

**EXECUTIVE MEMBER FOR
FINANCE AND GOVERNANCE**

Date: Wednesday 11 March 2020

Time: 4:00 p.m.

Venue: Spencer Room, Town Hall, Middlesbrough

AGENDA

1. Welcome and Evacuation Procedure
2. Retail Discount – Non Domestic Rates.

Report

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↔ Denotes Key Decision

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
3 March 2020

MEMBERSHIP

Councillors C Hobson (Chair)

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Susie Blood, (01642) 729645 , susie_blood@middlesbrough.gov.uk

Report of:	<i>Strategic Director of Finance Governance and Support – James Bromiley</i> <i>Executive Member for Finance and Governance – Cllr C. Hobson</i>
Submitted to:	<i>Executive Member for Finance and Governance – 11 March 2020</i>
Subject:	<i>Retail Discount – Non Domestic Rates.</i>

Summary

Proposed decision(s)
<ul style="list-style-type: none"> • <i>That the Council approves the adoption of the retail discount schemes based on the updated central government guidance dated January 2020 relating to the 12 month period from 01 April 2020 for Retail Discount and Pubs Discount.</i> • <i>That the Council approve the availability of the Local Newspapers discount to the financial year 2024/25.</i> • <i>That delegated authority to approve any future similar schemes or modifications to schemes be given to the Director of Finance, Governance and Support as section 151 Officer</i>

Report for:	Key decision:	Confidential:	Is the report urgent?¹
<i>Approval</i>	<i>Yes – affects two or more wards.</i>	<i>No</i>	<i>Rule 15 (General Exception) applies.</i>

Contribution to delivery of the 2020-23 Strategic Plan		
People	Place	Business
<i>The discount represents additional relief to support qualifying businesses in Middlesbrough.</i>	<i>The funding will strengthen the local economy and reduce the risk of local employment being lost</i>	<i>The cost saving to businesses will reduce an overhead, which is seen as one of the factors in the decline of high street retail, critical to the vitality of the town centre.</i> <i>This coordinates with the work the Council is doing in</i>

		<i>regards to the city centre strategy.</i>
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Ward(s) affected
<i>Most if not all wards will be affected.</i>

What is the purpose of this report?

1. The purpose of the report is to seek approval for the adoption of schemes of business rates relief announced by central government, and will be awarded as a discretionary relief under section 47 of the Local Government Finance Act 1988.

Why does this report require a Member decision?

2. The Council needs to adopt the schemes to be able to grant relief under section 47 of the Local Government Finance Act 1988, as amended.
3. Such matters are not currently provided for in the scheme of delegation. For reasons of efficiency, for the future, approval is therefore sought to include suitable delegation.
4. This is a Council decision and sits within the portfolio of the Executive Member for Finance and Governance.

Exec member inserted – directed towards

Report Background

5. Approval was obtained on 01 May 2019 from the then Mayor to implement a Retail Discount scheme that was intended originally by Government to apply for the two years commencing 2019-20. Individual local billing authorities were expected to adopt a local scheme and determine in each individual case when, having regard to guidance, to grant relief under section 47 of the Local Government Finance Act 1988, as amended.
6. The cost of this and other similar local schemes is being funded by Government through grant payments so that there is no loss of revenue to the Council from them.
7. The Government announced in a Written Ministerial Statement on 27 January 2020 that it was enhancing the discount available under the business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000, and introducing a further scheme to provide a specific Pubs Discount with a rateable value of less than £100,000 for one year, both from 01 April 2020. Relief available to Local Newspapers office space is also to continue for the financial years 2020/21 to 2024/25.
8. New guidance intended to support local authorities in administering the Retail Discount has been issued setting out the criteria which central Government considers for this purpose to be retail and eligible for this discount. Again, no reasons have been identified to warrant either awarding discount beyond the

limitations expressed in the guidance, or for additionally restricting eligibility, in the local scheme.

9. The original value of the Retail Discount was set at 33% the amendment to the scheme has increased this to 50% of the bill for 2020/21.
10. Guidance has also been issued similarly to assist with the administration of the Pubs Discount. The Pubs Discount to be applied to a bill is a flat rate of £1,000 for 2020/21 and applied after Retail Discount, where appropriate.
11. The Government is also making available further funding for a £1,500 discount for local newspapers' office space; this is a continuation and will apply in the financial years 2020/21 to 2024/25. The potential impact of this is far less, but the ability of the Council to make an award is again subject to there being a local scheme.
12. The Ministerial announcement expressed the expectation that the extra support being provided be included in rates bills at the start of the financial year.

What decision(s) are being asked for?

- 12 That the Council approves the adoption of the retail discount schemes based on the updated central government guidance dated January 2020 relating to the 12 month period from 01 April 2020 for Retail Discount and Pubs Discount.
- 13 That the Council approve the availability of the Local Newspapers discount to the financial year 2024/25.
- 14 That delegated authority to approve any future similar schemes or modifications to schemes be given to the Director of Finance, Governance and Support as section 151 Officer

Why is this being recommended?

- 15 The Council needs to adopt schemes for Middlesbrough ratepayers to benefit from the policy action taken to help the high street evolve, and to support the important role that pubs and local newspapers play in the community, by temporarily reducing the cost of business rates.
- 16 Government is clear that businesses should receive a bill that includes the relevant discount(s) at the start of the financial year, and that arrangements will be in place to ensure that local authorities are reimbursed for the costs involved in applying the discounts.
- 17 The future of business rates is still not certain, and it is possible that further extensions and/or changes will be made by Government in future years. As the nature of the arrangements is principally determined by Government and the local schemes simply a mechanism by which their objectives can be delivered, it is not anticipated that there will be points that require detailed consideration by Council. Granting delegated authority to the Director of Finance, Governance and Support to approve schemes and changes, where funded by central government grant, would reduce the administrative burden overall for the Council.

Other potential decisions and why these have not been recommended

- 18 To do nothing would leave the Council open to criticism both by central government and businesses, given the express expectation that Councils would use the powers available and funding provided.
- 19 No specific factors have been identified to justify departing from the government guidance when determining in each individual case whether to grant relief.

Impact(s) of recommended decision(s)

- 20 If agreed, work already undertaken to bill ratepayers net of discount(s) can be carried forward and annual billing can be completed in line with stakeholder expectations.

Legal

- 21 Section 47 of the Local Government Finance Act 1988 was amended by the Localism Act 2011, which is now seen as a route by which government can change business rates rules without amending legislation. The decision will comply with the requirement to allow the change to take effect.
- 22 The government guidance continues to include an assessment that providing discretionary relief to ratepayers is likely to amount to State Aid. Sample paragraphs were included that would be used in letters to ratepayers together with forms that could be completed for return to the Council in appropriate cases.

Financial

- 23 The decision involves only incidental cost to the Council in the form of the administration of the scheme, some or all of which may be offset by New Burdens Funding from central government.

Policy Framework

- 24 The decision is not one that is reserved to full Council and has no consequences for the Policy Framework.

Equality and Diversity

- 25 There will be no negative impacts as a result of the decision

Risk

- 26 The scheme will avoid the risk of harm to the Council's reputation from failing to support rate payers in its locality through otherwise having to maintain a higher business rates charge.

Actions to be taken to implement the decision(s)

- 27 If agreed, development work undertaken to allow a letter and forms to be issued with bills that are reduced by discount will be completed.

28 Businesses where discount is identified as appropriate will be sent a reduced bill, and it will remain open for an approach to be made to Revenues and Benefits Services as to the grounds on which a business is believed to be eligible where Discount has not been awarded. Individual decisions will be made on applications based on the information available and the criteria contained in the guidance.

Appendices

30. None

Background papers

Body	Report title	Date
Ministry of Housing, Communities & Local Government	Business Rates Retail Discount 2020/21 – Local Authority Guidance	January 2020
Ministry of Housing, Communities & Local Government	Business Rates Pubs Discount 2020/21 – Local Authority Guidance	January 2020
Ministry of Housing, Communities & Local Government	Business Rates Information Letter (1/2020)	27 January 2020

Contact: **Janette Savage Head of Revenues and Benefits.**

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