

Name of meeting: Cabinet meeting where the report was due to be considered on the 31st March 2020 was cancelled because of the Covid - 19 pandemic.

The report is therefore being considered by the Chief Executive - Jacqui Gedman exercising her emergency powers, with the 151 Officer - Eamonn Croston and in consultation with the Leader to make a decision on this matter.

The decision will be reported in the usual way and will be reported back to the next possible meeting of Cabinet.

Date: 31 March 2020

Title of report: Business Rates Discounts - additional retail reliefs for 2020/21

Purpose of report: A decision is required in accordance with section 47 of the Local Government Finance Act 1988 in relation to Business Rates, Grants, Retail Discount and a Business Rates Pubs Discount.

Key Decision - Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	Yes If yes give the reason why - there is potential for discounts totalling £250k or more notwithstanding that the spend will be reclaimed in full from central government.
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision - 2 March 2020 Private Report/Private Appendix - No
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name Is it also signed off by the Service Director for Finance? Is it also signed off by the Service Director for Legal Governance and Commissioning?	Rachel Spencer-Henshall - 20 April 2020 Eamonn Croston - 15 April 2020 Julie Muscroft - 30 March 2020
Cabinet member portfolio	Cllr Graham Turner

Electoral wards affected: All

Ward councillors consulted: None

Public or private: Public

Has GDPR been considered? Yes

1. Summary

The original report in relation to Business Rate discounts was due to be considered at Cabinet on 31st March 2020. On 24th March 2020 an emergency decision was taken by the Chief Executive to cancel future Cabinet and other meetings because of the Covid-19 pandemic. In addition, at the same time and as a result of the pandemic the Government was in the process of changing the potential support package available for businesses and the original report for 31st March required further amendments to reflect the new measures being proposed.

The Local Government Finance Act 1988 requires a decision to be taken before the end of the Council's financial year and therefore for the reasons set out above the decision must be taken using the Chief Executive's emergency powers. In this case this will be with the section 151 officer and in consultation with the Leader. The decision will be reported in the usual way with a copy of this report to ensure transparency.

The Government has announced a range of financial packages and other measures to help manage the impacts of coronavirus, and these includes help with business rates relief, loans and cash grants

Local authorities that wish to offer those discounts to local business need to make a decision to do so in accordance with s47 of the Local Government Finance Act 1988. Local authorities cannot award relief to themselves under this provision.

2. Information required to take a decision

- 2.1 The increase in the level of the business rates retail discount from one-third to 100 per cent will apply in 2020/21. All businesses in the retail, leisure and hospitality sectors will now receive 100% relief on their business rates for the 2020/21 financial year, through the expansion of the Business Rate Retail Discount. This covers businesses including shops, restaurants/cafes, gyms, museums, theatres, hotels and night clubs.
- 2.2 Nursery businesses who are providers on OFSTED's Early Years Register will also be eligible for 100% business rates relief in 2020/21.
- 2.3 The Council will identify businesses that are eligible for 100% relief and apply this to bills automatically. Businesses will not need to do anything to benefit from this scheme, and work is already underway to identify the properties affected, however, the relief cannot be awarded until the software supplier has delivered the enhanced system functionality.
- 2.4 In addition, businesses in the retail, hospitality and leisure sectors with a rateable value of between £15,000 and £51,000 will be eligible for a £25,000 grant to help mitigate loss of trade or other impacts of the virus. The Council will be issuing grants to eligible businesses in early April 2020 when funding becomes available from the Government.
- 2.5 All businesses with a rateable value of less than £15,000 and who are already in receipt of Small Business Rate Relief (SBR) , Rural Rate Relief or tapered relief will also be eligible for a £10,000 grant. The Council will be issuing grants to eligible businesses in April 2020 when funding becomes available from the Government. The total estimated grant payment(s) are expected to be above £100 million in Kirklees.

- 2.6 For all business rate grant cases (£10,000 and £25,000) the council will be issuing a letter confirming the grant awards and checking the accuracy of the records held. The Council will ask eligible businesses to apply online with relevant details, including current banking details, as the vast majority of the cases being awarded the grant already get 100% SBR exemption and therefore the Council will not hold bank details for most of the eligible businesses. Grant payments will be processed electronically by BACS and will take 3 working days.
- 2.7 The extension of the £1,500 business rates discount for office space occupied by local newspapers will apply for an additional 5 years until 31 March 2025.
- 2.8 The pubs discount will provide a £1,000 discount to eligible pubs with a rateable value of less than £100,000 in 2020/21. This is in addition to the retail discount and will apply after the retail discount.
- 2.9 The United Kingdom left the EU on 31 January 2020, nonetheless under the Withdrawal Agreement the State Aid rules continue to apply during a transition period, subject to regulation by the EU Commission, therefore the State Aid limit of €800,000 applies, each company must self-regulate the awards they receive (grant(s) and reliefs) and must inform the Council immediately if this limit is being breached, grants/relief awarded that breach this threshold will need to be repaid. (see also para 3.11 of this report).
- 2.10 Government has confirmed that it will fully fund local authorities for awarding these reliefs via section 31 grant and provide new burdens funding to local authorities for administrative and IT costs.
- 2.11 The Government expects local authorities to ensure these changes are applied for the start of the 2020/21 billing period. The Government has subsequently published amended guidance.
- 2.12 Given the current position and the speed in which support is being put in place there are many issues that require to be finally settled in more detail but a decision is needed now in order put changes in place for the beginning of the new financial year.

3. Implications for the Council

3.1 Working with People

Not applicable.

3.2 Working with Partners

Not applicable.

3.3 Place Based Working

Not applicable.

3.4 Climate Change and Air Quality

Not applicable.

3.5 Improving outcomes for children

Not applicable.

3.6 Other (eg Legal/Financial or Human Resources)

Financial

- 3.7 The exact cost of providing the retail discount scheme in 2020/21 at 100% and the actual grant scheme costs are both unknown at this point. Central government will reimburse the authority in full for the actual cost of the relief which will be met by the council making a claim for Government grant under section 31 Local Government Act 2003.
- 3.8 The Government is conducting a New Burdens assessment on the delivery of the schemes. Such funding will cover costs associated in providing the retail discount scheme and pub discount scheme, including software development costs.

Legal

- 3.9 Discretionary rate reliefs can only be awarded where a Billing Authority has decided to make such an award in accordance with section 47 Local Government Finance Act 1988 together with the Non-Domestic Rating Discretionary Rate Relief Regulations 1989 and in accordance, where appropriate, with the State Aid 'De Minimis' regulations.
- 3.10 The Discounts are awarded subject to the rules on State Aid. The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three-year period (consisting of the current financial year and the two previous financial years). The intention will be to award the relief based on the criteria outlined in the appendix 1 and 2, and a message will be added to the rate bill confirming that state aid rules apply; It will be the ratepayer's responsibility to confirm that the award of relief breaches state aid limits, and they must notify the Council of this so relief can be cancelled. Further information will also available in the business rates leaflet on the Councils website.
- 3.11 The UK is scheduled to leave the EU on 31 January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during the implementation period State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. Kirklees will therefore continue to apply State Aid rules, including De Minimis, to the relief during the implementation period.

4. Consultees and their opinions

Not applicable.

5. Next steps and timelines

To approve the business rates scheme(s) as outlined in this report and to implement the schemes and award the grants and discounts for the 2020/21 financial year.

6. Officer recommendations and reasons

As Cabinet is temporarily suspended due to the coronavirus outbreak, it is recommended that the decision to approve this report is taken under the current emergency powers, that rests with the Chief Executive Jacqui Gedman and the 151 Officer Eamonn Croston in consultation with the Leader of the Council.

- 1) That the Billing Authority in accordance with Section 47 of the Local Government Finance Act 1988 makes the following Determination(s):
 - i) adopt the extension of the Retail Discount Guidance set out in this report and in government guidelines, and with regard to broadly similar property as delegated in the existing scheme agreed by Cabinet on the 19th March 2019.
 - ii) Adopts both grant schemes as outlined in this report;
 - iii) adopt the Pubs Discount Guidance set out in the Ministry of Housing, Communities & Local Government Business Rates Pubs Discount 2020/21 – Local Authority Guidance dated January 2020 as set out in Annex B” including the extension of the retail discount to those eligible music venues and cinemas with a rateable value of less than £51,000;
 - iv) adopt the extension of the current £1,500 business rates discount for office space occupied by local newspapers will apply for an additional 5 years until 31 March 2025: and
 - v) Authority be delegated to officers to undertake the administration of the various scheme(s) above, and related processes, including the determination of any other broadly similar property types including any other changes outlined in the guidance or regulations.
 - vi) That delegated responsibility is given to the Service Director finance (151 officer), to amend the schemes as required in light of any changes to guidance, or in relation to any new schemes or variation of schemes that may be introduced.

7. Cabinet Portfolio Holder’s recommendations

To accept the recommendations set out in section 6 above.

8. Contact officer

Steven Bird - Head of Welfare and Exchequer Services
Jacqui Wilson - Senior Manager Welfare and Exchequer Services

9. Background Papers and History of Decisions

Business Rates Retail discount scheme 2019/20 - Cabinet report 19 March 2019, report link below :

<https://democracy.kirklees.gov.uk/ieListDocuments.aspx?CId=139&MId=5613>

Service Director responsible

Eamonn Croston - Service Director - Finance