

26<sup>th</sup> January 2017

**To the Chair and Members of Council**

**Business Rates Local Newspaper Relief Scheme**

<b>Relevant Cabinet Member(s)</b>	<b>Wards Affected</b>	<b>Key Decision</b>
Cllr Joe Blackham	All	yes

**EXECUTIVE SUMMARY**

1. As part of the March 2016 budget, the Government announced that it will provide funding for Councils to award Discretionary Business Rates relief of up to £1,500 for office space occupied by local newspapers wholly or mainly used as office premises for journalists and reporters. This relief will be awarded up to a maximum of one discount per local newspaper title and per property, for a period of two years from 1<sup>st</sup> April 2017.
2. An initial search locally indicates that there are minimal properties that meet the qualifying conditions and the majority of these are already in receipt of Small Business Rates relief to the extent that they have no liability for business rates.
3. As this is a measure for the years 2017/18 and 2018/19 only, the Government is not intending to change the legislation. Instead it has provided eligibility criteria and guidance from the Department of Communities and Local Government (DCLG) on 5<sup>th</sup> December 2016.
4. The guidance sets out the basis on which DCLG will reimburse local billing authorities who adopt a local scheme and use the discretionary powers (under S47 of the Local Government Finance Act 1988 as amended by the Localism Act 2011) for awarding Discretionary Local Newspaper Relief to qualifying ratepayers.
5. The details of the eligibility criteria set out in the guidance states which properties will benefit from local newspaper relief and is detailed in the proposed policy at Appendix 1.
6. If a Council chooses to offer further discounts to properties outside this scheme, the cost of these would be borne based on rate retention rules and would not be wholly reimbursed by the Government grant paid under S31 of the Local Government Act 2003. For this reason, it is not proposed to award relief outside of the scheme.
7. The guidance does not replace existing legislation, so other reliefs, such as small business rates relief, may also apply. The local newspaper relief will be applied against the net bill after all other reliefs have been awarded. We are required to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief.

8. Ratepayers that occupy more than one property are only entitled to relief on one of their eligible properties, subject to state aid de minimis limits, currently 200,000 euros around £168,000 over a rolling 3 year period.
9. The legislation states the Authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Tax payers in its area. Given the Government have committed to reimburse local authorities for the next two financial years, it is deemed to be in the interests of its Council Tax payers to award Business Rate Relief to qualifying local newspapers. It will also support the mayoral priority of assisting Businesses to thrive and to develop Doncaster's economy.

### **EXEMPT REPORT**

10. Not exempt.

### **RECOMMENDATIONS**

11. That the Council adopts a policy as detailed at Appendix 1. This policy is in line with the guidance issued from the Department of Communities and Local Government.
12. To consider the awarding of relief for the years 2017/18 and 2018/19 to appropriate business in Doncaster and review subsequently, should Government extend the period of reimbursement.
13. That all applications be required to submit a State Aid declaration.

### **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

14. This relief is fully funded by Government. As such, there are no financial implications for Doncaster citizens; however, there may be some benefits as the relief is only available to local newspapers.

### **BACKGROUND**

15. As part of the March 2016 budget, the Government announced that it will provide Business Rates relief of up to £1,500 for office space occupied by local newspapers up to a maximum of one discount per local newspaper title and per property for two years from 1<sup>st</sup> April 2017.
16. The guidance requires us to obtain a declaration about the level of state aid received by the occupier concerned. We also need to be satisfied that the property is occupied by a local newspaper and be wholly or mainly used as office premises for journalists and reporters.
17. Preliminary enquiries with the Council's communications team indicates that there are very few properties that could qualify for this relief.

### **OPTIONS CONSIDERED**

18. Consideration has been given to not adopting this scheme. However, as the relief is funded by Central Government, is for the benefit of local business and it will contribute towards the mayoral priority of assisting Businesses to thrive and to develop Doncaster's economy this is not recommended.

19. There is a Discretionary Rate Relief policy in place for awards of relief for charitable and not for profit organisations. However, as the qualifying criterion is fundamentally different, this policy could not be used for this new relief in its current form.

## REASONS FOR RECOMMENDED OPTION

20. For the reasons outlined above it is recommended that the Council adopts a policy for awarding relief to local newspapers in accordance with the criteria at Appendix 1 and that ratepayers be required to submit a State Aid declaration and a declaration stating the property is wholly or mainly used as office premises for journalists and reporters.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

	<b>Outcomes</b>	<b>Implications</b>
	<p>All people in Doncaster benefit from a thriving and resilient economy.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Be a strong voice for our veterans</i></li> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	<p>Awarding relief for those qualifying businesses will help to assist businesses to thrive and to assist in the development of Doncaster's economy.</p>
	<p>People live safe, healthy, active and independent lives.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	<p>People in Doncaster benefit from a high quality built and natural environment.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Creating Jobs and Housing</i></li> <li>• <i>Mayoral Priority: Safeguarding our Communities</i></li> <li>• <i>Mayoral Priority: Bringing down the cost of living</i></li> </ul>	
	<p>All families thrive.</p> <ul style="list-style-type: none"> <li>• <i>Mayoral Priority: Protecting Doncaster's vital services</i></li> </ul>	
	<p>Council services are modern and value for money.</p>	<p>As the relief is funded by way of S31 grant there is no cost to the authority.</p>
	<p>Working with our partners we will provide strong leadership and governance.</p>	

## RISKS AND ASSUMPTIONS

21. Failure to award relief in line with the Government's criteria and guidance could risk that we are not properly reimbursed for relief awarded which does not comply with the S31 grant conditions.

## **LEGAL IMPLICATIONS**

22. Local authorities can grant Discretionary Rate Relief for Local Newspapers as described using its powers under S47 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.
23. The legislation states the Authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Tax payers in its area. Given the Government have committed to reimburse local authorities for the next two financial years, it is deemed to be in the interests of its council tax payers to award this relief. It also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief.

## **STATE AID**

24. State Aid law is complex and is the means by which the European Union (EU) regulates state funded support to business. Providing Discretionary relief to ratepayers is likely to amount to State Aid. However, local newspaper relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013) which allow an undertaking to receive up to 200,000 euros around £168,000 of De Minimis aid in a 3 year period, consisting of the current financial year and previous two fiscal years. There are also undertakings that are excluded from receiving De Minimis aid.
25. For each award a State Aid declaration letter needs to be sent for the ratepayer to sign and either declare any other aid they have received and that they do not exceed the De Minimis threshold, or to refuse the relief if they have or if they are exempt. As we are required to send this to prospective ratepayers, we also may need to include a question on what the property is wholly and mainly used for. It may be appropriate to issue this before relief is awarded. Relief could then be awarded on receipt of the completed declaration. This would avoid granting the relief incorrectly and then having to attempt to recover the amount later.

## **FINANCIAL IMPLICATIONS**

26. From a search of the business rates database, based on information from the Communications team, we have estimated there are only 3 premises that may qualify for some relief, if they do not fall foul of the State Aid implications and therefore refuse relief. This means that there would be a maximum of £9k in total of relief granted, which would be reimbursed from Central Government, assuming the estimate of three properties is correct.
27. Central Government has agreed to reimburse local authorities (including major precepting authorities, South Yorkshire Fire and Rescue) for the local share of the Discretionary Relief using a grant under S31 of the Local Government Act 2003.

28. We are required to provide an estimate of the likely total cost of providing the relief in the NNDR 1 form for 2017/18 and 2018/19. This form is due to be submitted by 31st January 2017 to DCLG. Central Government will then provide payments of the local authorities' share to authorities over the course of the relevant year.
29. Central Government will fully reimburse local authorities and major precepting authorities for the local share of the Discretionary Relief using a grant under S31 Local Government Act 2003, based on the outturn of relief granted in the following year, based on the audited NNDR3 return. For this purpose the major precepting authority is South Yorkshire Fire and Rescue.

### **ADMINISTRATIVE COSTS**

30. The DCLG have not increased the cost of collection allowance to cover the additional costs from awarding this relief as discretionary rate relief. It will require minimal additional work and costs sending the State Aid declarations, amending future direct debits, and cover postage, staff time, publicity costs, development of local policies, challenges and appeals etc.
31. They have also not indicated that they intend to assess this under the new burdens doctrine for additional costs to Local Government. If it is felt appropriate, this should be raised via SIGOMA and or the LGA.

### **HUMAN RESOURCES IMPLICATIONS**

32. There are no immediate HR implications associated with the implementation of this report.

### **TECHNOLOGY IMPLICATIONS**

33. The technology already utilised for the administration of NNDR will be sufficient to enable the delivery of this policy.

### **EQUALITY IMPLICATIONS**

34. This relief is available to all local newspapers as detailed in the guidance from Government. Therefore, there are no equality implications.

### **CONSULTATION**

35. Due to the short timescales from receiving the guidance and developing the proposed policy it has not been feasible to undertake consultation other than with the Mayor and Cabinet members.
36. This report has significant implications in terms of the following:

Procurement		Crime & Disorder	
Human Resources		Human Rights & Equalities	
Buildings, Land and Occupiers	x	Environment & Sustainability	
ICT		Capital Programme	

## **BACKGROUND PAPERS**

37. Department for Communities and Local Government – The case for a business rates relief for local newspaper, Government Response December 2016.

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## DONCASTER METROPOLITAN BOROUGH COUNCIL

### BUSINESS RATES DISCRETIONARY LOCAL NEWSPAPER RELIEF POLICY

#### Background

1. Local Authorities have the power to grant Discretionary Rate Relief to Ratepayers that meet certain criteria. The amount of relief granted is used to reduce the amount the Ratepayer owes in Business rates.
2. As part of the March 2016 budget, the Government announced that it will provide funding for Business Rates Relief of up to £1,500 per year for two years for some properties occupied by local newspapers and used wholly or mainly for the purposes of office premises for journalists and reporters.
3. As this is a measure for the years 2017/18 and 2019/20 only, the Government is not changing the legislation around awarding reliefs available to properties. Instead it has provided guidance from the Department of Communities and Local Government in December 2016. This sets out the criteria which Central Government will use to reimburse local authorities, who use their discretionary relief powers.
4. The council would like to support qualifying local newspapers by utilising its discretionary powers through the application of this policy.

#### Legislation

5. S47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011, states the Authority may only grant relief if it would be reasonable to do so having regard to the interests of Council Tax payers in its area. It also requires a local authority to have regard to any relevant guidance issued by the Secretary of State when deciding whether to grant relief.
6. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Local Newspaper Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013).
7. The De Minimis Regulations allow an undertaking to receive up to €200,000, around £168,000, of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).
8. To administer De Minimis aid it is necessary for the local authority to establish that the award of aid will not result in the undertaking having received more than €200,000, around £168,000 of De Minimis aid. Exchange rates will be calculated using the currency converter shown on the link below.

[http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/infoeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm)

#### Who Pays For The Relief Granted?

9. 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.

### **Purpose**

10. The purpose of this Policy is to specify how the Council will operate its discretionary powers and to indicate the factors we will consider when deciding if this relief can be awarded.
11. The Council will consider awarding relief to all ratepayers who meet the qualifying criteria. We will deal with each application on its merits and treat all organisations that apply for this relief equally and fairly. We will share information with other public bodies and grant funders to prevent and detect fraud and duplication of assistance in respect of Business Rates.

### **Consultation**

12. Due to the very short timescales from receiving the guidance from the Government it has not been possible to undertake public consultation or consultation on this policy. The Mayor and Cabinet and major preceptor representative of South Yorkshire Fire have been consulted.

### **Claiming Discretionary Local Newspaper Relief**

13. In order to receive relief the council have to be satisfied that the qualifying criteria are met. For each award a State Aid declaration must be submitted by the ratepayer to declare any other aid received and to confirm they do not exceed the De Minimis threshold.
14. We will award relief in circumstances where we consider an organisation may be entitled to relief and will provide a form/ declaration to assist in identifying those Businesses entitled to relief. The form/declaration must be completed by the ratepayer or a person authorised to sign on behalf of the ratepayer.
15. We may request any reasonable evidence in support of the application.

### **Period of Award**

16. The start date of the relief will normally be the 1<sup>st</sup> April 2017.
17. For applications where the qualifying criteria are not met until after this date, the start date of the relief will be the date that the qualifying conditions are met up to and including 31<sup>st</sup> March 2019 (which is the last date that relief will be awarded based on the current information from Government).
18. The minimum period of relief that can be awarded is one day.
19. Entitlement to relief will cease on the 31<sup>st</sup> March 2019, however should funding be extended the policy to award relief may also be extended. Entitlement to relief will cease from such date that one or all of the qualifying criteria are not met, if sooner.
20. No relief will be awarded for a period prior to 1<sup>st</sup> April 2017.



## **How we will decide whether to award Discretionary Rate Relief?**

21. Relief may be awarded where:-

- The property is wholly or mainly used as office premises for journalists and reporters
- The ratepayer is a local newspaper

## **How much will we award?**

22. The total amount of relief available for each property for each of the years under this scheme is £1,500.

23. Local Newspaper Relief will be awarded after taking in to consideration other relief's, excluding relief awarded under the existing Discretionary Rate Relief Policy and will be no more than the net rate liability if this is less than £1,500.

24. Ratepayers that occupy more than one property will be entitled to local newspaper relief on only one of their eligible properties subject to EU State Aid De Minimis limits.

25. A new hereditament created because of a split or merger during the financial year or a change of use will be considered afresh for the relief from that date.

26. Relief is limited to a maximum of one discount per newspaper title and per hereditament.

27. The level of relief does not vary with rateable value

## **How Payments will be made**

28. All relief awarded will be credited to the ratepayer's Business Rates account.

## **Notifications**

29. The Council will inform the ratepayer applying in writing of the outcome of their application for Local Newspaper Relief.

30. Where the application is not successful, the notification will provide reasons why we have decided not to award Local Newspaper Relief and the applicant's right to ask us to look at the decision again.

31. Where the application is successful, the notification will include the following information:-

- The period of the award.
- The amount of Relief to be awarded for the period.

## **Overpayments**

32. The Council will recover all overpayments of Local Newspaper Relief through the organisation's Business Rates account.

## **Examples**

33. A local newspaper with two offices would only be able to claim discount for one of them.
34. An office shared by three separate local newspaper titles will only be eligible for a single discount.

## **Right of Appeal**

35. If you are aggrieved by a decision made under this policy, you must write and tell us why you think the decision is wrong, e.g. whether the published criteria has been properly applied.
36. Your case will then be considered by someone who has not been involved in the original determination.
37. They will thoroughly check all the information we hold regarding the property along with the details in the relief application and any further information you have provided. They will decide whether or not the criteria have been properly applied. They could then: -
  - Decide not to change the decision;
  - Change the decision and award Local Newspaper Relief
38. They will write to tell you what has happened, normally within 21 days of reconsidering your appeal.

## **Fraud**

39. The Council is committed to the fight against fraud in all its forms. An organisation who tries to fraudulently apply for Local Newspaper Relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where we suspect that such a fraud may have occurred, the matter will be investigated in line with the Council's Anti-Fraud Strategy. This may lead to criminal proceedings being instigated.

## **Publicity and Information**

40. The Council will include information about Local Newspaper Rate Relief in the Business rates Section of the Council's website and other appropriate places.

## **Review**

41. The policy will be reviewed periodically, taking into account any changes in legislation or guidance from Central Government regarding the funding for this relief.