

NAME OF COMMITTEE	Council
DATE	13 February 2014
REPORT TITLE	Business Rates Retail Relief
Report of	Darren Cole, Head of ICT & Customer Services
WARDS AFFECTED	All

Summary of report:

This report provides details of the Retail Relief scheme announced in the Autumn Statement based on the guidance received in February 2014.

Financial implications:

Central Government will reimburse billing authorities 100% of the Retail Relief awarded within the definitions outlined appendix A of this report. There is no financial provision for the administration of the new arrangements and therefore it is suggested that a 'light touch' process is introduced that achieves the objective of supporting local businesses within the constraints of the national guidance.

RECOMMENDATIONS:

- 1. To agree to provide the Retail Relief scheme for 2014/15 and 2015/16 in accordance with Central Government guidance to support local businesses.**
- 2. To delegate power to the Head of ICT and Customer Service in consultation with the Executive Portfolio Holders for ICT & Customer Services; Planning, Economy & Community; and the Leader to decide on the details of the application and determination process.**

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BACKGROUND

- 1.1 Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 in each of the years 2014/15 and 2015-16 to all occupied retail properties with a rateable value of £50,000 or less.

- 1.2 Details of how local authorities should administer the scheme were issued on 3 February 2014. The decision to apply the scheme is discretionary for each local authority. If adopted the relief needs to be incorporated in the business rates bills issued in early March, hence this report going straight to Council rather than the normal committee Executive route.
- 1.3 The relief is to recognise that the retail sector is changing, particularly due to internet shopping and many towns and 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.
- 1.5 Many small businesses in South Hams with a rateable value of under £15,000 receive Small Business Rates Relief of up to 100%. There is no restriction placed on the use of the premises in order to receive Small Business Rates Relief.

2. ISSUES FOR CONSIDERATION

- 2.1 Properties that will benefit from the relief will be occupied premises with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
- 2.2 The guidance does not directly define the application process but due to the very tight timescale and available resources, a light touch approach process would seem appropriate.
- 2.3 Government has issued guidance on what it considers shops, restaurants, cafes and drinking establishments to mean, details of the definitions can be found in Appendix A.
- 2.4 The list contained in Appendix A is not intended to be exhaustive and authorities have the discretion to determine whether particular properties not listed are broadly similar in nature and therefore eligible for the relief. This will need to be an evolving process with additional uses dealt with on a case by case basis, hence the recommendation for delegated powers to address such cases as they arise.
- 2.5 For South Hams there are estimated to be 800 premises that may qualify for retail relief, thereby reducing the collectable debt by up to £800,000.
- 2.6 Government has also set out types of uses that should not qualify for the relief, these being:
 - 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

- 2.7 Retail Relief will be awarded after all other statutory reliefs have been awarded. This means that some premises may not require the Discretionary Rate Relief awarded by South Hams each year, thereby providing a possible saving for the 2014/15 and 2015/16 financial years.
- 2.8 Retail Relief can be applied to every qualifying premises therefore multiple premises owned by the same ratepayer will receive Retail Relief as long as the use of the premises qualifies, subject to State Aid de minimis limits.
- 2.9 State aid can occur whenever state resources are used to provide assistance that gives organisations an advantage over others. De minimis aid is used to describe small amounts of state aid that do not require European Commission approval. The total de minimis aid which can be given to a single recipient is €200,000 over a 3-year fiscal period.
- 2.10 The implication of State Aid de minimis limits is particularly relevant to those premises that are part of a large retail chain, including charities, where the cumulative total of Retail Relief received could exceed €200,000. Further advice is being sought regarding this issue as applications for large retail chains may need to be dealt with differently to those of local businesses.

3. LEGAL IMPLICATIONS

- 3.1 Local authorities can use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant Retail Relief.

4. FINANCIAL IMPLICATIONS

- 4.1 Central government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions provided in Appendix A.
- 4.2 Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NNDR1) for 2014-15 and 2015-16.
- 4.3 There is no administration funding available to compensate the billing authority for the additional work required to implement Retail Relief.
- 4.4 There may be savings from reduced demand on the Discretionary Rate Relief Scheme for 2014/15 and 2015/16.

5. RISK MANAGEMENT

The Risk Management implications are shown at the end of this report in the Strategic Risks Template.

6. OTHER CONSIDERATIONS

Corporate priorities engaged:	Economy, Community Life
Statutory powers:	As detailed in the Legal Implications of this report
Considerations of equality and human rights:	Equality and human rights considerations made.
Biodiversity considerations:	There are no biodiversity considerations
Sustainability considerations:	This report shows considerations to the sustainability of our town centres and economic growth and prosperity of the district.
Crime and disorder implications:	There are no crime and disorder implications
Background papers:	Autumn Statement 5 December 2013 State Aid de minimis limits
Appendices attached:	Appendix A Business Rates Retail Relief Guidance

STRATEGIC RISKS TEMPLATE

No	Risk Title	Risk/Opportunity Description	Inherent risk status				Mitigating & Management actions	Ownership
			Impact of negative outcome	Chance of negative outcome	Risk score and direction of travel			
1	Economy	Opportunity to support local business during difficult economic times	Failure to show support, risk to reputation	Low	2	↔	Recommendation to proceed with Retail Relief scheme and promote good new story through media	Head of ICT & CS
2	Capacity	Additional workload in very short notice period at busiest time of the year for Revenues staff	Possible errors made in year end billing process	Low	2	↔	Adopt an easy to administer scheme that awards the relief to qualifying premises with the need to apply.	Head of ICT & CS

Direction of travel symbols ↓ ↑ ↔