

# CABINET

Agenda Item:

**Ward: All**

**Portfolio: Finance**

**Report Author(s): Cllr. John Parham,  
Portfolio Holder,  
Finance**

**Meeting Date: 10  
December 2018**

**SUBJECT: Discretionary Business Rate Relief Policy 2019/20**

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<b>Report Sign off</b>	Chief Executive/ Deputy Chief Executive(s)	Donna Nolan Tracy Aarons	12/11/18 14/11/18
	Legal	Alex Kershaw-Moore	27/11/18
	Finance	Paul Deal	28/11/18
	Group Manager	n/a	
	Portfolio Holder	Cllr. John Parham	9/11/18
	Ward Member(s)	n/a	
	<b>Summary:</b>	<p>Mendip business ratepayers can receive a wide range of discretionary rate relief in addition to mandatory reliefs available under Rating Law.</p> <p>Mendip has a long standing Policy and budget of providing discretionary relief as well as maximising the use of mandatory reliefs to local businesses and organisations, in line with corporate priorities.</p> <p>Ratepayer feedback strongly supports the view that these reliefs continue to be successful in assisting local businesses and organisations to reduce their business rates. They supplement the mandatory reliefs and discounts provided by Central Government, such as small business rate relief, which means the Council can lower business rates whilst maximising central government contributions.</p> <p>It is proposed that the established discretionary policy continue for 2019/20. This policy includes discretionary relief for many local businesses and organisations such as local charities, community amateur sports clubs, not for profit organisations and some sole rural settlement businesses. It also includes support for those local businesses who faced the steepest rates increases following the national Rating Revaluation from April 2017.</p>	

	<p>In addition it is proposed that the new Retail Relief scheme, announced in the Autumn Statement (29 October 2018) be implemented.</p> <p>There are essentially 3 parts to this Policy –</p> <ul style="list-style-type: none"> <li>• Rating Revaluation Relief;</li> <li>• Local Discretionary Relief</li> <li>• Retail Relief</li> </ul> <p>The first is funded up to a certain level by Central Government; the second partly by Mendip and the third fully by Central Government.</p> <p>This policy is part of a wider package of business support to deliver the Council’s corporate priority of inclusive growth.</p>
<p><b>Recommendation:</b></p>	<p>Cabinet is asked to approve the recommendations to:</p> <ol style="list-style-type: none"> <li>1. Endorse Discretionary Rate Relief Policy due to the national 2017 Rating Revaluation as approved by Cabinet on 11 September 2017 for 2019/20 with the amendment that the number and level of awards paid for 2018/19 continue into 2019/20, making good use of Central Government funding available.</li> <li>2. For those ratepayers eligible under local discretionary relief (local charities etc.), set a level of discretionary rate relief expenditure up to £100,000 for 2019/20 at an estimated cost to Mendip of £40,000.</li> <li>3. Apply the new Retail Relief scheme as described by Central Government for two years from 1 April 2019.</li> <li>4. Under local discretionary relief, continue the level of award to the specified categories of organisation as from 1 April 2019, subject to the over-riding criteria listed.</li> <li>5. Under local discretionary relief, continue with a cap of £9,000 on any relief and for any relief to meet a maximum of 95% of the business rates liability.</li> <li>6. Set a cut-off date of 30 April 2019 for applications but to consider applications after this cut-off date for any eligible new business starts or eligible businesses that may relocate into Mendip provided any awards would not exceed the current budget.</li> <li>7. Reserve the right to review the Relief decision should a change in legislation involve the Council in additional cost.</li> </ol>
<p><b>Direct and/or indirect impact on service delivery to our customers and communities:</b></p>	<p>Provides effective support for local businesses and organisations to lower their business rate bills, helping ensure the local economy is kept buoyant. Many of the local businesses and organisations provide great benefit to Mendip residents – as the list of businesses and organisations that can get help includes rural shops, rural pubs, not for profit organisations, registered charities and community amateur sports clubs.</p>
	<p>The recommendation is based on the following Corporate Priority on Inclusive Growth (as part of “Shape the District, 2017-20”):</p>

<b>Contribution to Corporate Priorities:</b>	<ul style="list-style-type: none"> <li>Work with our business community to deliver the ambitions of our Economic Strategy and increase the economic vibrancy of the Mendip area.</li> </ul>
<b>Legal Implications:</b>	The proposals set out in this report comply with legislation relating to national non-domestic (business) rates discretionary relief. The intention to retain an element of individual assessment (including in considering hardship applications) is important, as the Council cannot adopt blanket policies or rules that prevent consideration of the merits of individual cases.
<b>Financial Implications:</b>	For some of the discretionary reliefs, funding is provided through Section 31 grants by Central Government. This is in particular for Discretionary Relief as a result of the national 2017 Rates Revaluation and the new Retail Relief. For other reliefs, under current rates retention rules, the estimated cost to the Council in awarding this relief is approximately 40% although this would be varied by being in a Somerset wide pool if our bid is approved by Central Government. Currently reliefs not met fully by Central Government equal £98,111 at a cost to the Council of £39,244, just inside the budget set of £40,000. We forecast £40,000 will also be the appropriate budget for 2019/20. This expenditure is part of our rates income, of which the cost to the Council is monitored through the Collection Fund.
<b>Impact on Service Plans:</b>	None
<b>Value for Money:</b>	The award of rate relief where possible in the legislation is regarded as a cost effective method of helping local businesses and organisations take advantage of lower business rates bills.
<b>Equalities Implications:</b>	N/A
<b>Risk Assessment and Adverse Impact on Corporate Actions:</b>	None
<b>Scrutiny Recommendation (if any)</b>	N/a

## INTRODUCTION

- 1 Section 47 of the Local Government Finance Act 1988, as amended, sets out the general categories and amount of relief that are available through mandatory relief (funded by central government) and/or discretionary funded by a mixture of Central Government and local taxpayers.
  
- 2 The granting of discretionary relief broadly falls into the following categories:
  - a. Discretionary relief – registered charities and community amateur sports clubs who already receive mandatory relief;
  - b. Discretionary relief – premises occupied by organisations not established or conducted for profit whose main objects are charitable or are otherwise philanthropic or religious or connected with education, social welfare, science, literature or the fine arts or premises occupied by organisations not established or conducted for profit and wholly or mainly used for recreation purposes;
  - c. Rural settlement relief (certain sole businesses in a defined rural settlement);
  - d. Hardship relief;
  - e. Discretionary relief – granted under the provisions of Localism Act, 2011;
  - f. Local newspaper relief (originally from 1 April 2017 for a period of 2 years but now extended to 31 March 2020 in the Autumn Statement, 28 October 2018);
  - g. Local public house relief (from 1 April 2017 for a 1 year period – now replaced by new measures in the Autumn Statement, 28 October 2018
  - h. Discretionary Relief as a result of the 2017 Rates Revaluation – from 1 April 2017 for a period of up to 4 years.
  - i. Retail Relief – for occupied retail properties with a rateable value of less than £51,000 for the years 2019/20 and 2020/21. The value of the relief should be one-third of the bill after any other mandatory or discretionary reliefs funded under Section 31 Grants have been applied.

Nb There is also a “Supporting Small Business Relief” scheme - from 1 April 2017 for a period of up to 5 years providing additional relief based on central government formula for certain businesses.

- 3 Under legislation, the amount of relief is set at:

**Table 1 Amount of Discretionary Rate Relief**

Type	Type of relief	Amount of relief
Registered charities	Mandatory Discretionary	80% Up to a further 20%
Community Amateur Sports Clubs (CASC's)	Mandatory Discretionary	80% Up to a further 20%
Non-profit making organisations	Discretionary	Up to 100%
*Rural settlements (See paragraph 13 for criteria)	Mandatory (up to £8,000 / £12,500 RV)	100%  Up to 100%

	Discretionary (up to £16,600)	
Hardship	Discretionary	Up to 100%
Localism Act**	Discretionary	Up to 100%
Local Newspaper relief	Discretionary but funded by Central Government	Up to £1,500 per year – ends 31 March 2020
Local public house relief (Rateable Value under £100,000)	Discretionary but funded by Central Government	Up to £1,000 a year – ends 31 March 2019
Supporting Small Businesses	Discretionary but fully funded by Central Government	a) a percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% (2017/18 to 2021/22) all plus inflation; or b) a cash value of £600 per year (£50 per month).
Discretionary Relief as a result of the 2017 Revaluation	Discretionary – with a Central Government Fund	Determined by each Authority – Central Government provides funding up to £70,000 for 2019/20 and £10,000 for 2020/21. Ratepayers limited to those with a rateable value of less than £200,000 p.a.
Retail Relief (occupied shops, restaurants, cafes and drinking establishments with rateable value less than £51,000)***	Discretionary but fully funded by Central Government	One-third off the net charge – 2019/20 and 2020/21 only.

\* Rural settlement relief – in Mendip, a rural area is defined as anything outside of the five main settlements as all the settlements have less than 3,000 residents.

\*\* In Mendip, as part of this the Council has in place relief for certain categories of inward investment (approved by Cabinet in January 2013).

See *Appendix 1* for a more details of the categories of business that can receive these forms of relief.

\*\*\* See *Appendix 2* for full details of the Retail Relief scheme – eligibility; calculation etc.

## BACKGROUND

**Table 2 Discretionary applications awarded in Mendip**

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
<b>Applications</b>	149	168	187	173	205	249	219

This table reflects the fact that over time there has been an increased range of discretionary schemes available. This includes, from April 2018, 32 ratepayers receiving Supporting Small Business Relief and 89 ratepayers receiving Discretionary Revaluation Relief.

**Table 3 Discretionary Relief awarded by type**

**3a – Those funded partly by Mendip Council**

	<b>Amount awarded</b>	<b>Estimated cost to Mendip</b>
Registered Charity and Community Amateur Sports Clubs	£62,037	£24,816
Non-Profit Making organisations	£27,377	£10,951
Rural Settlement properties	£4,185	£1,674
Hardship	£4,512	£1,805
Localism Act	£0	£0
<b>Total</b>	<b>£98,111</b>	<b>£39,244</b>

**3b – Those funded by Central Government**

	<b>Amount awarded</b>	<b>Estimated cost to Mendip</b>
Local newspapers	£0	£0
Local rural settlement businesses	£18,148	£0
Supporting Small Businesses Relief	£51,149	£0
Discretionary Revaluation Relief	£54,077	£0
<b>Totals</b>	<b>£123,374</b>	<b>£0</b>

Nb these are on top of such reliefs as “small business rate relief” under which £4,249,869 is paid, out of a gross annual non domestic rate for Mendip of £45,571,246.

(Figures as at 31 October 2018)

- Those reliefs in Table 3b are funded, up to defined levels by Central Government (through Section 31 grants). These reliefs are subject to businesses meeting defined criteria – for example rural public houses have to have a rateable value of under £100,000 p.a. and there is a maximum level up to which Discretionary Revaluation Relief is funded by Central Government - any relief paid above that would have to be met locally. This particular part of our Discretionary Policy was established by Cabinet on 11 September 2017.

- 5 In Table 3a the cost to the Council in awarding these reliefs – before 100% rates retention starts – is approximately 40%. That is based on the current split of 50% of rates income to central government, 50% retained locally of which the Council's share is 40% - the other 10% being for the precepting authorities although this is before the Somerset pooling calculations are made if applicable. So as a guide, the cost to the Council of these awards is 40% of £98,111, i.e. £39,244, (When preparing the Policy for 2018-19 the Council had set a budget of £40,000). For 2019/20 we estimate this cost will likely remain at £40,000. Although rates generally will increase as a result of the annual increase in business rates liabilities the introduction of the new retail relief scheme will mean the need for less discretionary budget. As such a budget set aside of £40,000 is recommended. This amount is noticeably lower than in years before 2017/18 as more businesses are able to take advantage of other reliefs, in particular small business rate relief and the newer relief such as the Discretionary Revaluation Relief, which is funded by Central Government (DCLG). Also rural settlement relief (for qualifying properties with lower rateable values) has, from April 2017, been funded by Central Government, rather than partly with the Council. The cost of discretionary relief is considered as part of our monitoring of the Collection Fund. As rates retention develops it will be important to more clearly identify and review the real cost of discretionary relief and assess its cost effectiveness.

## **OPTIONS CONSIDERED**

- 6 From April 2017, following the National Rating Revaluation, a number of new mandatory and discretionary reliefs were introduced by Central Government. These included an expansion of small business rate relief – a mandatory relief – and “supporting small business relief” to help those with the steepest increases. Both Central Government funded.
- 7 In addition, legislation allowed the Council to introduce a new Discretionary Relief scheme to help those businesses affected by the steepest rates increases from April 2017 as a result of the Revaluation. This Policy was agreed by Cabinet on 11 September 2017 and applied to those ratepayers with a Rateable Value of under £200,000 that had a rates increase of 12.5% or more from April 2017. This Policy gave eligible ratepayers 100% relief on any increase in rates of over 12.5% for 2017/18, then 50% in 2018/19, followed by individual applications in the following two years. This was based on the set Central Government funding formula although it allowed for individual applications to be considered.
- 8 Under this relief Mendip paid out £109,461 to 97 ratepayers in 2017/18 and is currently paying £54,077 to 89 ratepayers in 2018/19. Of course, before considering this, any entitlement to other forms of national, mandatory relief would be determined – in particular the expanded criteria for receiving government funded small business rate relief.
- 9 Funding from Central Government for Revaluation Relief continues, albeit at lower levels for 2019/20 and 2020/21. For 2019/20 it is £70,000 and £10,000 for 2020/21. It was originally considered that for both these years, applications would be considered on a one by one basis. However it was left open as to how these might be determined by Mendip. Given that the amount paid to the 89 ratepayers currently in receipt of this relief is £54,077, there does seem to be a case of awarding this same amount to the same ratepayers for 2019/20. This makes good use of the

Government grant available as this figure comes under the £70,000 fund available, whilst still leaving room for any new / backdated claims that may be made. For 2020/21, given the available grant of £10,000 then for that year individual applications would be required. These will be treated on a “first served basis” up to the Central Government fund but for any after that, these would be considered on an individual basis by the Members Panel on Business Rates, along with those making a claim under our hardship relief part of this policy. In addition, we still retain the option for considering any applications from any ratepayers for relief under the current Hardship part of the Policy.

10 Under our local Discretionary Relief Policy, for 2019/20 we recommend that the eligibility and amounts remain unaltered as follows:

### **11 Registered charities and Community Amateur Sports Clubs**

These typically small, local organisations have long benefited from 80% mandatory relief (funded by Central Government) and “topped up” by 15% discretionary relief from the Council. We consider this important to retain.

### **12 Non-profit organisations**

Again a wide range of these local organisations have benefited from discretionary relief. Here there is no mandatory relief; the Council’s discretionary policy has long awarded 75% relief.

### **13 Rural Settlement Properties**

From April 2017 if the rural settlement has one post office, one general store or one food store with a rateable value up to £8,500 then that business should receive 100% mandatory relief, all funded by Central Government. Similarly for a sole petrol station or sole public house, with a rateable value up to £12,500, 100% mandatory relief is applicable. From April 2017 for any of these types of business that has a rateable value of up to £16,500, there is eligibility for discretionary relief up to 100%; all funded by the Council. For 2018/19 our Policy allowed for 45% discretionary relief and it is proposed this continues for 2019/20.

### **14 Organisations / businesses that are eligible for discretionary rate relief**

For registered charities, community amateur sports clubs, rural settlement properties and not for profit organisations only; based on legislation, the following types of business have been considered as likely to meet the Council’s corporate priorities. As such applications will be considered from:

- Community Amateur Sports Clubs / recreational organisations
- Locally registered charities
- Youth organisations
- Village community halls / community centres
- Rural post offices / general stores / public houses / petrol stations
- Educational organisations including pre-schools / museums (where dealing with special needs)
- Community care organisations



- Advice organisations
- In exceptional circumstances, other organisations that can demonstrate meeting one of Mendip’s corporate priorities.

All businesses / organisations will have their application considered, along with supporting evidence, individually and also against the following “over-arching criteria”:

## 15 Hardship relief

Considered important so that any Mendip ratepayer can apply for short term help where there is financial hardship and in awarding relief this is in the general interests of Mendip ratepayers

## 16 Over-arching criteria

- Some organisations would qualify for different categories of relief. A sports club could be a registered charity, a registered “Community Amateur Sports Club (CASC) and be in a rural settlement. In such cases, the organisation will be entitled to the award with the highest rate relief. No award will be made where organisations discriminate against any sectors of the community whether on financial or equality grounds.
- No award will be made to international, national or regional charities or organisations where there is no evidence that it would predominantly benefit local residents, except for recognised Mendip strategic partners such as the Citizens Advice. Predominantly this will usually mean that at least 60% of the people that use the organisation reside in the Mendip District Council area.
- Except for the Discretionary Relief as a result of the Revaluation, Supporting Small Business Relief and Retail Relief, continue with a cap of £9,000 on any discretionary rate relief for any particular premises.
- Except for Discretionary Relief as a result of the Revaluation, Supporting Small Business relief and Retail Relief, continue with a rate relief limit so that any rate relief meets a maximum of 95% of the business rates liability.
- Retain a cut-off date (to be 30 April 2019) for applications but to consider applications after this cut-off date for any eligible new business starts or eligible businesses that may relocate into Mendip provided any awards would not exceed the current budget.
- Reserve the right to review the decision should a change in legislation involve the Council in additional cost.
- Although, the Policy’s aim is to reduce the amount of interpretation and subjectivity to enable organisations to understand whether they are eligible for discretionary rate relief, applications for Hardship Relief are considered on their individual merits. To achieve this all applications for Hardship Relief will require a completed application plus supporting evidence e.g. financial accounts as requested. The legislation states, hardship awards can only be considered where:
  - The ratepayer would sustain hardship if the Authority did not grant a remission;

- It would be reasonable for the Authority to grant remission having regard to the interests of council taxpayers in Mendip.
- Hardship relief is awarded for one year only and normally retrospectively, based on the submission of audit financial accounts.
- All applications will be individually assessed at Officer Level, based on the application and supporting evidence. A recommendation will be made to Mendip's Rate Relief Member Panel who will decide the application.
- There is no right of appeal against discretionary relief although Mendip procedures allow the Rate Relief Panel to review the decision if material evidence is provided to support a review.
- State Aid De Minimis rules apply to all Discretionary Rate Relief applications, including the new Retail Relief.

**Table 4 Proposed levels of Discretionary Rate Relief for 2019/20**

Type of business /organisation	Mandatory award	DRR 2018/19	Proposed DRR 2019/2098
Charities and CASC's	80%	15%	15%
Rural settlements – discretionary awards only	0%	45%	45%
Non Profit organisations	0%	75%	75%
Hardship	0%	Up to 95%	Up to 95%
Localism Act	0%	Up to 100%	Up to 100%
Local newspapers		Up to £1,500	Up to £1,500
Supporting Small Businesses Relief		a) percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% (2017/18 to 2021/22) all plus inflation; or b) a cash value of £600 per year (£50 per month).	a) percentage increase p.a. of 5%, 7.5%, 10%, 15% and 15% (2017/18 to 2021/22) all plus inflation; or b) a cash value of £600 per year (£50 per month).
Discretionary Relief as a result of the 2017 Revaluation	Discretionary – with a Central Government Fund	Up to 50% tapered relief to ratepayers with a Rateable Value of less than £200,000 p.a.	Up to 50% tapered relief to ratepayers with a Rateable Value of less than £200,000 p.a.
Retail Relief	Discretionary but funded by		One third reduction

	Central Government		
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Relief of local newspapers, Supporting Small Businesses Relief, Revaluation Relief and Retail Relief are funded by Central Government (subject to Central Government limits).

### **17 New Retail Relief - Autumn Statement – 29 October 2018**

The Government announced a new form of “retail relief” – cutting bills by one-third for retail properties (i.e. shops, drinking establishments, restaurants, cafes) with a rateable value below £51,000 for 2 years from 1 April 2019, subject to State Aid De Minimis limits. This should help many retail businesses in Mendip that up to now have not had relief; in particular those in the main high street areas of Mendip towns. This relief is to be fully funded by Central Government through Section 31 Grant. See *Appendix 2* for eligibility criteria / application process.

In addition there will be a new scheme for 100% mandatory rate relief on public lavatories – to be funded by Central Government.

#### **Notes**

- Awards will be subject to the expenditure limits. If the total value of awards would exceed this budget, the Member Rate Relief Panel will reduce all awards by the required percentage to meet this limit.
- Irrespective of our Policy, all awards have to be made by 30 September after the end of that financial year. So for 2019/20 awards, the award has to be applied for and awarded by 30 September 2020 otherwise under the Local Government Finance Act, 1988, they are invalid.
- This Policy is based on the existing situation regarding rates relief and that there will be no change in mandatory awards or Rating Law in respect of Discretionary Rate Relief.

## **RECOMMENDATIONS**

Cabinet is asked to approve the recommendations to:

1. Endorse Discretionary Rate Relief Policy due to the national 2017 Rating Revaluation as approved by Cabinet on 11 September 2017 for 2019/20 with the amendment that the number and level of awards paid for 2018/19 continue into 2019/20 making good use of Central Government funding available.
2. For those ratepayers eligible under local discretionary relief (local charities etc.), set a level of discretionary rate relief expenditure up to £100,000 for 2019/20 at an estimated cost to Mendip of £40,000.
3. Apply the new Retail Relief scheme as described by Central Government for two years from 1 April 2019.

4. Under local discretionary relief, continue the level of award to the specified categories of organisation as from 1 April 2019, subject to the over-riding criteria listed.
5. Under local discretionary relief, continue with a cap of £9,000 on any relief and for any relief to meet a maximum of 95% of the business rates liability.
6. Set a cut-off date of 30 April 2019 for applications but to consider applications after this cut-off date for any eligible new business starts or eligible businesses that may relocate into Mendip provided any awards would not exceed the current budget.
7. Reserve the right to review the Relief decision should a change in legislation involve the Council in additional cost.

## **REASONS FOR RECOMMENDATIONS**

A discretionary rate relief policy, as set within the national legislation, is an effective means for local businesses and organisations that meet the Council's priorities to receive reduced business rates bills.

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### **List of Background Papers**

A full list of ratepayers that currently receive discretionary rate relief is available on request.

## Types of organisation that can receive discretionary rate relief under Rating Law

Type of Organisation
<p><b>Registered Charities</b> If the property is wholly or mainly for charitable purposes, an automatic 80% reduction of the bill is made. This is mandatory and has no financial cost to the Council. The Council has discretion to give a further reduction up to 20%.</p>
<p><b>Community Amateur Sports Clubs (CASC's)</b> If a sports club is registered with HMRC as a CASC and is wholly or mainly used for the purposes of that club or other registered clubs, there is an automatic 80% reduction of the bill. This is mandatory and has no financial cost to the Council. The Council has discretion to give a further reduction up to 20%.</p>
<p><b>Non-Profit making organisations</b> These organisations are not entitled to any automatic, mandatory relief but the Council has discretion to grant up to 100% relief. To qualify, the organisation must be charitable, religious or concerned with education, social welfare, science, literature or the fine arts. Or the property must be used wholly or mainly for the purpose of recreation.</p>
<p><b>Businesses in a designated rural settlement area</b> In Mendip, all parishes are considered rural settlement areas except those in Frome, Glastonbury, Shepton Mallet, Street and Wells. These areas are based on a relevant valuation list reference. The types of businesses that qualify for rural rate relief are:</p> <ul style="list-style-type: none"> <li>• The only general store, post office or food store with a rateable value of up to £8,500</li> <li>• The only village public house or petrol filling station with a rateable value up to £12,500</li> </ul> <p>These properties are entitled to a 100% reduction in their rates bill. Nb Up to 1 April 2017 this was funded up to 50% by Central Government. Mendip topped this up by a further 45%. From 1 April 2017 qualifying businesses receive 100% relief, all funded by central government.</p> <p>These types of business in the qualifying rural settlement may also be granted up to 100% rate reduction although all this has to be funded by the local Council. The criteria is that the property rateable value for one of these types of business listed above does not exceed £16,500 and that the business is of benefit to the local community.</p>
<p><b>Hardship</b> Any business / organisation can apply for Hardship relief, which can be paid up to 100% of business rates liability. All applications are considered on their individual merits. To achieve this all applications for Hardship Relief will require a completed application plus any supporting evidence e.g. financial accounts as requested. The legislation states, hardship awards can only be considered where:</p> <ul style="list-style-type: none"> <li>• The ratepayer would sustain hardship if the Authority did not grant a remission;</li> <li>• It would be reasonable for the Authority to grant remission having regard to the interests of council taxpayers in Mendip.</li> </ul>
<p><b>Localism Act 2011</b> Local Authorities can award local discounts to other types of business or areas of business if they meet local corporate priorities, subject to certain restrictions and funding conditions. This includes setting up of local enterprise zones / areas.</p>

### Retail Relief Guidance

#### Introduction

The Government announced in the Autumn Statement (29 October 2018) that it will provide a business rate relief scheme for occupied retail properties with a rateable value less than £51,000 in each of the years 2019/20 and 2020/21. The value of the relief should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded under Section 31 Grants have been applied.

#### How will this relief be applied?

As this is a measure for 2019/20 and 2020/21 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with this guidance on eligibility criteria, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under Section 47 of the Local Government Finance Act 1988, as amended) to grant relief. It will be for individual local billing authorities to decide to adopt a local scheme and determine in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act, 2003). The Government expects local government to grant relief to qualifying ratepayers.

#### Which properties will benefit from relief?

Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

The Government consider shops, restaurants, cafes and drinking establishments to mean:

1 Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc.)
- Charity shops
- Opticians
- Post offices
- Furnishing shops / display rooms (such as carpet shops, double glazing, garage doors)
- Car / caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale)

2 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
- Tool hire
- Car hire

3 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

To qualify for relief the hereditament should be wholly or mainly being used as a shop, restaurant, café or drinking establishment. 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. The list above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that Government considers for this purpose to be retail. Authorities should 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. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for relief.

The list below sets out the types of uses that the Government does not consider to be retail use for the purposes of this relief. Again, it is for local authorities to determine for themselves whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under their local scheme:

4 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, bureaux de change, payday lenders, betting shops, pawn brokers)
- 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 services, tutors)
- Post office sorting offices

5 Hereditaments that are not reasonably accessible to visiting members of the public

How much relief will be available?

The total amount of government funded relief available for each property for 2019-20 and 2020-21 under this scheme is one-third of the bill, after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. There is no relief available under this scheme for properties with a rateable value of £51,000 or more.