, cafes, drinking establishments, cinemas and live music venues, b) for assembly and leisure; or c) as hotels, guest & boarding premises and self-catering accommodation.

We consider shops, restaurants, cafes, drinking establishments, cinemas and live music venues to mean:

Hereditaments that are being used for the sale of goods to visiting members of the public:

– Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc) – Charity shops – Opticians – Post offices – Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors) – Car/caravan show rooms – Second-hand car lots – Markets – Petrol stations – Garden centres – Art galleries (where art is for sale/hire)

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

– Hair and beauty services (such as: hairdressers, 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. Hereditaments 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

iv. Hereditaments which are being used as cinemas

v. Hereditaments that are being used as live music venues:

– live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience.

We consider assembly and leisure to mean:

i. 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.

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

– Public halls – Clubhouses, clubs and institutions.

We consider hotels, guest & boarding premises and self-catering accommodation to mean:

i. 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.

The list below sets out the types of uses that the Government does not consider to be an eligible use for the purpose of this relief. They advise it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme.

i. Hereditaments 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, bureaux 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 offices – Casinos and gambling clubs

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

In line with the legal restrictions in Section 47(8A) of the Local Government Finance Act 1988, billing authorities may not grant the discount to themselves, a precepting authority, or a functional body, within the meaning of the Greater London Authority Act 1999.

- 4.1.5 The total amount of government-funded relief available for each property for 2020/21 under this scheme is 100% of the bill, after mandatory reliefs and, with the exception of the 2020/21 pubs discount, other discretionary reliefs funded by Section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act which are not funded by Section 31 grants. The 2020/21 pubs discount should be applied after the Expanded Retail discount.
- 4.1.6 We have 206 properties who currently receive the retail discount of 50% on their accounts, these accounts will automatically have the 100% applied.
- 4.1.7 Using Valuation Office Agency property description codes we have identified a further 772 properties that would qualify for the relief. We would look to apply this relief immediately to accounts as some would have their first instalment become due on the 1 April 2020 and direct debits taken.
- 4.1.8 On the 20 March 2020 a Business Rates Information Letter (BRIL\_4\_2020) was published by MHCLG to local authority Chief Finance Officers confirming the new relief and encouraging local authorities to do all they can to ensure revised bills are issued as quickly as possible. The letter also advised Government would meet the associated new burdens funding to cover the

administrative costs of implementation. Selby District Council intends to implement the revised scheme prior to 1<sup>st</sup> April 2020. The new Discretionary Rate Relief Scheme will then be agreed in line with the Government's financial rescue package to support and protect businesses affected by COVID-19, as set out in Section 4 of this report.

## **2 Relief for Nurseries**

- 4.2.1 On the 18 March 2020 the Government announced a new 100% relief for nurseries providing childcare. Detailed guidance has also been published from MHCLG on the qualifying criteria.
- 4.2.2 This relief will apply to 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. Local authorities will be reimbursed for the costs of this relief in the same way as the increased retail relief through Section 31 grants.
- 4.2.3 Initial analysis of the local rating list has identified approximately 30 nurseries that may qualify for this relief and wherever possible the relief will be applied automatically for these properties as soon as possible.

## **4.3 Grants for small businesses and retail properties**

- 4.3.1 In the 11 March 2020 budget speech a grant for small businesses was announced, initially as £3,000, this has since been increased to £10,000.
- 4.3.2 All properties in receipt of small business rate relief or rural rate relief on 11 March 2020 will be entitled to £10,000 grant payment.
- 4.3.3 On the 17 March 2020 the Chancellor announced a further grant for properties that would have qualified for the retail rate relief on 11 March 2020 would be eligible for a £25,000 grant if their rateable value was above £15,000 but less than £51,000 and the grant would be £10,000 if their rateable value
- 4.3.4 Further guidance is expected on the administration of these grants in the week commencing 23 March 2020.

## **5. Risks**

### **5.1 Legal**

- 5.1.1 The Discretionary Rate Relief Scheme is based on directives given from MHCLG in Business Rates Information Letters following clear eligibility criteria and guidance.
- 5.1.2 As the scheme is discretionary there will be no right of appeal on any decision made.

### 5.1.3 MHCLG have advised the following regarding State Aid –

Whilst the UK left the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. 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.

## 5.2 Financial

5.2.1 The government will fully reimburse Council's for the cost of reliefs provided under the new measures by Section 31 grants. The estimated number of businesses who will benefit from the relief is 1,100 who in total will receive over £5 million.

5.2.2 Fully documented decisions by officers of the reliefs applied to accounts will be made to ensure all external audit requirements are fulfilled and to ensure maximum return of costs on NNDR returns to Central Government.

## 6. Conclusion

6.1 The Leader of the Council is requested to approve the measures in this paper ahead of full details being provided in the revised Discretionary Rate Relief Scheme.

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### Decision Maker

Leader S151 Officer	Yes Yes for Scheme
Officer Delegated Decision	Yes for individual application of relief following stated criteria