

POLICY, FINANCE AND ADMINISTRATION COMMITTEE

12th FEBRUARY 2014

REPORT OF HEAD OF CENTRAL SERVICES

BUSINESS RATE – RETAIL RELIEF SCHEME

1.0 PURPOSE OF THE REPORT

- 1.1. To ask members to approve a Retail 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 – Retail 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 from delivery of the scheme.

3.0 KEY ISSUES

Background

- 3.1 In the Autumn Statement released on 5 December 2013, the Government announced that it will provide relief of up to £1,000 to retail businesses with a rateable value of £50,000 or less for the years 2014/15 and 2015/16. The aim of this relief is to support the retail sector as they deal with challenges, particularly due to internet shopping, of the consumer changing the way they shop, with an emphasis on support in the Town Centre, although rural businesses will also benefit..
- 3.2 Properties that will benefit from the relief will be occupied properties, wholly or mainly being used as Shops, Restaurants, Cafes and Drinking Establishments.
- 3.3 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 The maximum amount of relief available to a property is £1,000 and this amount does not vary with the size of the Rateable Value. If a ratepayer owes less than a £1,000, then the amount of relief awarded will be up to the amount of business rates to be paid.

Administration of the Scheme

- 3.5 It is proposed that a panel including the the Town Centre Manager, the Economic Development Ofiicer and Financial Support Officer 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 persuing any existing legal avenue for requiring a Council to review a decision.
- 3.6 Although the Council has received initial guidance on 23 January 2014,from the DCLG, we have been advised that further guidance is still expected. This leaves an extremely tight timescale to enable the Council to have the retail relief on the 2014/15 business rate bill. However it is the intention of the Council – providing the new software is delivered in time – to have the new relief on the 2014/15 bills.
- 3.7 It is expected that between 300-350 properties will be eligible to receive the rate relief.
- 3.8 A meeting of Officers across the County will be taking place on 10 February 2014. The aim is to standardise the scheme across the whole of Leicestershire. On this basis there may be some amendments to the proposed scheme and if this is the case a verbal update will be provided on the night of the Committee meeting.
- 3.9 As it is intended to award businesses with relief on their 2014/15 business rates bill, a formal application process is not required. However, the scheme will be publicised in the Business Matter newsletter shortly to be issued and on the Council website. The Town Centre Manager 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. This will lead in 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.

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 Retail 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

↓

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

→
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
3	

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 retail business will be affected.

Contact Officer: Martyn Bowen

Date: 31 January 2014

Appendices: A- Melton Borough Council Business Rate – Retail Relief Scheme
B- DCLG Business Rate, Rate Relief Guidance.

Background Papers: None

Reference: X drive/Committee/PFA/12/02/2014/DR- Business Rates – Retail Relief Scheme

