

<b>SUBJECT:</b>	<b>BUSINESS RATES UPDATE</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE</b>
<b>REPORT AUTHOR:</b>	<b>CLAIRE MOSES, REVENUES AND BENEFITS MANAGER</b>

## 1. Purpose of Report

1.1 To provide Joint Committee with an update on current issues within non-domestic rate.

## 2. Executive Summary

2.1 This report provides Joint Committee with an update on non-domestic rate to include reference to City of Lincoln Council and North Kesteven District Council. The report is not intended to include non-domestic rate issues (for example, performance matters) covered in another report before the Joint Committee.

## 3. Background

3.1 The report focuses on the changes announced as a result of Covid-19 and the support provided to businesses in the form of relief and grants. The report also focuses on the financial impact of recent appeals and reductions to rateable values.

3.2 Focus for both Government and billing authorities since the last meeting of Joint Committee has been responding to Covid-19 measures which have been announced since 11 March 2020.

## 4. Expanded Retail Discount

4.1 The Government announced in the Budget on 29 October 2018 that it would provide Business Rates Retail Discount, to apply in the years 2019/20 (33% discount) and 2020/21 (50%) discount. This would be for businesses with a rateable value up to (but not including) 51,000.

4.2 In response to Covid-19, in the Budget on 11 March 2020, Government announced that it would increase the discount for 2020/21 to 100% and extend it to include the leisure and hospitality sectors. On 23 March 2020, further measures were announced which resulted in the relief being applied to occupied retail, leisure and hospitality properties in the year 2020/21, as well as removing the rateable value limit.

4.3 Eligibility criteria was set out by the Ministry of Housing, Communities and Local Government (MHCLG) and issued to Local Authorities on 2 April 2020. This can be found here: <https://www.gov.uk/government/publications/business-rates-retail-discount-guidance>.

- 4.4 Properties that will benefit from the relief will be occupied hereditaments that are wholly or mainly being used:
- a) as shops, restaurants, cafes, drinking establishments, cinemas and live music venues;
  - b) for assembly and leisure; or
  - c) as hotels, guest & boarding premises and self-catering accommodation.
- 4.5 MHCLG guidance provided further detailed lists of properties which fell into the above categories but made it clear that the list is not intended to be exhaustive. The list was intended to be a guide for Local Authorities (LA's) as to the types of uses that the Government considers for the purpose to be eligible for relief. LA's were required to determine for themselves whether particular properties not listed are broadly similar in nature to those above, and if so, to consider them eligible for the relief.
- 4.6 Government will reimburse LA's that use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (amended). LA's had already completed their NDR1 for 2020/21 and as a result, were asked to provide further and separate estimates of their likely total cost for providing the relief. These costs are provided to Government on a weekly basis.
- 4.7 The total awarded under this relief, is shown in the table below, and details the number and value as at the last meeting of this committee and as at 9 November 2020: -

<b>City of Lincoln</b>	<b>Total awards</b>	<b>Value of awards</b>
10.09.20	1,018	£26,899,415
09.11.20	1,029	£26,976,268

<b>North Kesteven</b>	<b>Total awards</b>	<b>Value of awards</b>
10.09.20	527	£9,163,133
09.11.20	542	£9,276,621

<b>West Lindsey</b>	<b>Total awards</b>	<b>Value of awards</b>
10.09.20	357	£6,749,196
09.11.20	366	£6,770,734

## 5. Nursery Discount

- 5.1 In response to Covid-19, Government announced a business rates Nursery Discount on 18 March 2020.
- 5.2 Eligibility criteria was set out by the Ministry of Housing, Communities and Local Government (MHCLG) and issued to Local Authorities on 2 April 2020. This can be found here: <https://www.gov.uk/government/publications/business-rates-nursery-childcare-discount-2020-to-2021-coronavirus-response-local-authority-guidance>
- 5.3 The relief was to be applied to hereditaments occupied by providers on Ofsted's Early Years Register and wholly or mainly used for the provision of the Early Years Foundation Stage and which are subject to businesses rates in the year 2020/21.

- 5.4 There is no rateable value limit on the relief and where necessary, Ofsted were able to Local Authorities (LA's) with access to the register to help identify eligible hereditaments.
- 5.5 Government will reimburse LA's that use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (amended). LA's had already completed their NDR1 for 2020/21 and as a result, were asked to provide further and separate estimates of their likely total cost for providing the relief. These costs are provided to Government on a weekly basis.
- 5.6 The total awarded under this relief, is shown in the table below, and details the number and value as at the last meeting of this committee and as at 9 November 2020: -

<b>City of Lincoln</b>	<b>Total awards</b>	<b>Value of awards</b>
10.09.20	16	£173,915
09.11.20	15	£168,302

<b>North Kesteven</b>	<b>Total awards</b>	<b>Value of awards</b>
10.09.20	16	£168,127
09.11.20	17	£169,729

<b>West Lindsey</b>	<b>Total awards</b>	<b>Value of awards</b>
10.09.20	9	£27,254
09.11.20	9	£27,254

## **6. Support for businesses – Lockdown grants**

- 6.1 On 31 October 2020, the Government announced new national restrictions which require certain businesses and venues to close - or restrict how they provide goods and services - from 5 November to 2 December 2020. These are:
- Local Restrictions Support Grant (LRSB); and
  - Additional Restrictions Grant (ARG).
- 6.2 Local Authorities will be issued funding allocations that will be calculated using the Valuation Office Agency (VOA) data, based on the categories of business relevant to the closures imposed by Government.
- This is to provide each eligible Local Authority with an allocation based on a consistent approach that reflects the businesses closed by national restrictions.
- Local Authorities will monitor this on a weekly basis and if the allocation proves insufficient for all eligible businesses top-up funding will be provided.
- 6.3 Local Authorities (LA's) are responsible for delivering the funding to eligible businesses with Government reimbursing the payments made by LA's, in line with set criteria.
- 6.4 Government expected the grant scheme to offer a lifeline to businesses who are struggling to survive during Covid-19 lockdown and requested that LA's make payments as quickly as possible to support them.

6.5 Grants covered by this policy will be issued in accordance with government guidance detailed on 3 November 2020 in respect of the Local Restriction Support Grant (LRSG Closed) and the Additional Restrictions Grant Schemes, along with guidance about the required closures. Any updated guidance or FAQs subsequently published by Government in respect of these schemes will also apply. Guidance can be accessed via the following link.

<https://www.gov.uk/government/publications/local-restrictions-support-grants-lrsg-and-additional-restrictions-grant-arg-guidance-for-local-authorities>

6.6 The report does not include an update for West Lindsey District Council grants as these are not administered by the shared service.

## 7. Local Restrictions Support Grant

7.1 The support will take the form of a grant funding scheme in Financial Year 2020-2021 and will be for the period of the current lockdown period only (5 November 2020 to 2 December 2020). Local Authorities will be provided with funding for businesses that were required to close because of the formal publication of local restrictions guidance by central Government.

7.2 Local Authorities will be issued funding allocations that will be calculated using the Valuation Office Agency (VOA) data, based on the categories of business relevant to the closures imposed by Government.

This is to provide each eligible Local Authority with an allocation based on a consistent approach that reflects the businesses closed by national restrictions.

Local Authorities will monitor this on a weekly basis and if the allocation proves insufficient for all eligible businesses top-up funding will be provided.

The level of funding provided for this grant is as follows:

Local Authority	Grant Allocation
City of Lincoln	£2,181,564
North Kesteven	£1,311,462

7.3 Those eligible for this grant are businesses that: -

- Have been open as usual and providing in-person services to customers from their business premises on 4 November 2020 and then instructed to close by Government from 5 November 2020 – a full list of businesses are included here: <https://www.gov.uk/government/publications/further-businesses-and-premises-to-close/closing-certain-businesses-and-venues-in-england>; and
- still be closed due to national restrictions imposed on 23 March 2020 as a result of regulations made under the Public Health (Control of Disease) Act 1984 i.e. nightclubs, dance halls, discotheques, sexual entertainment venues and hostess bars.

- 7.4 Where a property (hereditament) has mixed premises and only part of the business is subject to national closures (e.g. locksmith/shoe repairs, restaurant/takeaway), the hereditament will be eligible to receive a LRSG grant if the business is required to close its main service. Local Authorities will be required to exercise their discretion and judge whether this is the case based on their local knowledge.
- 7.5 Businesses that were required to close but then diversify to remain open in part e.g. restaurants/cafes that close but retain a takeaway service, or shops that close but retain a click and collect facility, will still be eligible for a grant
- 7.6 Each local authority is currently designing their own policy and online application process. Currently the details are not known, and as such, a verbal update will be provided at the meeting of this committee on 26 November 2020.

## 8. Additional Restrictions Grant

- 8.1 The support will take the form of a funding scheme in Financial Year 2020-2021 and can be used across Financial Years 20/21 and 21/22.

Local Authorities will receive a one-off lump sum payment amounting to £20 per head of population. Local Authorities are only eligible to receive funding once.

The level of funding provided for this grant is as follows:

Local Authority	Grant Allocation
City of Lincoln	£1,985,980
North Kesteven	£2,338,300

- 8.2 Local authorities can determine how much funding to provide to businesses and exactly which businesses to target.
- 8.3 Guidance issued by the Department for Business, Energy and Industrial Strategy (BEIS), encourages Local Authorities to develop a discretionary grant scheme to help those businesses which – while not legally forced to close – are nonetheless severely impacted by the restrictions put in place to control the spread of Covid-19.
- 8.4 Each local authority is currently designing their own policy and online application process. Currently the details are not known, and as such, a verbal update will be provided at the meeting of this committee on 26 November 2020.

## 9. ATM – appeal threat

- 9.1 On Wednesday 20<sup>th</sup> May 2020 the Supreme Court gave its decision on whether Automatic Teller Machines (ATMs) accessed from inside or outside a host retail property should be separately assessed.

The court dismissed the appeals, stating that internal and external ATMs are to be treated the same and should not be separately assessed.

The decision can be found at <https://www.supremecourt.uk/cases/uksc-2018-0225.html>.

- 9.2 As a result, a significant number of related appeal cases are now being settled following the Supreme Court decision. ATM's have been included as an appeal threat for some time, and as a result, provision has been made for removal of rateable value and potential refunds. The level of refunds which have been issued so far are: -

City of Lincoln	£587,433
North Kesteven	£350,203
West Lindsey	£185,309

## 10. Purpose built GP Surgeries – appeal threat

- 10.1 On 15<sup>th</sup> May 2020, the Valuation Office Agency (VOA) announced that they were planning to review the valuations for purpose-built GP surgeries. GP surgeries have been included as an appeal threat for some time, and as a result, provision has been made for a reduction in rateable value.
- 10.2 The level of reduction in rateable value so far are as follows: -

	Reduction in liability for	
	2020/2021	Previous years
City of Lincoln	£60,215	£86,420
North Kesteven	£72,453	£76,940
West Lindsey	£22,313	£25,255

## 11. Strategic Priorities

- 11.1 Both authorities look to protect the poorest people. The Non-Domestic Rate Service is mindful of the strategic priorities when engaging with business ratepayers as they look to recover the business rate.

## 12. Organisational Impacts

### 12.1 Finance

Local Authorities will be compensated in full for the costs of the new business rates reliefs announced as part of the March 2020 Budget and in response to COVID19.

Central Government are fully funding the cost of the support to businesses grants that have been administered by local authorities.

Each local authority will need to take into consideration the implications arising for ATM's and GP surgeries as part of their provision for appeals calculations when preparing their NNDR3 returns, with a consequent impact on the level of surplus or deficit to be declared. There will also be an ongoing loss of NNDR which will be accounted for during the preparation of future NNDR1 forecasts.

### 12.2 Legal Implications including Procurement Rules

No direct financial implications arising from this report.

### 12.3 Equality, Diversity & Human Rights

The equality implications have been considered within this report. In bringing forward any change to the existing criteria for awarding discretionary relief, consideration will be given as to whether a full Equality Impact Assessment is required.

13.1 A Risk Register is in place for the Revenues and Benefits Shared Service.

## 14. Recommendation

14.1 Members are requested to note this report.

<b>Is this a key decision?</b>	No
<b>Do the exempt information categories apply?</b>	No
<b>Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?</b>	No
<b>How many appendices does the report contain?</b>	None
<b>List of Background Papers:</b>	None

**Lead Officer:** Claire Moses, Revenues and Benefits Manager  
Telephone: 01522 873764