

Report to Portfolio Holder for Resources & Reputation

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

Date 31st March 2020

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Wards Affected

All

Purpose

The purpose of this report is:

- 1) To seek approval to use the Government's guidance held at a [permalink on the Government's website, gov.uk](#), 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 Government's guidance for determining an application for discretionary expanded retail discount, held at the [permalink on the gov.uk website](#), is approved as if it were the Council's guidance.
- 2) the determination of applications for discretionary expanded retail discount is delegated to the Director responsible for Revenues

Services.

- 3) That the Deputy Leader and Portfolio Holder for Resources and Reputation be given monthly updates on discretionary expanded retail discount applications and determinations.**

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 statement 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.
- 1.11 The Government issued guidance in relation to expanded retail discount on 18th March 2020. Subsequently, the Council used the Government's guidance to form its own guidance and adopted that guidance for use in applications for discretionary expanded retail discount on 23rd March 2020. This decision can be viewed on the [Council's decision publishing system at decision 976](#).
- 1.12 The Government's guidance described in paragraph 1.11 above is now out of date and has been amended by the Government to include further classes of hereditament intended to benefit from the discount. Further, it is expected that this guidance will be updated again in the coming weeks and months.
- 1.13 The permalink location of the Government's guidance which this report seeks to adopt is:

www.gov.uk/government/publications/business-rates-retail-discount-guidance

2 Proposal

- 2.1 It is proposed that the Council adopts the Government's guidance held at the permalink (at paragraph 1.13) (also at Appendix 1) on the gov.uk website and allows the adoption of that guidance to continue as and when the Government changes the guidance to expand the scope of the discount, whilst keeping broadly to the original principles set out in its initial guidance published on 18th March 2020.
- 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.
- 2.4 It is proposed that monthly reports are provided to the Deputy Leader and Portfolio Holder on expanded retail discount applications and determinations, to ensure that the Portfolio Holder remains updated on the implementation of this relief.

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 multiple 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 – HM Government 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 (ORIGINAL PUBLISHED ON 18th MARCH 2020)

7 Reasons for Recommendations

- 7.1 The Council is expected by Government to grant relief in line with the guidance it has published. The guidance held at the permalink on the gov.uk website supersedes all previous guidance published by the 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. By providing monthly reports on the relief to the Portfolio Holder, this will ensure that the Executive remains updated on the implementation and progress of expanded retail discount applications and determinations.
- 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.