

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

27th JANUARY 2015

REPORT OF HEAD OF CENTRAL SERVICES

**BUSINESS RATES – EXTENSION OF TRANSITIONAL RELIEF FOR
SMALL AND MEDIUM PROPERTIES SCHEME**

1.0 PURPOSE OF THE REPORT

- 1.1. To ask members to approve an extension of transitional relief for small and medium properties scheme (extension of transitional relief) following a new discretionary power available to Local Authorities to support businesses throughout the whole Borough.

2.0 RECOMMENDATIONS

It is recommended that:-

- 2.1 **The Business Rate – Extension of Transitional Relief for small and medium properties scheme as set out at Appendix A is adopted by Melton Borough Council for financial years 2015/16 and 2016/17.**
- 2.2 **Delegated Authority is given to the Head of Central Services in consultation with the Head of Communities and Neighbourhoods to make any necessary changes to the Extension of Transitional Relief for small and medium properties scheme, in accordance with further guidance and legislation from Central Government, consultation with partners across Leicestershire and to improve the scheme based on experience from delivery of the scheme.**

3.0 KEY ISSUES

Background

- 3.1 In the Autumn Statement released on 3 December 2014, the Government announced that it intended to support businesses that may be affected by the withdrawal of transitional relief in 2015/16 and 2016/17 by enabling Local Authorities to administer an extension of the transitional relief scheme for the years 2015/16 and 2016/17, leading up to the next revaluation which comes into effect on 1 April 2017.
- 3.2 The current transitional relief scheme was introduced in April 2010 to help ratepayers who were facing higher rate bills following the last revaluation of business properties. This scheme ends on 31 March 2015 and as a result a small number of ratepayers will face a jump to their full rates bill from 1 April 2015.
- 3.3 The announcement in the Autumn Statement was to extend to March 2017, the current scheme for small and medium properties: those properties with a rateable value up to and including £50,000.
- 3.3 The Government is encouraging Local Authorities to use their discretionary relief powers introduced under Section 47 of the Local Government Finance Act 1988, as amended by Part 4 of the Localism Act 2011. It is up to each Local Authority to adopt a scheme, within certain criteria, and Local Authorities will be fully reimbursed for all relief paid to 'qualifying' ratepayers. The council is not permitted to award discretionary relief to a precepting authority or itself as a billing authority.

Relief Available

- 3.4 The Government will fund Localism Act discounts to ensure eligible properties receive the same level of protection that they would have received had the transitional relief scheme continued into 2015/16 and 2016/17 with prescribed adjustments as outlined in the Scheme attached at Appendix A.

Administration of the Scheme

- 3.5 Work has been undertaken to identify the qualifying properties and it is expected that relief will be credited to each ratepayer and shown on their 2015/16 annual rate bills. Any changes during the financial years which identify new potential qualifying properties, the Council will endeavour to ensure the relief is granted without the need for a formal application from the ratepayer. This does not stop a ratepayer from making an application to the Council for the relief. If a ratepayer is unhappy with a decision of the Council not to award relief, or the amount of the relief awarded, a panel of Senior Officers drawn from the T3 level but which will normally comprise the Revenue Business Partner, Customer Service Manager and the Welfare, Housing and Revenues Officer will meet to review the decision made. This does not prevent a ratepayer pursuing any existing legal avenue for requiring a Council to review a decision.
- 3.6 Investigation of the current rating database show that 4 properties will be eligible to receive the extension of transitional relief.
- 3.7 European union competition rules generally prohibit Government subsidies of businesses and relief from taxes, including business rates, as this can constitute state aid. Consideration of this will be given to this when granting extension of transitional relief.
- 3.9 The scheme will be publicised on the Council website and the Town Centre Manager and Economic Development Officer will also market the scheme as appropriate.

4.0 POLICY AND CORPORATE IMPLICATIONS

- 4.1 There are clear links to some of the priorities in the Corporate Plan specifically:
- Support people and businesses through the economic downturn
 - Meet the Economic needs of Borough
 - Maximise the potential of Melton Mowbray Town Centre

5.0 FINANCIAL AND OTHER RESOURCE IMPLICATIONS

- 5.1 The cost of granting retail relief to businesses will be fully met by the Government providing that relief is given to 'qualifying' properties.
- 5.2 The amount of relief for the 4 eligible ratepayers amounts to £12,476.11 of which £4,990.44 is Melton's proportion.
- 5.3 The initial indication from the Council's I.T. supplier for the cost of providing software to administer the scheme is £5,000. As the scheme only currently affects 4 eligible properties and Melton's proportion of the overall relief awarded is less than this sum, it has been decided to administer the scheme manually pending further updates from our IT supplier. Work will take place across the County to confirm our approach to administration of the scheme.

6.0 LEGAL IMPLICATIONS

- 6.1 The extension of transitional relief scheme is administered through the Localism Act as an amendment to Section 47 of the Local Government Finance Act 1988.
- 6.2 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 extension of transitional relief will be State Aid compliant where it is provided in accordance with the de minimis Regulations.

To administer de minimis 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 of de minimis aid. A declaration will be sent to all qualifying businesses asking them to inform the Council if awarding of Extension transitional relief will mean they exceed the State Aid de minimus level.

7.0 COMMUNITY SAFETY

- 7.1 There is no direct connection to community safety arising from this scheme.

8.0 EQUALITIES

- 8.1 It is considered that An Equalities Impact Assessment is not required as the scheme is open to all qualifying businesses.

9.0 RISKS

9.1 Probability

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Very High A				
High B				
Significant C				
Low D				
Very Low E	1	2		
Almost Impossible F				
	IV Neg- ligible	III Marg- inal	II Critical	I Catast- rophic

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Impact

Risk No.	Description
1	Costs increase beyond initial setting up of the scheme
2	Council will face a legal challenge from not awarding relief

10.0 CLIMATE CHANGE

- 10.1 No impact on climate change

11.0 CONSULTATION

- 11.1 Consultation is taking place with Leicestershire Districts and the City Council to aim for a standardised scheme to support businesses across Leicestershire.

12.0 WARDS AFFECTED

12.1 All wards with a business may be affected.

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Date: 16 January 2015

Appendices: A- Melton Borough Council Business Rate – Extension Transitional Retail Relief for small and medium properties Scheme

Background Papers: None

Reference: X drive/Committee/PFA/27/01/2015/DG- Business Rates – Extension Transitional Relief for small and medium properties Scheme

