

Report to Portfolio Holder for Resources & Reputation

Subject National Non-Domestic Rates | Expanded Retail Discount 2020/21
| Covid-19

Date 20th March 2020

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Wards Affected

All

Purpose

The purpose of this report is:

- 1) To seek approval for the Council's guidance for determining an application for discretionary expanded retail discount.
- 2) To delegate to the Director responsible for Revenues Services the authority to determine applications for discretionary relief under section 47 of the Local Government Finance Act 1988 in relation to non-domestic retail, leisure and hospitality premises in the Borough of Gedling.

Key Decision

This is not a key decision.

Recommendation(s)

THAT:

- 1) the Council's guidance for determining an application for discretionary expanded retail discount at Appendix 1 is approved.
- 2) the determination of applications for discretionary expanded retail discount is delegated to the Director responsible for Revenues Services.

1 Background

- 1.1 The Chancellor of the Exchequer announced in the Budget on 29th October 2018 that the Government will provide a business rates discount of one third of the business rates bill to certain types of occupied retail properties with a rateable value of £51,000 or less in each of the financial years 2019/20 and 2020/21.
- 1.2 In a written Ministerial on 27th January 2020 the Government announced that it would extend the value of the Retail Discount from one third of the bill to 50% of the bill in 2020/21.
- 1.3 In the Budget on 11th March 2020, in response to Covid-19, the Government announced that it would extend the value of the retail discount from 50% of the bill to 100% in 2020/21 as well as expanding the scope of the discount to include hospitality and leisure properties with a rateable value of less than £51,000.
- 1.4 In a speech delivered to the House of Commons on 17th March 2020, the Chancellor of the Exchequer announced that all businesses in the retail, hospitality and leisure sectors would receive a discount of 100% irrespective of their rateable value, therefore removing the requirement for a business to have a rateable value below £51,000 in order to qualify for this discount.
- 1.5 As this is a measure which will be in place for only one further year, it is not the Government's intention to make any alteration to the existing legislation in relation to reliefs.
- 1.6 Section 47 of the Local Government Finance Act 1988 (as amended by s69 Localism Act 2011) gives local authorities the power to grant discretionary relief of any amount and for any reason, to the occupiers of non-domestic property.
- 1.7 The Government intends that Gedling Borough Council should grant expanded retail discount to businesses under its existing powers to grant discretionary relief after taking account of its guidance.
- 1.8 Gedling Borough Council's Constitution currently provides for initial applications for discretionary relief to be submitted to the Portfolio Holder for determination. This constitutional requirement is set out in paragraph 1.9 of this report below.
- 1.9 *Power to grant applications for other discretionary rate relief to be submitted to the Portfolio Holder for determination in the first instance and*

thereafter renewals to be delegated and any new application to be referred to the Portfolio Holder if they are clearly not subject to precedent.

- 1.10 The Government's expectation is that local authorities should grant relief to qualifying ratepayers.

2 Proposal

- 2.1 It is proposed that the guidance at Appendix 1 is approved for use in the determination of applications for discretionary expanded retail discount.
- 2.2 It is proposed that the Portfolio Holder for Resources and Reputation allows the determination of discretionary relief in the first instance to be delegated to the Director responsible for Revenues Services in relation to expanded retail discount as described above.
- 2.3 It is not proposed that any other form of discretionary relief, other than expanded retail discount, is delegated to the Director for determination in the first instance. Therefore the delegation set out in paragraph 1.9 will continue to apply in cases other than applications for expanded retail discount or where other specific delegations apply.

3 Alternative Options

- 3.1 An alternative to the proposal would be to report each application for expanded retail discount to the Portfolio Holder for Resources and Reputation for his determination as directed by the Council's constitution. Currently this would mean the Portfolio Holder would have to consider over 400 applications. This would place an unnecessary burden on the Executive.

4 Financial Implications

- 4.1 The Council is required to make an estimate of the amount of relief to be granted in the National Non-Domestic Rate Return (NNDR1) for 2020/21. The current estimate stands at £905,459 for 2020/21.
- 4.2 After a test of data based on the proposed guidance, it is estimated that the amount of relief to be granted would be approximately £11.3m. It is likely that the Government will ask for revised estimates to those given in the NNDR1 return for 2020/21.

- 4.3 Government will fully reimburse local authorities for the local share of the discretionary discount using a grant under s31 of the Local Government Act 2003. Therefore, the financial implications to the Council are neutral.

5 Appendices

- 5.1 Appendix 1 - Gedling Borough Council Expanded Retail Discount Guidance 2020/21 | Covid-19

6 Background Papers

- 6.1 MHLG Business Rates Expanded Retail Discount 2020/21: Coronavirus Response - Local Authority Guidance

7 Reasons for Recommendations

- 7.1 The Council is expected by Government to grant relief in line with the guidance it has published. No other guidance has been published by Government on this subject.
- 7.2 To ensure efficient decision making and avoid the Executive from becoming overwhelmed by applications, it is appropriate that this function is delegated to Officers.
- 7.3 It is considered that such determinations, where explicit guidance is accepted and adopted, are a standard revenues function and should be performed by the Council's officers and not its members.