

REPORT OF:	CHIEF FINANCIAL OFFICER
TO:	POLICY AND RESOURCES COMMITTEE
DATE:	19th March 2019

Report Author:	Susan Guinness
Tel. No:	01282 661867
E-mail:	susan.guinness@pendle.gov.uk

Discretionary Business Rates Relief – Update 2019/20

PURPOSE OF REPORT

1. The purpose of this report is to provide the Policy and Resources Committee with an update on the changes to Discretionary Business Rates Reliefs in 2019/20.

RECOMMENDATIONS

2. It is recommended that the Policy and Resources Committee:
 - (a) Note the changes made to Discretionary Business Rates Reliefs as set out in the report.

REASONS FOR RECOMMENDATION

3. To update members on the changes to some Discretionary Business Rates Reliefs for 2019/20.

ISSUE

4. To assist businesses in paying their Business Rate bills, reliefs and discounts are made available. These consist of both mandatory relief, for premises occupied by Charities and similar organisations and premises situated within a rural settlement area, and discretionary rate relief and discount schemes.
5. In certain cases Government provides assistance to businesses by granting discretionary rates relief and reductions to ratepayers subject to certain criteria being met. This report updates members on the changes applicable to some discretionary rate reliefs in 2019/20.
6. By reducing the amount ratepayers need to pay in business rates, the award of reliefs and discounts subsequently reduces the amount local authorities receive in income as part of the Business Rates Retention scheme. To reimburse local authorities for this loss of income Government uses a grant under section 31 of the Local Government Act 2003.

Autumn Budget 2018 – Retail Discount Scheme

7. At the 2018 Budget, the Government announced the launch of the business rates Retail Discount scheme. This delivers a one third discount off business rates bills for eligible retail businesses with a rateable value of less than £51,000 for two years from April 2019.
8. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000 that are wholly or mainly used as shops, restaurants, cafes and drinking establishments.
9. The types of hereditaments considered to be eligible include the following:-
 - **Sale of goods to visiting members of the public** – such as: Shops – florists, bakers, butchers, Jewellers; Opticians; Post Offices; Furniture Display Rooms; Off Licenses; Car Showrooms; Markets; Petrol Stations; Garden Centres; Art Galleries.
 - **Provision of services to visiting members of the public** – such as: Hair and Beauty Salons; Shoe Repairers; Travel Agents; Dry Cleaners; Funeral Directors; Tool Hire.
 - **Sale of food and/or drink to visiting members of the public** – such as: Restaurants; Takeaways, Sandwich Shops; Coffee Shops; Pubs; Bars.
10. The following types of uses are considered not to be retail by the Government and therefore not eligible for the relief:-
 - Financial Services – e.g. banks, building societies, betting shops.
 - Other Services – e.g. estate agents, employment agencies.
 - Medical Services – e.g. vets, dentists, doctors, osteopaths.
 - Professional Services – e.g. solicitors, accountants, insurance brokers, financial advisers.
11. Eligible hereditaments will receive one third off their bill after mandatory reliefs and other discretionary reliefs have been applied.
12. The Council will be reimbursed for the loss of its local share of Business Rates income via section 31 grant.

Spring Budget 2017 - Relief Scheme: £300m Discretionary Scheme Pot

13. In the Spring Budget of 2017 the Government provided £300m of funding to local authorities, over a four year period to 31st March 2021, to provide discounts to ratepayers within their area on a discretionary basis.
14. The purpose of this discount is to support businesses that face the steepest increases in their business rates bill as a result of the 2017 Revaluation undertaken by the Valuation Office Agency.
15. The funding allocation was derived by calculating the total increase in bills (excluding transitional and other reliefs) for every property in England where the rateable value for 2017/18 was less than £200k but had increased in the 2017/18 bill by more than 12.5%.

16. Pendle Borough Council's total allocation from the total £300m pot was £171k to be distributed on a reducing basis over the four years as per the table below. The allocation reduces from £48k in 2018/19 to £20k in 2019/20, therefore the amount awarded to eligible businesses will reduce by circa. 42% in 2019/20.

Year	Pendle Allocation £
2017/18	100,000
2018/19	48,000
2019/20	20,000
2020/21	3,000
Total	171,000

17. The Council's policy for allocating this scheme is contained within the Pendle Borough Council Policy for the Granting of Discretionary Non-Domestic Rates Relief which came into effect in 2017/18.
18. The Council will be reimbursed for the loss of its local share of Business Rates income via section 31 grant.

Autumn Budget 2017 – Public Houses Relief Scheme

19. The Public Houses Relief Scheme was introduced to apply in 2017/18 only, however in the Autumn Budget 2017 the Chancellor announced that it would be extended by a further year into 2018/19. The existing guidance and terms continued whereby eligible pubs with a rateable value below £100,000 would receive £1,000 discount on their bill. This relief has not been extended further and will therefore not be applied in 2019/20.
20. The Council is being reimbursed for the cost of this relief via section 31 grant.

IMPLICATIONS

Policy

21. There are no new policy implications arising directly from the recommendation with this report.

Financial

22. The Council is reimbursed for the loss of its local share of Business Rates income via Section 31 Grant. As per the General Fund Budget Report 2019/20 reported to this committee in February 2019, the amount of Section 31 Grant to be received in 2019/20 is budgeted at £1.787m. This is the local share of the grant to be received as part of the 2019/20 75% Business Rates Retention Pilot Pooling scheme.

Legal

23. There are no legal implications arising directly from the recommendation with this report.

Risk Management

24. There are no risk management implications arising directly from the recommendation with this report.

Health and Safety

25. There are no health and safety implications arising directly from the recommendation with this report.

Climate Change

26. There are no sustainability implications arising directly from the recommendation with this report.

Community Safety

27. There are no community safety implications arising directly from the recommendation with this report.

Equality and Diversity

28. There are no equality and diversity implications arising directly from the recommendation within this report.

APPENDICES

None.

LIST OF BACKGROUND PAPERS

None.