

## SOUTH HOLLAND DISTRICT COUNCIL

**Report of:** Portfolio Holder for Finance and Executive Director - Commercialisation (S151)

**To:** Cabinet Tuesday, 17 March 2020

**(Author:** Sharon Hammond Head of Revenues & Benefits)

**Subject** Business Rates - Changes to Rate Reliefs and Discounts for 2020/21

**Purpose:** To seek Cabinet approval for administration of the changes to Business Rates relief and discounts for 2020/21.

### **Recommendation(s):**

- 1) That Cabinet approve the implementation of the changes to Rate reliefs and discounts as set out in this report, and
- 2) That Cabinet approve updating the Discretionary Rate Relief Policy to reflect the changes in the latest government guidance and that the S151 Officer will approve the final wording in consultation with the Portfolio Holder (Finance).

### **1.0 BACKGROUND**

1.1 On 27<sup>th</sup> January 2020, the Financial Secretary to the Treasury made a Written Ministerial Statement announcing additional business rates measures that will apply from 1 April 2020.

1.2 These measures will: -

- Increase the level of retail discount from one-third to 50 per cent, for eligible businesses occupying a property with a rateable value less than £51,000;
- Extend retail discount to eligible music venues and cinemas with a rateable value less than £51,000;
- Extend the £1,500 business rates discount for office space occupied by local newspapers for an additional 5 years, until 31 March 2025;
- Provide additional £1,000 discount to eligible pubs with a rateable value of less than £100,000 in 2020/21.

1.3 In addition, 2020/21 will be the final year of the locally administered business rate scheme. The balance of funding has reduced each year, and will be £5k in 2020/21. To maximise spend against available funding, it is proposed that relief is awarded at 18% of the amount awarded to qualifying business rates in 2019/20, being proportionate to the reduced level of funding between the two financial years.

1.4 In February 2019, as part of the Draft Budget, Medium Term Plan and Capital Strategy report, Cabinet approved the administration of Retail Discount in line with government guidance. The same definition of retail properties will apply for the relief in 2020/21, and

the guidance has been updated to provide a definition of live music venues. This updated guidance is provided at Appendix A.

- 1.5 In South Holland, it is estimated that around 164 businesses will benefit from the increase in retail discount, with one ratepayer benefiting from the extension of relief for office space occupied by local newspapers, and 25 benefiting from the additional relief for pubs. These reliefs are subject to state aid rules. At this time there have been no properties identified as qualifying for the retail relief extended criteria for cinema or music venues. The Council's cinema does not qualify for this discount as it cannot award itself legally discretionary rate relief.
- 1.6 The Government expects local authorities to apply these reliefs to business rates accounts for the start of the 2020/21 billing period, and has confirmed that it will fully fund local authorities for awarding these reliefs, and provide new burden funding to meet administrative and IT costs.

## **2 OPTIONS**

- 2.1 There are no alternative options for consideration.

## **3 REASONS FOR RECOMMENDATION(S)**

- 3.1 Administration, in line with Government expectation on local authorities, will ensure qualifying businesses in South Holland are supported at the start of the new financial year with the additional relief and discounts.

## **4 EXPECTED BENEFITS**

- 4.1 These relief and discounts will reduce the business rates liability for those qualifying ratepayers.

## **5 IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### **5.1 Constitutional & Legal**

- 5.1.1 The relief and discounts are administered on behalf of central government, using the discretionary rate provisions in the Local Government Finance Act 1988.

### **5.2 Financial**

- 5.2.1 Government has confirmed it will fully fund local authorities for awarding these reliefs and provide new burden funding to meet administrative and IT costs. There is therefore no cost

to South Holland District Council.

6 **WARDS/COMMUNITIES AFFECTED**

6.1 All.

7 **ACRONYMS**

7.1 None.

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Background papers:- None

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**Key Decision:** N

**Exempt Decision:** N

**This report refers to a Mandatory Service**

**Appendices attached to this report:**

Appendix A Business Rates Retail Discount 2020/21 – Local Authority Guidance