

AMENDED 19 March 2020**Finance Department, N7 7EP****Report of: Executive Member for Inclusive Economy and Jobs**

Meeting of	Date	Ward
Executive	19 March 2020	All

Delete as appropriate	Non-exempt
-----------------------	------------



Business Rates Retail Relief and Pub Relief schemes for 1st April 2020 – 31st March 2021 and subsequent financial years

- a) Retail Relief for qualifying premises and**
- b) Pub Relief for qualifying premises**

1. Synopsis

- 1.1 The purpose of this report is to adopt a policy to award Retail Relief and Pub Relief in accordance with the values, criteria and guidance set out by the Government using the Council's Discretionary Rate Relief powers in Section 47 of the Local Government Finance Act 1988 (as amended).

2. Recommendations

- 2.1 It is RECOMMENDED that:

- (a) To agree to award Retail Relief to qualifying businesses. The value of this relief to be set at the value the government will reimburse the Council for in any particular financial year.

- (b) To apply Retail Relief in accordance with and to the qualifying businesses the government identifies in its guidance. Such guidance is typically provided by the Ministry of Housing, Communities & Local Government (MHCLG) in the "Business

Rates Information Letters” they publish. For reference a copy of the guidance in respect of the financial year 2020/2021 is contained in Appendix C of this report.

(c) To approve the Islington Retail Relief Scheme as set out in Appendix A.

2.2 (a) To agree to award Pub Relief to qualifying businesses. The value of this relief to be set at the value the government will reimburse the Council for in any particular financial year.

(b) To apply Pub Relief in accordance with and to the qualifying businesses the government identifies in its guidance. Such guidance is typically provided by the Ministry of Housing, Communities & Local Government (MHCLG) in the “Business Rates Information Letters” they publish. For reference a copy of the guidance in respect of the financial year 2020/2021 is contained in Appendix D of this report.

(c) To approve the Islington Pub Relief Scheme as set out in Appendix B.

2.3 To note that the value and qualifying criteria for both Retail Relief and Pub Relief Schemes may vary in future so that the Council’s schemes exactly match the value and criteria set out by and reimbursed by the Government in respect of any financial year.

2.4 To authorise the Director of Financial Operations and Customer Services to make any necessary changes to the Islington Retail Relief Scheme and / or the Islington Pub Relief Scheme to give effect to any revised guidance on retail rate and / or pub relief issued by the Government.

3 Background

3.1 On 11th March 2020, the Government announced changes to the current Retail Relief criteria, raising the value of the relief from one third to 100% and extending the range of businesses in the scope of this relief.

3.2 On 27th January 2020, the Government has re-introduced Pub Relief.

3.3 Retail Relief and Pub Relief provide significant financial support for qualifying businesses. Approximately 1,850 Islington businesses and 100 pubs are expected to benefit by £9.6M and £100k respectively.

3.4 These reliefs may be awarded by the Council in accordance with the Discretionary Rate Relief powers as contained in section 47 of the Local Government Finance Act 1988 (as amended).

3.5 If the Council agrees to award these reliefs in accordance with the Government’s guidance, the Government will fully reimburse the council for the cost of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

- 3.6 The Islington Retail Relief Scheme proposed in this report (in Appendix A) mirrors in all respects the guidance the Government published on 27th January 2020 however this report acknowledges that the Government's guidance continues to evolve in response to both internal and external pressures such as the Budget and COVID-19.
- 3.7 The Islington Pub Relief Scheme proposed in this report (in Appendix B) is based on and mirrors in all respects the guidance the Government published on 27th January 2020 however this report acknowledges that the Government's guidance continues to evolve in response to both internal and external pressures such as the Budget and COVID-19.

4 Implications

4.1 Financial Implications:

The gross cost to the Council of granting these reliefs, in terms of forgone retained business rates income, will be fully funded by central government grant. The government grant income will be paid on an estimated basis with a further reconciliation payment after the end of the relevant financial year to reflect the final amount of relief awarded. This means that there is no overall net cost to the Council

4.2 Legal Implications:

The Council has discretion to grant rate relief under section 47 of the Local Government Finance Act 1988. In exercising that discretion, the Council must have regard to guidance issued by the Secretary of State. That guidance establishes a set of arrangements for the provision of rate relief for retailers and pubs where their rateable value is below a certain amount. It is entirely lawful and reasonable for the Council to follow the guidance. There is a good reason for the relief arrangements and, given that the relief granted will be reimbursed, there is no cost to local council taxpayers.

- 4.3 The De Minimis Regulations (1407/2013) on the provision of State Aid apply to the award of rate relief. Accordingly, if the business rate payer would exceed the state aid limit by accepting the rate relief they must inform the council. A declaration will be provided to them for this purpose.

4.4 Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

Not applicable.

4.5 Resident Impact Assessment:

The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take

account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding

- 4.6 The broad purpose of this duty is to integrate considerations of equality into day business and keep them under review in decision making, the design of policies and the delivery of services.
- 4.7 There is no cost to the local taxpayer, so no burden is created elsewhere in the borough. The reliefs proposed are designed to phase the level of support with the level of the new burden created by the external revaluation process.
- 4.8 A Resident Impact Assessment screening has been completed (Appendix E). The policy supports all types of businesses in Islington such as companies, partnerships and sole traders and therefore is unlikely to directly impact on the protected characteristics.

5 Conclusion and Reason for Recommendations

- 5.1 By adopting a Retail Relief scheme and a Pub Relief scheme for businesses the Council is reducing the financial burden on local businesses within its area.

Background papers: None

Appendices:

Appendix A: Islington's Retail Relief Scheme
Appendix B: Islington's Pub Relief Scheme
Appendix C: Government's retail discount guidance
Appendix D: Government's pub discount guidance
Appendix E: Resident Impact Assessment
Appendix F: Business Rates Information Letter (BRIL) 1/2020

Final Report Clearance

Signed by



19 March 2020

Councillor Asima Shaikh
Executive Member for Inclusive Economy and
Jobs

Date

Report Author:

Andrew Spigarolo
Financial Operations and Customer Services
Tel: 020- 7527- 4796
Email: Andrew.spigarolo@islington.gov.uk

Legal Implications Author:

Peter Fehler

Tel: 020 7527 3126

Email: Peter.Fehler@islington.gov.uk

Financial Implications Author:

Martin Houston

Tel: 020 7527 1852

Email: Martin.Houston@islington.gov.uk

Appendix A

Islington Retail Relief Scheme

- 6.1 The Islington Retail Relief Scheme will award Retail Relief to qualifying businesses equivalent to one half of their daily rates charge in respect of the financial year 2020/21 on the conditions that:

(a) The hereditament has a rateable value of less than £51,000 and

(b) It is occupied and it is being used and is wholly or mainly being used as a shop, restaurant, cafe or drinking establishment.

- 6.2 It is considered shops, restaurants, cafes and drinking establishments to mean:

(a) Hereditaments that are being used for the sale of goods to visiting members of the public:

- ☐ Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, opticians, stationers, off licence, chemists, newsagents, hardware stores, charity, supermarkets etc)
- ☐ Post offices
- ☐ Show & display rooms (such as: furnishing, double glazing, garage doors, kitchen / bathroom, carpet, cars & caravans etc)
- ☐ Second hand car lots
- ☐ Markets
- ☐ Petrol Stations
- ☐ Garden Centres
- ☐ Art Galleries (where art is for sale / hire)

OR

(b) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- ☐ Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- ☐ Shoe repairs/ key cutting
- ☐ Travel agents
- ☐ Ticket offices e.g. for theatre
- ☐ Dry cleaners
- ☐ Launderettes
- ☐ PC/ TV/ domestic appliance repair
- ☐ Funeral directors
- ☐ Photo processing
- ☐ DVD/ video rentals
- ☐ Tool hire
- ☐ Car hire

OR

(c) Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- ☐ Restaurants
- ☐ Takeaways
- ☐ Sandwich shops
- ☐ Coffee shops
- ☐ Pubs
- ☐ Bars

OR

(d) Hereditaments that are being used as cinemas

OR

(e) Hereditaments that are being used as live music venues:

– live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

– Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

– There may be circumstances in which it is difficult to tell whether an activity is a performance of live music or, instead, the playing of recorded music.

Although we would expect this would be clear in most circumstances, guidance on this may be found in Chapter 16 of the statutory guidance issued in April 2018 under section 182 of the Licensing Act 2003.

6.3 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Council considers for this purpose to be retail.

6.4 The Council can determine whether types of property (hereditaments) not

listed are broadly similar in nature to those in 6.2 above and, if so, to consider them eligible for the Retail Relief. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for the Retail Relief.

6.5 To qualify for the Retail Relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment, cinemas or live music venues. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

6.6 In accordance with the Government's guidance on awarding a retail discount (Appendix C), the Council considers the following not to be "retail premises" and they will not be eligible for Retail Relief under the scheme:

(a) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- ☐ Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers, amusement arcades)
- ☐ Other services (e.g. estate agents, letting agents, employment agencies)
- ☐ Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- ☐ Professional services (e.g. solicitors, accountants, insurance agents/financial advisers, tutors)
- ☐ Post office sorting office

(b) Hereditaments that are not reasonably accessible to visiting members of the public

6.7 The Council can determine whether particular properties (hereditaments) not listed are broadly similar in nature to those in 6.6(a) above and, if so, to consider them ineligible for Retail Relief.

6.8 Retail Relief will normally be awarded pro-actively by the Council using information it already holds about the rateable value and nature of the business. However an application form will be available to businesses for those who consider themselves to qualify but were not initially awarded Retail Relief by the Council. The decision on any award is delegated to the Director of Financial Operations and Customer Services who in turn can authorise officers in this service directorate to take such decisions on his behalf..

6.9 Every business awarded Retail Relief will be informed of the criteria and told to inform the Council if they do not meet these criteria. State Aid (De Minimis Regulations) will apply when granting Retail Relief and ratepayers will be required to declare any State Aid either at the application stage or after the award is made if it is made proactively.

6.10 An appeal against a refusal to award on the grounds of whether it is occupied and is being wholly or mainly being used as a shop, restaurant, cafe or drinking establishment can be made to the Council within one month of the Council's

notification to the rate payer of this refusal. Any appeal will be considered by the Executive Member for Inclusive Economy and Jobs within a reasonable time period of its submission. The Executive Member for Inclusive Economy and Jobs has the scope to adjust the lists in paragraphs 6.2 and 6.5 above at any stage if, in their opinion, it would be in the public interest for them to do so and/or it is in line with the Council's previously stated objective(s) on strategic issues of importance.

- 6.11 Retail Relief will be calculated in the same format as Business Rate charges and apportioned accordingly if the occupation, other reliefs or rateable value of a premises, changes. Any award will be credited to the business rates account that is maintained by the Council.
- 6.12 Any award made in error, or applied for by the ratepayer or his representative fraudulently, may be recovered by the Council

Appendix B

Islington Pub Relief Scheme

- 7.1 (a) In the financial year 1 April 2020 to 31 March 2021 the Council will award Pub Relief of up to £1,000 to qualifying public houses in occupation of premises which have a Rateable Value of less than £100,000
- (b) this is to be applied in accordance with the guidance provided by the Ministry of Housing, Communities and Local Government (MHCLG) in their "Business Rates Information Letter (1/2020) which is contained in Appendix D of this report.
- 7.2 In order to be eligible to receive Pub Relief, It is considered that pubs should:
- ☐ be open to the general public
 - ☐ allow free entry other than when occasional entertainment is provided
 - ☐ allow drinking without requiring food to be consumed
 - ☐ permit drinks to be purchased at a bar
- 7.3 In accordance with the Government's guidance on awarding Pub Relief (Appendix D) , the Council considers the following not to be "pubs" and they will not be eligible for Pub Relief under the scheme:
- ☐ restaurants
 - ☐ cafes
 - ☐ nightclubs
 - ☐ hotels
 - ☐ snack bars
 - ☐ guesthouses
 - ☐ boarding houses
 - ☐ sporting venues
 - ☐ music venues
 - ☐ festival sites
 - ☐ theatres
 - ☐ museums
 - ☐ exhibition halls
 - ☐ cinemas
 - ☐ concert halls
 - ☐ casinos
- 7.4 The Council can determine whether particular properties (hereditaments) not listed are broadly similar in nature to those in 7.3 above and, if so, to consider them ineligible for Pub Relief
- 7.5 Pub Relief will normally be awarded pro-actively by the Council using information it already holds about the rateable value and nature of the business. However, an application form will be available to businesses for those who consider themselves to qualify but were not initially awarded Pub Relief by the Council. The decision on any award is delegated to the Director of Financial Operations

and Customer Services who in turn can authorise any officer in this service directorate to take decisions on his behalf .

- 7.6 Pub relief will be applied to bills after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, including Retail Relief.
- 7.7 Every business awarded Pub Relief will be informed of the criteria and told to inform the Council if they do not meet these criteria. State Aid (De Minimis Regulations) will apply when granting Pub Relief and ratepayers will be required to declare any State Aid either at the application stage or after the award is made if it is made proactively.
- 7.8 An appeal against a refusal to award on the grounds of whether it is occupied and is being wholly or mainly being used as a pub can be made to the Council within one month of the Council's notification to the rate payer of this refusal. Any appeal will be considered by the Executive Member for Inclusive Economy and Jobs within a reasonable time period of its submission.
- 79 Pub Relief will be calculated in the same format as Business Rate charges and apportioned accordingly if the occupation, other reliefs or rateable value of a premises, changes. Any award will be credited to the business rates account that is maintained by the Council.
- 7.10 Any award made in error, or applied for by the ratepayer or his representative fraudulently, may be recovered by the Council