

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

16th APRIL 2014

REPORT OF HEAD OF CENTRAL SERVICES

BUSINESS RATES – REOCCUPATION RELIEF SCHEME

1.0 PURPOSE OF THE REPORT

- 1.1. To ask members to approve a Reoccupation Relief Scheme following a new discretionary power available to Local Authorities to support retail businesses throughout the whole Borough.

2.0 RECOMMENDATIONS

2.1 It is recommended that:-

- (a) **The Business Rate – Reoccupation Relief Scheme as set out at Appendix A is adopted by Melton Borough Council for financial years 2014/15 and 2015/16.**
- (b) **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 Retail Relief Scheme, in accordance with further guidance from Central Government, consultation with partners across Leicestershire and to improve the scheme based on experience resulting from ongoing delivery of the new scheme.**

3.0 KEY ISSUES

Background

- 3.1 In the Autumn Statement released on 5 December 2013, the Government announced that it would provide a 50% business Rates discount for 18 months for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016 up to State Aid De Minimus limits. The aim of this relief is to encourage thriving and diverse town centres to see the number of vacant shops decrease. Although the emphasis is on support in the Town Centre, rural retail businesses will also benefit.
- 3.2 Examples of qualifying properties and the proposed scheme to be adopted by Melton Borough Council is set out at Appendix A.
- 3.3 The Government is encouraging Local Authorities to use their discretionary relief powers introduced under the Localism Act 2011 (under Section 47 of the Local Government Finance Act 1988) to grant relief. 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.

Relief Available

- 3.4 Relief will be available for 18 months from the first day the property becomes occupied providing this first day is between 1 April 2014 and 31 March 2016 subject to the property remaining occupied. The relief available for each property is 50% of the business rates liability after any mandatory or other discretionary reliefs (other than retail relief) have been applied, up to State Aid De Minimus limits.

Administration of the Scheme

- 3.5 It is proposed that following training, Customer Service Advisors and/or the Welfare, Housing and Revenue Section will decide on whether a business meets the criteria laid down in the scheme. If a ratepayer is unhappy with a decision of this group, they can request that the decision is reviewed by a panel of Senior Officers drawn from the T3 level but will normally comprise the Revenue Business Partner, Customer Service Manager and the Welfare, Housing and Revenues Officer. This does not prevent a ratepayer pursuing any existing legal avenue for requiring a Council to review a decision.
- 3.6 The Council received guidance on 27 March 2014, from the DCLG. We have also been advised by the Council's software providers that due to the complex changes required, we will not receive upgraded software for some time. We have been provided a 'work-round' which should enable the Council to award relief as and when a long-term empty property is reoccupied.
- 3.7 It is expected that between 20-30 properties may be eligible to receive the Reoccupation Relief if they are reoccupied between 1 April 2014 and 31 March 2016.
- 3.9 A formal application process is not required as council staff will award the relief when the business reoccupy a qualifying property. However, the scheme has already been publicised and will continue to be publicised in newsletters and on the Council website. The Town Centre Manager(s) and Economic Development Officer will also market the scheme to new businesses.

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 We have not been advised, to date, if these changes will attract a charge from our software suppliers.
- 5.3 The Government has advised that retail relief is likely to amount to granting state aid. The Council therefore has to determine if granting the relief will lead to businesses receiving in excess of the €200,000 de minimis limit unless EC block exemption rules apply.

This will lead to additional postage and resource costs that the Council will have to incur.

6.0 LEGAL IMPLICATIONS

- 6.1 The retail 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 Retail Relief will be State Aid compliant where it is provided in accordance with the de minimis Regulations.

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 has previously taken place with Leicestershire Districts and the City Council regarding the Autumn Statement Changes with the aim to standardising schemes to support businesses across Leicestershire.

12.0 WARDS AFFECTED

12.1 All wards with a retail business will be affected.

Contact Officer: Martyn Bowen

Date: 1 April 2014

Appendices: A- Melton Borough Council Business Rate – Reoccupation Relief Scheme

Background Papers: DCLG – Business Rates Reoccupation Relief - Guidance

Reference: X drive/Committee/PFA/16/04/2014/DR- Business Rates – Reoccupation Relief Scheme