Business Rates

Expanded Retail Discount Policy
2020/21
1 Introduction

1.1 Leicester City Council ('the Council') is directed by government to provide a business rates Retail Discount Policy for occupied retail properties, previously in respect of those with a rateable value of less than £51,000, to apply in the financial years 2019/20 and 2020/21.

1.2 On 11 March 2020, the Government announced an Expanded Retail Discount, increasing the discount to 100% and extending it to include the leisure and hospitality sectors. There is no rateable value limit on the relief.

1.3 This Business Rates Expanded Retail Discount ('the Retail Discount') will be available from 1 April 2020 and will be applicable to the financial year 2020/21 only.

2 Eligibility

2.1 In order to be eligible for the Retail Discount, the property in question must be an occupied hereditament and wholly or mainly being used:

(i) as a shop, restaurant, café, drinking establishment, cinema or live music venue;
(ii) for assembly and leisure; or
(iii) as hotels, guest and boarding premises and self-catering accommodation.

2.2 Shops, restaurants, cafés, drinking establishments, cinemas and live music venues are considered to mean:

(i) Hereditaments that are being used for the sale of goods to visiting members of the public, and/or:
   • Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licenses, 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;
   • Secondhand car lots;
   • Markets;
   • Petrol stations;
   • Garden centres;
   • Art galleries (where art is for sale/hire).
(ii) Hereditaments that are being used for the provision of the following services to visiting members of the public, and/or:

- Hair and beauty services (such as hairdressers, 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;
- Employment agencies;
- Estate agents and letting agents;
- Betting shops.

(iii) 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.

(iv) Hereditaments which are being used as cinemas;

(v) 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 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 are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or 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. 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.

2.3 We consider assembly and leisure to mean hereditaments that are being used for:

(i) The provision of sport, leisure and facilities to visiting members of the public (including for the viewing of such activities):
   - Sports grounds and clubs;
   - Museums and art galleries;
   - Nightclubs;
   - Sport and leisure facilities;
   - Stately homes and historic houses;
   - Theatres;
   - Tourist attractions;
   - Gyms;
   - Wellness centres, spas, massage parlours;
   - Casinos, gambling clubs and bingo halls.

(ii) The assembly of visiting members of the public:
   - Public halls;
   - Clubhouses, clubs and institutions.

2.4 We consider hotels, guests & boarding premises and self-catering accommodation to mean hereditaments where:

(i) The non-domestic part is being used for the provision of living accommodation as a business:
   - Hotel, guest and boarding houses;
   - Holiday homes;
   - Caravan parks and sites.

2.5 To qualify for the relief, the hereditament should be wholly or mainly being used for the above qualifying purposes. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. For the avoidance of doubt, hereditaments which have closed temporarily due to the government’s advice on COVID19 will be treated as occupied for the purpose of this relief.

2.6 The lists set out above are not intended to be exhaustive, as it would be impossible to list the many and varied retail uses that exist within the qualifying purposes. Properties may also receive relief if they are considered by the Council to be broadly similar in nature to those outlined in 2.2 to 2.4.
2.7 The Council will determine in each individual case when, with regard to all relevant legislation and guidance, to grant the Retail Discount under section 47 of the Local Government Act (‘Section 47’).

3 Excluded Categories

3.1 Any property wholly or mainly used for the following will not be considered to be eligible for the purposes of the Retail Discount:

(i) Hereditaments that are being used for the provision of the following services to visiting members of the public, and/or;
   - Financial services (e.g. banks, building societies, cash points, bureaux de change, short-term loan providers);
   - Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors);
   - Professional services (e.g. solicitors, accountants, insurance agents/financial advisors);
   - Post office sorting offices;

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

(iii) In line with the legal restrictions in section 47(8A) of the Local Government Finance Act 1988, the Council cannot grant the discount to itself or a precepting authority.

3.2 Properties which are wholly or mainly being used for any other above uses, or uses which are considered to be broadly similar to those outlined at 3.1, will not be considered to be eligible for the Retail Discount.

4 Value of discount

4.1 The total amount of government-funded discount available for each property for 2020/21 under this expanded scheme is 100% of the bill after mandatory reliefs and, with the exception of the 2020/21 pubs discount, other discretionary reliefs funded by section 31 grants have been applied, excluding those where local authorities have used their wider discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants. The 2020/21 pubs discount should be applied after the Retail Discount.

4.2 The eligibility for the discount, and the discount itself, will be assessed and calculated on a daily basis. The following formula will be used to determine the
amount of relief to be granted for a chargeable day for particular hereditament in the financial year 2020-21:

\[ \text{Amount of relief to be granted} = V \text{ where:} \]

\[ V \text{ is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding the pubs discount and those where local authorities have used their discretionary relief powers under the Localism Act which are not funded by section 31 grants.} \]

4.3 This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

4.4 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties.

4.5 A new hereditament created as a result of a split or merger during the financial year, or where there is a change of use, will be considered afresh for the relief on that day. The discount will be applied on a day to day basis using the above formula.

5 State Aid

5.1 While the UK left the EU on 31st January 2020, the Withdrawal Agreement negotiated by the Government and the EU provides that during a transition period State aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

5.2 The government has notified the EU of its intention to bring forward an immediate change to the UK’s tax treatment of non-domestic property, in response to the ongoing COVID19 emergency, and to seek clearance under Article 107(3)(b) of the Treaty of the Functioning of the European Union. Subject to this approval, the Expanded Retail Discount scheme will become a notified State Aid. The Council is therefore prepared to award the discount ignoring de minimis limits.

6 Appeals

6.1 An appeals process relating to the Retail Discount eligibility criteria outlined above will be open to all business rate payers in the City who feel that they meet the eligibility criteria of this policy and have not received a deduction their business rates via the Retail Discount.

6.2 The following occasions are the sole basis of any grounds for appeal:
(i) The premises is of a type specifically stated as being eligible for relief, and the Council has by error omitted to grant relief;
(ii) The premises is not of a type specifically stated as being eligible for relief, but by analogy the use is comparable to one which is listed as eligible.

6.3 All appeals must be made in writing by contacting the Council, using the details on your bill or the business rates website.

6.4 Appeals will be considered in line with this Policy. Decisions are taken at the sole discretion of the Director of Finance in consultation with the Revenues & Benefits Manager.

6.5 All appeals will be reviewed within four weeks of submission of all necessary information. All decisions taken on appeals are final and the outcome will be recorded and delivered to the business in writing.

6.6 If an appeal is successful, rate relief will be backdated for the full eligible period within that fiscal year. Appeals may only be made for the 2020-21 fiscal year and cannot be applied to previous years.

If an appeal is unsuccessful the only further recourse available to applicants is a judicial review. A judicial review is the means by which the decisions of billing authorities under discretionary rating powers may be questioned.

7 Policy Review

7.1 The policy will be reviewed when necessary and whenever the Council receives best practice guidelines from the Ministry of Housing, Communities & Local Government, and any relevant changes to legislation.

Updated 31 March 2020
Appendix A: Calculation Examples for 2020/21

The Retail Discount is always calculated after mandatory relief and other discretionary reliefs funded by section 31 grant.

Example 1: An occupied shop with a rateable value of £40,000
Gross rates (before any reliefs) = £40,000 x 0.499: = £19,960
Retail Discount (100%): = £19,960
Rates due (after Retail Discount): = £nil

Example 2: An occupied shop with a rateable value of £100,000
Gross rates (before any reliefs) = £100,000 x 0.512: = £51,200
Retail Discount (100%): = £51,200
Rates due (after Retail Discount): = £nil

Example 3: An occupied charity shop with a rateable value of £40,000
Gross rates (before any reliefs) = £40,000 x 0.512 = £20,480
Net rates after charity relief: = £4,096
Retail Discount (100%): = £4,096
Rates due (after charity relief and Retail Discount): = £nil

Example 4: An occupied shop with a rateable value of £13,500 eligible for Small Business Rate Relief (SBRR)
Gross rates (before any reliefs) = £13,500 x 0.499 = £6,737
Net rates after SBRR (50%): = £3,368
Retail Discount (100%): = £3,368
Rates due (after SBRR and Retail Discount): = £nil

Example 5: An occupied shop with a rateable value of £10,000 eligible for Small Business Rate Relief (SBRR)
Example 6: An occupied shop with a rateable value of £40,000 eligible for Transitional Relief (TR) & receiving Revaluation Discretionary Relief

Gross rates (before any reliefs) = £40,000 x 0.499 = £19,960
Transitional Relief (say): =-£1,500
Net rates after Transitional Relief: = £18,460
Net rates after Revaluation Discretionary Relief (say): = £15,460
Retail Discount (100%): =£15,460
Rates due (after TR, revaluation relief and Retail Discount): = £nil

Example 7: An occupied shop with a rateable value of £18,000 previously paying nothing prior to revaluation 2017 and eligible for Supporting Small Business Relief (SSB)

Gross rates (before any reliefs) = £18,000 x 0.499 = £8,982
Supporting Small Businesses Relief (say): =£6,582
Net rates after SSB: = £2,400
Retail Discount (100%): =£2,400
Rates due (after SSB and Retail Discount): = £nil

Example 8: A shop with a rateable value of £40,000 (example 1) but only occupied until 30th September 2020

Gross rates (before any reliefs) = £30,000 x 0.499 = £19,960
Retail Discount =-£19,960
Rates due p.a. (after Retail Discount) = £nil
Daily charge while occupied (leap year): =£nil per day
Occupied charge 1/4/20 to 30/9/20 (183 days): = £nil
Unoccupied property relief (1/10/20 to 1/1/21): = £nil
Unoccupied property rates (1/1/21 to 31/3/21), £40,000 x 0.512 x 91/365 = £5,106
Rates due for the year (after Retail Discount) = £5,106