

CABINET

19 March 2014

RETAIL RATE RELIEF

REPORT OF HEAD OF REVENUES

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RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

In the Autumn Statement the Government announced a package of Business Rates measures. Two of these measures apply to the retail sector. 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 by providing particular support to retailers.

The Government will provide

- relief of up to £1,000 to occupied retail properties with a rateable value of £50,000 or less
- 50% rate relief, for up to 18 months, for businesses that move into retail premises that have been empty for a year or more.

Both of these measures will apply for the period 1 April 2014 to 31 March 2016.

As the schemes are a temporary measure there will be no legislative changes. It is intended that local authorities will use discretionary powers, under Section 47 of the Local Government Finance Act 1988, to award relief in the prescribed circumstances and then be reimbursed in full by the Government for the cost of all such relief awarded up to State Aid de minimis limits.

Department for Communities and Local Government (CLG) Guidance has been issued for the award of the £1,000 retail relief with further guidance on the empty premises retail relief to be issued in March. At the time of writing this report it had not been received.

It is recommended that the Council awards relief in accordance with guidance issued by CLG and that authority to award the relief is delegated to the Head of Revenues.

RECOMMENDATIONS:

- 1 That the Council awards rate relief of up to £1,000 to occupied retail properties with a rateable value of £50,000 or less in accordance with guidance issued by the Department for Communities and Local Government.
- 2 That delegated authority be given to the Chief Finance Officer in consultation with the Head of Revenues to implement a further retail rate relief scheme; 50% rate relief, for up to 18 months, for businesses that move into retail premises that have been empty for a year or more; in accordance with guidance issued by the Department for Communities and Local Government.
- 3 That the Scheme of Delegation to Officers (as set out in Part 3, Section 6 of the Council's Constitution) be amended to enable the award of rate relief in respect of retail properties under Section 47 of the Local Government Finance Act 1988, to be delegated to the Head of Revenues.

OTHER CONSIDERATIONS:

- 1 **COMMUNITY STRATEGY AND PORTFOLIO PLANS (RELEVANCE TO):**
 - 1.1 The proposals accord with the corporate priority of supporting a prosperous economy.
- 2 **RESOURCE IMPLICATIONS:**
 - 2.1 The Council will be reimbursed, in full, for the cost of relief awarded in respect of retail properties up to State Aid de minimis limits.
 - 2.2 The Council has been asked to provide an estimate of the likely total cost of providing the relief for 2014/15 and the same will apply for 2015/16. The Government will provide payments, based on the estimates, to the Council over the course of the relevant years. For 2014/15 the Council has estimated that £700,000 of relief may be awarded, within the District, which could benefit around 700 ratepayers.
 - 2.3 Implementation of the scheme will generate a certain amount of additional administrative work. It is not known if CLG will provide new burdens funding to compensate for this work.

3 RISK MANAGEMENT ISSUES

- 3.1 The state aid de minimis limit is currently that the total amount of state aid funding received by an organisation (in this case, the business to which relief is being granted) generally should not exceed 200,000 euros over a three year period. Some business types have a lower limit e.g. road transport, and others e.g. agriculture, cannot be supported under the de minimis rules. The limit applies to state aid received from any public body and has to be aggregated. The Government has provided template documentation which can be used to get appropriate declarations about other aid received by applicants for relief. False declarations could result in prosecution and the aid being reclaimed from the organisation concerned.
- 3.2 The Government has made it clear that the risk of ensuring the limits are not exceeded is to be the responsibility of local authorities. The Government will not reimburse the Council in any case where the state aid limits have been exceeded.
- 3.3 Given the scale of the relief compared to the de minimis exemption, it is unlikely that the limit will be breached unless businesses have received other forms of state aid in a three year period, Officers in the Revenues Team will work with colleagues in the Economy and Arts Team to identify businesses which qualify for the rate relief and which may have received other aid, in order to ensure that the de minimis limits are not breached for particular businesses.

BACKGROUND DOCUMENTS:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275589/Business_Rates_Retail_Relief_guidance.pdf

APPENDICES:

None