

Retail Discount Scheme

2019/20-2020/21

City of York Council

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Overview

This document provides the council guidance in relation to City of York Retail Discount Scheme. This relief will provide a reduction in business rates for qualifying businesses helping to sustain employment and encourage growth of the York economy.

Background

1. The Government announced in the Budget on 29 October 2018 that it will provide a business rates scheme (Retail Discount) for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019-20 and 2020-21. The value of discount should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied. Where the council apply a locally funded relief, for instance a hardship fund, under section 47 this is must be applied after the Retail Discount.
2. The purpose of this new discount is to support the 'high street' which has been affected by changes in consumer spending preferences such as online shopping. The relief is temporary for two years from April 2019.
3. There is no cost to the council in providing this discount which will be fully reimbursed by Central Government through the rates retention system.

Retail Discount

4. To qualify for the discount the hereditament (business) should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment.
5. The categories of business who the council consider can benefit from the discount under the scheme are as follows:

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, stationers, off licence, 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/hire)

ii. 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

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

6. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other discounts 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 discount.

7. 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. The council has the discretion to determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the discount. This will be considered on a case to case basis. Conversely, properties that are not broadly similar in nature to those listed above should not be eligible for the relief.
8. The list below sets out the types of uses that the Council **does not consider to be retail use** for the purpose of this relief. The council has the discretion to determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under the local scheme.

i. 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 advisers, tutors)
- Post office sorting offices

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

9. Generally speaking, the council also does not consider other assembly or leisure uses beyond those listed at paragraph 5 to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues which are not similar in nature to the hereditaments described at paragraph 5(iii) above.

Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, City of York council will exercise their discretion with reference to the above and knowledge of their local tax base.

Decisions and Managing the process

10. City of York Council's scheme for applying the retail discount is in line with central government guidance. The Council will make decisions on properties not specified in the guidance as below:-
 - properties not listed in City of York Council's scheme that **may** meet the qualifying criteria be considered on a case by case basis and awards made if deemed to meet the qualifying criteria.
 - properties not listed in City of York Council's policy that are considered **not** to meet the Government's qualifying criteria can be considered on a case by case basis.
 - the council will automatically awards this relief to all the businesses identified as meeting the qualifying criteria. It will be the responsibility of the business to complete and return state aid forms or risk the award been rescinded.

Level of award

11. The total amount of 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, excluding those where the council has used its discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants.
12. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid De Minimis limits.

State Aid

13. The retail discount will be considered as state funding and as such is subject to European state aid rules. The De Minimis

Regulations allow an undertaking to receive up to €200,000 of state aid in a three year period. It will be necessary for any business wishing to claim this relief to make an application to the council and complete a state aid declaration form.