

Committee: Council

Agenda Item

Date: 27 February 2014

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Title: Business Rates – Discretionary Rate Relief

Portfolio Holder: Councillor Robert Chambers

Key decision: **No**

Retail Rate Relief

1. The Government announced in the December 2013 Autumn Statement that business rates relief would be made available to premises in the following cases:
 - Retail rate relief for all occupied retail properties with a rateable value of £50,000 or less, of £1,000 for the 2014/15 and the 2015/16 financial years. This will provide support to premises including pubs, cafes, restaurants and shops.
 - Businesses will be given a 50% discount for 18 months on the rates if they move into a retail premises that has been empty for a year or more. This is available for businesses which move into empty premises between the 1st April 2014 and 31st March 2016.
2. Technically, the Council has discretion over the granting of this relief. This report therefore includes a recommendation that the Council implements the retail rate relief in accordance with the Government announcement.
3. If approved, the Council's revenues service will ensure that premises known to be eligible will receive the relief on the 2014/15 bills due to be issued in March. Businesses not known to be eligible will have the opportunity to apply for the relief.

Flooding Rate Relief

4. In February 2014, the Prime Minister announced that rate relief would be given to businesses whose premises had been flooded. Full details are not yet known, so this report requests that the Council authorises officers to implement this policy in accordance with the forthcoming Government guidance. Relief to be granted on application and demonstration of eligibility.

Discretionary Rate Relief

5. Officers are currently working on proposals for a new discretionary rate relief policy, to build upon the existing arrangements and to provide possible incentives for businesses to start up or expand within the district. The intention is to bring a draft policy for consideration by Cabinet at its March meeting. Provision has been made in the 2014/15 budget for this.

Recommendations

6. The Council is recommended to:
 - a) To agree the new Rate Relief Policy as set out in Appendix A to this Report.
 - b) Authorise the Assistant Chief Executive – Finance to implement and administer the policy

Financial Implications

7. None. The cost of these reliefs will be fully reimbursed by central Government to the Council and major precepting authorities through the rates retention scheme.

Background Papers

None.

Impact

Communication/Consultation	None.
Community Safety	No specific implications.
Equalities	No specific implications.
Health and Safety	No specific implications.
Human Rights/Legal Implications	No specific implications.
Sustainability	No specific implications.
Ward-specific impacts	No specific implications.
Workforce/Workplace	No specific implications.

State Aid rules

8. The awards of such relief can in some circumstances amount to state aid. However compliance with state aid rules is achieved if the amount provided is in accordance with the De Minimis Regulations (1407/2013). The De Minimis Regulations allow an undertaking to receive up to 200,000 euros 'de minimis' aid over a rolling three year period. In practice, this means that small independent business are likely to be eligible for relief, but not larger businesses e.g. chain stores.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Government guidance and regulations differ from the substance of the policy announcements	2 – rate relief regulations are currently a difficult area.	2 – the intended benefits to local business may not be fully realised and/or costs may fall upon the Council.	Reconsider the policy if necessary.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

RETAIL & FLOODING RATE RELIEF POLICY

FEBRUARY 2014

1 BACKGROUND

- The retail sector is changing, particularly due to internet shopping, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The Government wishes to support town centres in their response by providing particular support to retailers.
- The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16 only.
- Businesses will be given a 50% discount for 18 months on the rates if they move into a retail premises that has been empty for a year or more. This is available for businesses which move into empty premises between the 1st April 2014 and 31st March 2016.
- In addition the Prime Minister announced an additional relief in respect of Business premises affected by the recent floods. Details of this relief are due to be announced shortly.

INTRODUCTION

- Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988. The changes came into effect from 1st April 2012 and they extend the provision relating to the granting of discretionary rate relief.

RETAIL RATE RELIEF

- The total amount of relief available for each property for each of the years under this policy is £1,000. The amount does not vary with rateable value and there is no taper.
- There is no relief available under this policy for properties with a rateable value of more than £50,000
- The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

- The relief will be applied against the net business rates bill after all other reliefs have been taken into account.
- Where the net rate liability for the day after all other reliefs but before retail rate relief is less than the retail rate relief, the maximum amount of retail rate relief will be no more than the value of the net rate liability.
- 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. It will be the responsibility of the Business to advise the Council should these limits be breached.

REOCCUPATION OF RETAIL PREMISES RELIEF

- The relief is available for Businesses occupying a retail premises that has been empty for > 1year
- The Business must occupy the premises between the 1st April 2014 and the 31st March 2006
- The Discount applied will be 50% against the net Business Rates Bill for a period of eighteen months
- The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
- 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. It will be the responsibility of the Business to advise the Council should these limits be breached.

FLOODING RELIEF

Full details are yet to be received from Central Government. The S151 Officer has the delegated authority to administer and apply a discretionary relief by inserting the qualifying the criteria into this policy.

AWARDING RELIEF

Properties that will benefit from the retail rate relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

We consider shops, restaurants, cafes and drinking establishments to mean:

- 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, etc.)
- Car/caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

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
- DVD/ video rentals
- Tool hire
- Car hire

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 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 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.

As a guide, the list below sets out the types of uses that the Council does not consider to be retail for the purpose of this policy:

(i) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (such as banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers, etc.)
- Other services (such as estate agents, letting agents, employment agencies, etc.)
- Medical services (such as vets, dentists, doctors, osteopaths, chiropractors, etc.)
- Professional services (such as solicitors, accountants, insurance agents, financial advisors, tutors, etc.)
- Post office sorting office

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

ADMINISTRATION OF APPLICATIONS FOR RELIEF

- An application form for Retail Relief is not necessary the Council will use the above criteria to determine the eligible businesses in the Uttlesford area and apply the £1000 discount without application. For both the unoccupied retail Reoccupation Relief and the Flooding Relief an application form is required with any evidence deemed necessary by the Council to assist in making a decision.
- Authority to consider and make decisions on discretionary retail rate relief applications is delegated to the Assistant Chief Executive – Finance.
- Decisions regarding the award of discretionary retail rate relief will be notified to the ratepayer in writing as soon as reasonably practicable. Unsuccessful applicants will be given reasons for any refusal to award relief.

DURATION OF AWARDS

- The award of discretionary retail rate relief will be made for a fixed period ending on 31st March 2016. The only exception is where the business rates liability of a retail business ends before this date. The Reoccupation Retail Rate Relief will run for a period of 18 months from the date of reoccupation. Details of the Flooding Relief duration will be added to this policy as the further details from Central Government are known.

RIGHT OF APPEAL

- There is no statutory right of appeal against a decision made by the Council in respect of discretionary retail rate relief. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the Council's S151 Officer.
- If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the

ratepayer will be informed in writing whether the original decision has been revised or upheld.

- The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of judicial review.