

Report to the Cabinet

Report reference: ***C-086-2013/14***

Date of meeting: ***3 March 2014***



**Epping Forest
District Council**

Portfolio: **Finance and Technology**

Subject: **Discretionary Retail Rate Relief Policy**

Responsible Officer: **Rob Pavey** **(01992 564211).**

Democratic Services Officer: **Gary Woodhall** **(01992 564470).**

Recommendations/Decisions Required:

(1) To amend the existing Discretionary Rate Relief Policy to include a Retail Rate Relief Policy as set out in Appendix 1 of this report.

Executive Summary:

The Council has a well-established and effective Discretionary Rate Relief Policy covering relief for non-profit organisations such as sports clubs and certain charities including St Claire's Hospice and local cubs and scouts organisations. However, the Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. The relief will be granted in each of the years 2014-15 and 2015-16 only and the Government will fully fund the cost of the relief. The Council has recently received guidance from the DCLG with regards to this relief and each local authority is to set up a local scheme and award a discretionary relief under section 69 of the Localism Act 2011. Therefore it is necessary to amend the existing policy and the local scheme as laid out in Appendix 1 draws upon the guidance received by Government.

Reasons for Proposed Decision:

In order to grant Retail Rate Relief the Council must adopt a local scheme, and in accordance with the discretionary rate relief powers contained within section 47 of the Local Government Finance Act 1988 (as amended) decide in each individual case when relief should be granted.

Other Options for Action:

A scheme is laid out in Appendix 1 and Members can vary the terms of that scheme, although this is not recommended as there is a limit on the relief that the Government will fund.

Report:

1. As part of the Government's commitment to support town centres and high streets the Chancellor announced in his Autumn Statement of 2013, a new retail discount is being introduced from 1 April 2014. A £1,000 discount on business rates for small retail premises

with rateable values of £50,000 or less will take effect for 2 years from 1 April 2014. Advice from Government is that all retailers that meet the qualifying criteria will receive the relief.

2. Government will fully reimburse local authorities for their share of the lost business rates income arising from the awarding of the relief granted under this scheme. It is anticipated that around 800 businesses will benefit from this relief totalling £750,000.

3. In granting the relief the Council must consider State Aid implications. State Aid is the means by which the EU regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to state aid. Retail relief will be compliant where it is awarded within De Minimis rules. To administer De Minimis it is necessary for each local authority to establish that the award of aid will not result in the business having received more than 200,000 euros of State Aid in a three year period (consisting of the current and preceding two years).

4. Businesses will be contacted and invited to apply for the relief by completing an application form which will include a declaration regarding State Aid. Administering the return of application forms and awarding relief will be an additional administrative burden that will need to be absorbed within existing resources. The local scheme is laid out in Appendix 1 and incorporates the Government guidance issued regarding this relief.

Resource Implications:

The cost of this relief is anticipated to be around £750,000 and will be fully reimbursed by Central Government.

Legal and Governance Implications:

The Council has responsibilities under Section 47 of the Local Government Finance Act 1988 to consider applications for Discretionary Rate Relief. Failure to have a policy in place to deal with cases on an individual basis or a scheme for retail relief could leave the Council open to a charge of maladministration. The existing policy has proved effective but now needs to be updated for the introduction of Retail Relief.

Safer, Cleaner and Greener Implications:

None.

Consultation Undertaken:

None.

Background Papers:

Local Government Finance Act 1988
Localism Act 2011
Current Discretionary Rate Relief Policy
Business Rates Retail Relief Guidance – issued by the DCLG

Impact Assessments:

Risk Management

The scheme could assist in offsetting the risks of non-collection from the businesses in receipt of the relief. There is a risk that relief could be incorrectly granted in terms of State Aid and the Government's recommended Declaration will be used on application forms for ratepayers to complete.

