

# BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

## **Introduction**

The Localism Act of 2011 (“the Act”) amended the discretionary powers available to Councils with effect from 1<sup>st</sup> April 2012. Specifically, section 69 of the Act amended section 47 of the Local government Finance Act 1988 (“the 88 Act”). Section 47 of the 88 Act enables the Local Authority to grant relief to any ratepayer, including profit making organisations and individuals, with the proviso that awarding relief is in the interests of its Council Tax payers

Any use of this additional discretionary power would normally have to be funded in full by the local authority, as government funding is not normally available to offset the cost of granting this relief.

Since the introduction of The Act, the Government has introduced a number of measures aimed at providing business rate relief to qualifying ratepayers whilst guaranteeing to reimburse local authorities for the local share of discretionary relief by way of a grant under section 31 of the Local Government Act 2003 (“the 2003 Act”).

This additional Appendix to the Bath and North East Somerset Council Non Domestic Rate Relief Policy gives guidance to officers administering claims for discretionary relief under discretionary powers provided by the Act.

Appendix E covers:

1. Newspaper relief
2. Business Rate Retail Discount
3. Revaluation Rate Relief

# BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

## **1) Business Rates Relief for Local Newspapers**

THIS IS A SUMMARY OF THE RELIEF SCHEME AND MUST BE READ IN CONJUNCTION WITH DCLG GUIDANCE.

THE AUTHORITY IS ADOPTING A SCHEME THAT FOLLOWS DCLG GUIDANCE ON PROPERTY CRITERIA AND ELIGIBILITY. THE AUTHORITY WILL ONLY OFFER RELIEF THAT WILL BE FUNDED FULLY BY CENTRAL GOVERNMENT.

A COPY OF THE RELEVANT GUIDANCE CAN BE FOUND AT:

<https://www.gov.uk/government/consultations/the-case-for-a-business-rates-relief-for-local-newspapers>

This relief is a reduction in the bill for up to £1,500.00. The relief will be awarded for ratepayers who qualify for the period 01.04.2017 to 31.03.2020.

### Eligibility criteria

- The relief will provide a £1,500.00 relief per annum for office space occupied by local newspapers up to a maximum of one discount per local newspaper title and per hereditament, for three years from 1 April 2017.
- The relief is specifically for traditional local newspapers. The relief will not be available to magazines.
- The hereditament must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.
  
- The ratepayer must confirm that relief granted to them will be in accordance with European Union De Minimis Regulations (1407/2013) to comply with State Aid law.

### Amount of Relief

- The amount of relief is limited to a maximum of one discount per newspaper title (e.g. per newspaper name) and per hereditament. For example; A local newspaper with two offices would be able to claim a discount for only one of them. An office shared by three separate local newspaper titles would only be eligible for a single discount.

The total amount of government-funded relief available for each newspaper title and hereditament for 2017-18 to 2019 - 20 under this scheme is £1,500 per year. The amount does not vary with rateable value. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should

## BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

be used to determine the amount of relief to be granted for a particular hereditament:

Amount of relief to be granted = £1500 x A/B

Where:

A is the number of days in the financial year that the hereditament is eligible for relief; and

B is the number of days in the financial year.

### **2) Retail Discount**

THIS IS A SUMMARY OF THE RELIEF SCHEME AND MUST BE READ IN CONJUNCTION WITH DCLG GUIDANCE.

THE AUTHORITY IS ADOPTING A SCHEME THAT FOLLOWS DCLG GUIDANCE ON PROPERTY CRITERIA AND ELIGIBILITY. THE AUTHORITY WILL ONLY OFFER RELIEF THAT WILL BE FUNDED FULLY BY CENTRAL GOVERNMENT.

A COPY OF THE RELEVANT GUIDANCE CAN BE FOUND AT:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/760973/Retail\\_Discount\\_Guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/760973/Retail_Discount_Guidance.pdf)

### **Background**

The Government has announced a new relief scheme for retail properties that have a rateable value below £51,000. Under the scheme, eligible ratepayers will receive a one third discount of their daily chargeable amount. The scheme is intended to apply for the financial years 2019/20 and 2020/21.

Which properties will benefit from relief?

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 being used as shops, restaurants, cafes and drinking establishments.

The council considers shops, restaurants, cafes and drinking establishments to mean:

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

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops

BATH AND NORTH EAST SOMERSET COUNCIL  
DRAFT POLICY - NON DOMESTIC RATE RELIEF

- 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: hair dressers, 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
- DVD/ video rentals
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/ or drink to

## BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

As the relief is discretionary, the council may choose not to grant the relief if it considers it inappropriate, for example where granting the relief would go against the authority's wider objectives for the local area.

The list below sets out the types of uses that council does not consider to be retail use for the purpose of this relief.

- Financial services (e.g. banks, building societies, cash points, bureau 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 office

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

### How much relief will be available?

The total amount of government-funded relief available for each property under this scheme is one third of the ratepayer's daily chargeable amount. Entitlement to this

## BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

relief will only apply providing the conditions of entitlement are met. If there is a change in circumstances such as the ratepayer ceases to operate a retail business or the rateable value of the property increases to £51,000 or more then entitlement to this relief will cease from the effective date of the change.

The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament in the financial year 2019-20/2020-21:

Amount of relief to be granted = daily chargeable amount x 1/3.

The relief will be awarded after all other reliefs have been awarded.

### **3) Revaluation Relief**

#### Background

The legislation covering this discount is within Section 47 of the Local Government Finance Act 1988 as amended by The Localism Act 2011. Further references to Small and Medium Sized Enterprises are defined in this policy and should not be interpreted to have the same meaning as in EU law.

The Government has committed to fund a relief scheme for Businesses adversely affected by the 2017 Business Rates revaluation. The intention is that the scheme will last for four years and will be funded by a S31 grant under the 2003 Act. The funding provided for this relief is as follows;

2017 - £392,000

2018 - £190,000

2019 - £78,000

2020 - £11,000

Awards of relief made under S47 of the 88 Act usually amount to state aid. The state aid De-Minimis figure is approximately £55,000.00 per annum (This is the equivalent of €200,000 over three consecutive years).

Any Ratepayers who despite such an increase in Rateable Value have not seen an increase in their net bill for 2017/18 will not be eligible for this relief.

This figure expressed in sterling will be calculated based on the exchange rates applicable on the date that the decision is made to award the relief.

Any Ratepayers which are not Small or Medium Enterprises; as defined below will not be eligible for this relief;

## BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

They are an Enterprise: self-employed, family firms, partnerships, associations, companies regularly engaged in an economic activity, i.e. the sale of products or services at a given price on a direct market

1. AND Under 250 employees
  2. AND Annual Turnover not exceeding £43 million and/or Annual Balance Sheet Total not exceeding £37 million
  3. They are Independent or, if they are a subsidiary or part of a group, the above thresholds must be applied to the wider group, they may not be a public body or controlled or owned by one.
  4. Public Bodies include;
    - Government departments, legislative bodies, and the armed forces
    - Local government, including Parish and Town Councils, Local Authority owned companies
    - National Health Service; including NHS & Foundation Trusts, practitioners who provide services under contract to the NHS
    - Maintained schools, Academy Schools and further and higher education institutions
    - Police
    - Fire
- Any Hereditaments which are empty are excluded from the scheme for the period that they are empty.
  - Any Ratepayers who become liable after 01/04/2017 are excluded from this relief
  - Any Ratepayers who would qualify for an award of this relief of £25 or less will not be eligible for this relief.
  - Any retrospective changes in rateable value made after 01.04.2017 will be ignored for the purpose of calculating the amount of relief to be awarded.

### Applications

Applications may be made in such manner as the authority thinks fit, having regards to the qualifying criteria set out in this Policy. The Council may also make awards on its own initiative if it believes that the qualifying criteria are met in any particular case. Checks may be made to ensure that applicants are eligible under the SME definition above. Applications for relief cannot be backdated more than 6 months following the

## BATH AND NORTH EAST SOMERSET COUNCIL DRAFT POLICY - NON DOMESTIC RATE RELIEF

end of the financial year to which they relate, even in the case of a change in the rating list by the Valuation Office Agency.

### Calculation of relief

Relief will be applied to the net Business Rates liability of each qualifying hereditament, after all other reliefs have been awarded, apart from relief for Public Houses. The rates of relief that will be applied are as follows;

<b>% Increase in Net Liability between 2016 &amp; 2017</b>	<b>Discount % of Net Liability (2017)</b>
<b>1-19%</b>	<b>5.2%</b>
<b>20-39%</b>	<b>10.2%</b>
<b>40-69%</b>	<b>20.8%</b>
<b>70% and above</b>	<b>41.6%</b>

Furthermore, the award of relief will be limited to the lower of the amounts detailed in the table above and the increase in the net annual liability between 2016 and 2017.

Where a ratepayer became liable for business rates between 02.04.2016 and 31.03.2017, their notional annual liability for 2016 will be calculated by dividing their net liability for the period in which they are liable for the 2016 financial year by the number of days within that year that they were liable and multiplying the sum by 365.

### Support in respect of the Financial Year 2019/20

The awards for 2019/20 are calculated by multiplying the 2018/19 awards by 0.42.

### Support in respect of the Financial Year 2020/21

The amount of relief that will be awarded to qualifying ratepayers in respect of the financial year 2020/21 shall be calculated by multiplying the ratepayer's award for 2019/20 by 0.16.

### **State Aid**

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However discretionary relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)<sup>1</sup>. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De



**BATH AND NORTH EAST SOMERSET COUNCIL  
DRAFT POLICY - NON DOMESTIC RATE RELIEF**

1. Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). To administer De Minimis it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid. The threshold only relates to aid provided under the De Minimis Regulations (aid under other exemptions or outside the scope of State Aid is not relevant to the De Minimis calculation). In basic terms this means discretionary assistance which could have the effect of distorting competition between similar undertakings within the European Union.<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2013:352:0001:0008:EN:PDF>