

**STROUD DISTRICT COUNCIL**  
**STRATEGY AND RESOURCES COMMITTEE**

**AGENDA  
ITEM NO**

**7 MARCH 2019**

**9**

<b>Report Title</b>	<b>BUSINESS RATES – RETAIL DISCOUNT</b>
<b>Purpose of Report</b>	To adopt a Business Rates Retail Discount scheme
<b>Decision(s)</b>	<b>The Committee RESOLVES to approve the Business Rates Retail Discount scheme for 2019/20 and 2020/21.</b>
<b>Financial Implications and Risk Assessment</b>	<p>This report sets out the Council’s policy in relation to the Business Rates Retail Discount Scheme.</p> <p>Discounts given under this policy are fully reimbursed to the District Council by Central Government.</p> <p>Andrew Cummings - Head of Finance &amp; Section 151 Officer</p> <p>Email: <a href="mailto:andrew.cummings@stroud.gov.uk">andrew.cummings@stroud.gov.uk</a></p>
<b>Legal Implications</b>	<p>The Government has not changed the legislation around the discretionary relief available under of the Local Government Finance Act 1988 but is encouraging local authorities to implement a Retail Discount Scheme through offering to fully reimburse said authorities for the local share of the discretionary relief given. The Council needs comply with the guidance attached at Appendix B in order to ensure it is fully reimbursed.</p> <p>State Aid law is the means by which the European Union regulates state funded support to businesses to make sure member states don’t distort competition in favour of their own domestic businesses. Providing discretionary relief is likely to amount to State Aid. However, there is an exemption for de minimis aid provided which is defined as less than €200,000 total (that the business receives) across the current accounting year and the previous two accounting years. That €200,000 total includes State Aid received from any source, so when administering the scheme the Council will need to ensure it has makes appropriate checks with the business in regards to State Aid it has received over the relevant period.</p>

<b>Legal Implications Cont'd/...</b>	<p>Where the grant of relief would result in the business receiving over €200,000 of State Aid over the relevant period then no relief should be provided unless another exemption has been shown to apply.</p> <p>Any further legal implications are contained within the report and the guidance attached at Appendix B.</p> <p>Craig Hallett, Solicitor &amp; Acting Monitoring Officer Tel: 01453 754364 Email: <a href="mailto:craig.hallett@stroud.gov.uk">craig.hallett@stroud.gov.uk</a></p>
<b>Report Author</b>	<p>Simon Killen – Revenue and Benefits Manager Tel: 01453 754013 Email: <a href="mailto:simon.killen@stroud.gov.uk">simon.killen@stroud.gov.uk</a></p>
<b>Options</b>	<p>The council could decide not to apply the discount but this is not recommended.</p>
<b>Performance Management Follow Up</b>	<p>The impact of these changes and costs will be monitored on an on-going basis and any significant changes will be reported to the committee.</p>
<b>Background Papers/ Appendices</b>	<p>Appendix A – Retail Discount Scheme Appendix B – Retail Discount Guidance</p>

## 1. Retail Discounts

- 1.1 In the budget statement on 29 October 2018 the Government announced that it would provide business rates discounts for retail properties for the financial years 2019/20 and 2020/21.
- 1.2 The discounts will be available for occupied properties being used for retail purposes with a rateable value of less than 51,000. The value of the discount is one third of the bill after mandatory and other discretionary reliefs have been applied.
- 1.3 A list of the types of retail properties that will benefit from the relief are included in the guidance shown in Appendix A. It includes shops, bars, pubs, cafes restaurants, coffee shops and takeaways. It also includes those properties being used for services such as travel agents, hair addresses, dry cleaners and shoe repairs.
- 1.4 It is estimated that 208 local businesses would benefit from this relief amounting to approximately £344,598. The relief will be applied to the 2019/20 bills when they are issued in March. Application forms are being issued in other cases to verify whether the qualifying conditions are met.
- 1.5 Some businesses will already have had their Business Rates bill reduced. Retail discount will be applied after mandatory and other discretionary reliefs have been applied.

- 1.6 The discounts are subject to state aid rules so larger businesses with multiple outlets will not qualify. State aid limits currently stand at 200,000 euros (approximately £179,500).

## **2. PROPOSALS**

- 2.1 Local authorities are expected to adopt and administer a local scheme and will use its discretionary relief powers to award the relief.
- 2.2 Section 47 of the Local Government Finance Act 1988 as amended, gives billing authorities' discretion to grant relief to retail properties.
- 2.3 In line with Government recommendations it is proposed from 1 April 2019 to apply discretionary retail relief to those types of properties in accordance with the Government guidance detailed in Appendix B.

## **3. FUNDING AND COST OF THE SCHEME**

- 3.1 Central Government will fully reimburse Local Authorities for the discretionary relief using a grant under section 31 of the Local Government Finance Act.