



REPORT TO:	Corporate and Communities Committee
DATE:	1 December 2022
SUBJECT:	Business Rates Relief (Discretionary Rate Relief and Local Discounts Policies)
PURPOSE:	To update Corporate and Communities Committee
KEY DECISION:	N/A
PORTFOLIO HOLDER:	Councillor Jonathan Noble, Portfolio Holder for Finance
REPORT OF:	Christine Marshall, deputy Chief Executive – Corporate Development (S151)
REPORT AUTHOR:	Sharon Hammond, Head of Revenues and Benefits (PSPS)
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

This report provides details of Business Rates reliefs, as requested by the Committee.

RECOMMENDATION

That Corporate and Communities Committee note the content of the report.

REASONS FOR RECOMMENDATIONS

This report is for information.

OTHER OPTIONS CONSIDERED

Not applicable.

1. BACKGROUND

- 1.1 Legislation provides for a number of rate reliefs covering different situations and circumstances. Some of these are discretionary reliefs, others are mandatory. This report provides an overview of the various types of reliefs currently available.
- 1.2 All rate relief awarded is administered and awarded in line with the legislation and / or Boston's own local policy, ensuring a fair, equitable and consistent process to supporting eligible businesses and organisations across the borough.

2. DISCRETIONARY RATE RELIEF POLICY

- 2.1 The following reliefs are administered in line with Boston Borough Councils Discretionary Rate Relief Policy, under the provisions of Section 47, Local Government Finance Act 1988, as amended.

- **Charities, Community Amateur Sports Clubs (CASC's) and Rural Rate Relief**

In line with legislative provisions, Boston BC has adopted a Discretionary Rate Relief Policy which provides 'top-up' mandatory relief for charities, Community Amateur Sports Clubs (CASC's), or provide awards of up to 100% for organisations which are not established or conducted for profit whose main objectives are charitable and are:

- (i) established for philanthropic or religious purposes; or
- (ii) concerned with education, social welfare, science, literature or the fine arts; or
- (iii) occupies the property as a club or society.

Boston's Policy sets out the factors that will be considered in its decision making in regards the use of its discretionary powers, including: -

- How the organisation helps the Council to achieve its corporate objectives
- Whether rate relief would give a competitive advantage over other businesses
- The benefits the ratepayer brings to Boston's residents
- Whether the ratepayer is a local organisation
- The level of reserves held by the organisation

There are currently 71 charities and non-profit making organisations receiving rate relief in line with this policy.

- **Rural Rate Relief**

Certain types of properties in a defined rural area with a population below 3000 may be entitled to discretionary rural rate relief. The property must have a rateable value of less than £16,500 and it is in the interests of the local community that the relief is granted.

There have been no applications for discretionary rural rate relief in 2022/23.

- **Hardship Rate Relief** (Section 49, LGFA 1988, as amended)

In certain circumstances the council has a discretionary power to reduce or remit the amount of business rates if it is satisfied the ratepayer would sustain hardship if it did not do so, and it is reasonable to do so having regard to the interest of its Council Tax payers.

There have been no applications for hardship relief in 2022/23.

- **Localism Discounts** (LGFA 1988, as amended by The Localism Act 2011)

Legislation gives councils the power to award Discretionary Rate Relief in any circumstances that it sees fit to do so but only where it would be reasonable to do so having regard to the interests of council tax payers in its area.

Local discounts under the Localism Act are set out in the BBC Local Discounts Policy.

- 2.2 A copy of the Discretionary Rate Relief Policy is provided at Appendix A to this report.

3. BUSINESS RATES LOCAL DISCOUNTS POLICY

- 3.1 The following relief schemes are currently in place and are administered under the provisions of Section 47 of the Local Government Finance Act 1988, as amended.

These schemes are delivered on behalf of central government, based on its guidelines, and are fully funded. The requirement of government for billing authorities to use their discretionary powers under section 47 of the LGFA 1988 has meant that schemes have been able to be delivered promptly for the benefit of ratepayers without the need for change to primary legislation.

- 3.2 Boston's Local Discount Policy is administered in line with government requirements and guidelines, ensuring fairness and equity, and schemes are therefore fully funded. A copy of the Local Discounts Policy is provided at Appendix B to this report.

- **Expanded Retail Discount**

The expanded retail discount was introduced in 2020 by central government to support business through covid. Boston BC delivers the scheme in line with government guidance and is therefore fully reimbursed for the expenditure.

This relief was extended at 100% to eligible business between 1 April 2021 and 30 June 2021, reducing to 66% from 1 July 2021 to 31 March 2022 subject to maximum discount levels.

A new Retail, Hospitality and Leisure rate relief scheme was introduced for 2022/23, providing 50% relief to eligible businesses up to a cash limit of £110,000 per business.

Properties benefiting from the retail discount are occupied properties wholly or mainly used as shops, restaurants, cafés, drinking establishments, cinemas, assembly and leisure and hotels, guest houses and self-catering accommodation.

There are currently 268 businesses receiving rate relief totalling £1,687,116 in line with this policy.

- **Local Newspaper Discount**

The government announced a business rates discount of up to £1,500 a year for local newspaper business rate payers occupying office space, subject to scheme criteria. This scheme has been extended to 31 March 2025.

There is currently 1 business receiving rate relief totalling £873.25 in line with this policy.

- **Extension of Transitional Relief**

Business Rates have previously been subject to five yearly revaluations. The last revaluation which should have been in force 1 April 2021 was delayed until 1 April 2023. As a result, the government extended the transitional relief scheme. The scheme restricts increases in bills where the business rates meet the eligibility criteria.

There are currently 19 businesses receiving rate relief totalling £27,078 in line with this policy.

- **Covid Additional Relief Fund (CARF)**

Government provided an allocation of funding to local authorities to develop local schemes to support businesses affected by the pandemic, but who were ineligible for any other existing support linked to business rates. Boston's allocation was £1,296,426.

96 businesses received rate relief in line with this policy.

4. OTHER RATE RELIEF

4.1 In addition to the discretionary rate relief schemes set out in sections 2 and 3 above, there are a number of other rate relief schemes in operation, administered and awarded in line with the legislation, ensuring a fair, equitable and consistent process to supporting eligible organisations and businesses across the borough. These are listed below for information.

- **Charities** (Section 43, Local Government Finance Act 1988)

Charities or trustees of a charity can get charitable rate relief of 80% if the property they occupy is wholly or mainly used for charitable purposes.

To qualify an organisation will normally have to be registered as a Charity with the Charity Commission, although some organisations are exempt from registration.

Relief can be granted to charity shops where the shop sells wholly or mainly donated goods and the proceeds are used for the purpose of the charity.

140 charities receive rate relief in 2022/23.

- **Community Amateur Sports Clubs (CASC's)**

Community Amateur Sports Clubs have been brought in line with registered charities and are entitled to 80% mandatory relief.

To qualify, the organisation needs to meet required criteria in terms of the use of the premises and be registered with HMRC as a community amateur sports club.

12 CASC's receive rate relief in 2022/23.

- **Small Business Rates Relief (SBRR)**

To qualify the property must:

- Have a Rateable Value (RV) below £15,000
- Be occupied,
- Be the only property the ratepayer occupies, or if any other properties are occupied these must have a RV of less than £2900.

Only one property will be awarded the relief. The amount of relief is 100% for properties with an RV of less than £12,000 and a sliding scale of relief between £12,000 and £15,000.

1,152 small businesses receive rate relief in 2022/23.

- **Rural Rate Relief**

Certain types of properties in a defined rural area with a population below 3000 may be entitled to rural rate relief. The property must be the only general store, the only post office, or the only food shop and have a rateable value of less than £8,500. Or if it is the only public house or petrol filling station the rateable value must be less than £12,500.

The property has to be occupied, and eligible businesses can receive up to 100% of the full charge.

9 rural businesses receive rate relief in 2022/23.

- **Exemptions from Empty Property Rating**

Properties that are empty and unoccupied are exempt from Business Rates for the first three months (six months for certain industrial properties). After this empty property business rates are payable.

Some properties are exempt from empty property rates including: -

- Those with a rateable value below £2,900
- A property held by a Charity or Community Amateur Sports Club (CASC) and is likely to be used for charitable purposes or for the purposes of the sports club
- Listed buildings and ancient monuments
- A property owned by a company in administration
- Where the law does not allow the property to be occupied
- Where the Crown or a local/public authority is taking action that prevents occupation
- The person entitled to occupation holds it only as the personal representative of a deceased person

- **Partly Occupied Properties** (Section 44A, Local Government Finance Act 1988)

Generally, a ratepayer is liable for the full business rates whether a property is wholly occupied or only partly occupied.

Where a property is partly occupied, and a clearly defined area is going to be left empty for a short period of time only, the council has the discretion to award part-occupied relief. If a decision to allow the relief is made, it will ask the Valuation Office Agency to split the rateable value between the occupied and unoccupied parts. In such circumstances, the empty part will qualify for the three or six month empty exemption. After this time, the full-occupied rate will apply to the whole property.

5. STATE SUBSIDY

- 5.1 The Government introduced its own rules regarding state subsidies after the UK left the EU Single Market and Customs Union. Discretionary rate relief is considered a subsidy under the rules, but the matters that must be considered all relate to the effect of the subsidy on international trade. It is unlikely therefore that an award of discretionary rate relief would fall counter to these rules.
- 5.2 In receiving discretionary relief, ratepayers of organisations and businesses making an application for any relief under the policy must ensure they are compliant with subsidy allowance limits.

6. CONCLUSION

- 6.1 Legislation sets out the provisions and local authority powers in relation to business rate relief. Boston Borough Councils has adopted its own policies covering the wide array of rate relief schemes delivered using its discretionary powers.
- 6.2 BBC administers rate relief, ensuring eligibility is in line with legislation and its own local policy in a compliant, fair and consistent manner thereby supporting qualifying businesses and organisations.

EXPECTED BENEFITS TO THE PARTNERSHIP

Not applicable.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

None

CORPORATE PRIORITIES

None

STAFFING

None

CONSTITUTIONAL AND LEGAL IMPLICATIONS

None

DATA PROTECTION

None

FINANCIAL

None. This report is for information only.

RISK MANAGEMENT

None

STAKEHOLDER / CONSULTATION / TIMESCALES

None

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

None

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

CASC – Community and Amateur Sports Club

LGFA – Local Government Finance Act

CARF – Covid Additional Relief Fund

SBRR -- Small Business Rate Relief

APPENDICES

Appendix A – Discretionary Rate Relief Policy

Appendix B – Business Rates Local Discount Policy

BACKGROUND PAPERS

None

CHRONOLOGICAL HISTORY OF THIS REPORT

A report on this item has not been previously considered by a Council body

REPORT APPROVAL

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