

## **Agenda Item No 14a**

### **Executive Board**

**11 February 2014**

#### **Report of the Assistant Chief Executive (Community Services)**

#### **Adoption of a Discretionary Retail Rate Relief Policy**

### **1 Summary**

- ...
- 1.1 The purpose of this report is to request Members adopt the revised Non Domestic Discretionary Retail Rate Relief guidelines attached at Appendix A. This is necessary because of a recent announcement in the Governments Autumn Statement in December 2013 that has provided the ability for Councils to reduce business rate bills in 2014/15 and 2015/16 following adoption of a local Discretionary scheme.

#### **Recommendation to the Council**

**That Members adopt the Non Domestic Rate Relief Scheme as attached at Appendix A.**

### **2 Consultation**

- 2.1 Due to the Government guidelines for this scheme only being released on 29 January and the need to bring a scheme into effect from April 2014, this has not allowed any time for formal consultation with Members.

### **3 Background**

- 3.1 Under Section 47 of the Local Government Finance Act 1988 (as amended by the Localism Act), the Council has been given discretionary power to reduce liability for Non Domestic Rate Bills by £1,000 where a business is occupied wholly or mainly for the benefit of the public and the rateable value is less than £50,000.
- 3.2 The scheme as outlined in the attached guidelines at Appendix A is aimed at providing assistance to ratepayers of properties occupied for the purposes of retail activity. These activities are outlined on pages 2 and 3 of the attached document (irrespective of whether they are operated as independent shops or by National chains/franchises) and precludes granting relief to specific types of occupation as outlined on page 3 unless the business qualifies for help under the small business rate relief scheme (see paragraph 3.5).
- 3.3 As such, the scheme requires the Council to review the occupation of each property where the rateable value is less than £50,000.

- 3.4 Using the Valuation Office descriptions of occupation which may not always be totally accurate, and our own initial high level analysis of data, there are currently 540 businesses in the borough with a rateable value of less than 50,000.
- 3.5 Of these, 300 properties have a rateable value below £6,000 and in most cases we would expect them to be awarded Small Business Rate Relief in full and as a result have no rates liability. This is because they meet certain criteria that it is the ratepayers sole property in a scheme that has been in existence since 2005.
- 3.5 Of the remaining 240 properties, most of them fall into the following categories who we consider at this time will qualify
- 4 cafes
  - 1 car showroom
  - 18 sports/social clubs
  - 11 garages/filling stations
  - 68 pubs
  - 11 restaurants
  - 105 shops

We are only aware of one betting shop at this time who would definitely not be eligible but we will not know the full picture until all properties have been reviewed properly prior to the issue of the annual bills in March 2014.

- 3.7 The purpose of bringing this report is that all Councils require a Member endorsed policy to explain its approach to considering any applications for relief under these new provisions. As such, officers have drafted an approach based on the Governments proposed scheme that confirms that the Council will look to support all businesses who meet the qualifying criteria.
- 3.8 A letter and application form will be enclosed with bills advising of the new scheme and requesting that they apply in writing as required confirming that they meet the requirements of the scheme

## **4 Report Implications**

### **4.1 Finance and Value for Money Implications**

- 4.1.1 The financial implications of awarding relief under this scheme will be met in full by the Government using its provisions under Section 31 of the Local Government Act 2003.

### **4.2 Legal and Human Rights Implications**

- 4.2.1 Adopting a policy should ensure that the Council's position with regard to this discretionary policy is transparent. The clearly laid down criteria will ensure a

consistent approach is taken in all cases in the event of an application or an appeal.

#### 4.3 Risk Management Implications

4.3.1 By adopting this policy should ensure the risk of legal challenge to the Council's actions is mitigated.

#### 4.4 Equalities Implications

4.4.1 This policy should ensure we continue to undertake actions fairly and consistently. The implementation of the policy will be monitored to help assess any adverse impacts that may arise.

The Contact Officer for this report is Bob Trahern (719378).

### Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

<b>Background Paper No</b>	<b>Author</b>	<b>Nature of Background Paper</b>	<b>Date</b>
Guidance Note issued to allow a revised approach as enabled by Section 47 Local Government Finance Act 1988 (as amended by the Localism Act)	DCLG	Guidance Note	20/1/14

### Equality Impact Assessment Summary Sheet

Please complete the following table summarised from the equality impact assessment form. This should be completed and attached to relevant Board reports.

Name of Policy Procedure/Service	Adoption of a Retail Rate Relief Scheme
Officer Responsible for assessment	Bob Trahern

Does this policy /procedure /service have any differential impact on the following equality groups /people

- (a) Is there a positive impact on any of the equality target groups or contribute to promoting equal opportunities and improve relations or:
- (b) could there be a negative impact on any of the equality target groups i.e. disadvantage them in any way

<b>Equality Group</b>	<b>Positive impact</b>	<b>Negative impact</b>	<b>Reasons/Comments</b>
<b>Racial</b>			
<b>Gender</b>			
<b>Disabled people</b>			
<b>Gay, Lesbian and Bisexual people</b>			
<b>Older/Younger people</b>			
<b>Religion and Beliefs</b>			
<b>People having dependents caring responsibilities</b>			
<b>People having an offending past</b>			
<b>Transgender people</b>			

If you have answered **No** to any of the above please give your reasons below

Please indicate if you believe that this document

Should proceed to further Impact assessment

Needs no further action

# Business Rates

## Retail Relief Scheme 2014-15 & 2015-16

# Introduction

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.

As this is a measure for 2014-15 and 2015-16 only, the Government is not changing the legislation around the reliefs available to properties. Instead the Government will, in line with the eligibility criteria set out in this document, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

Local billing authorities are required to adopt a local scheme and decide in each individual case when to grant relief under section 47. 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.

As the grant of the relief is discretionary, authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the authority's wider objectives for the local area.

Ratepayers will be required to apply for the relief in order to ensure that retail relief granted complies with EU law on state aid.

## **Properties that will benefit from relief**

Properties that will benefit from the 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.

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.

The government 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)
- 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

The lists set out above is not intended to be exhaustive and each application will be considered to determine whether they are broadly similar in nature to those listed.

**Properties that will not benefit from relief**

The government does not consider retail use for the purpose of this relief as:-

**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, bureau 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 office

or hereditaments that are not reasonably accessible to visiting members of the public



## Calculation of Relief

The total amount of government-funded relief available for each property for each of the years under this scheme is £1,000. There is no relief available under the scheme 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 following formula will be used to determine the amount of relief to be granted for a particular hereditament in the financial year:

$$\text{Amount of relief to be granted} = £1000 \times \frac{A}{B}$$

Where:

A is the number of days in the financial year that the hereditament is eligible for relief; and

B is the number of days in the financial year

The relief will be applied against the net bill after all other reliefs.

Where the net rate liability for the day after all other reliefs but before retail relief is less than the retail relief, the maximum amount of this relief will be no more than the value of the net rate liability. This will be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

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 (see below).

### State Aid

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)

The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).

It is unlikely that any potential recipient of retail relief in North Warwickshire will already be in receipt of State Aid but a condition of receiving the relief will be for the recipient to immediately notify us of any disqualifying conditions such as already receiving State Aid or where there is a change to a non-qualifying use of the premises.