

Report to the Cabinet

Report reference: C-031-2018/19

Date of meeting: 7 February 2019

Portfolio: Customer Services

Subject: Discretionary Retail Discount Policy

Responsible Officer: Rob Pavey (01992 564211).

Democratic Services Officer: Adrian Hendry (01992 564246).



**Epping Forest
District Council**

Recommendations/Decisions Required:

To amend the existing Council's Discretionary Rate Relief Policy to include the Retail Discount Policy as set out in Appendix A 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 its Autumn Budget of 2018 that eligible retailers with a rateable value below £51,000 will receive a one-third discount on their business rates bills. This scheme will run in 2019/20 and 2020/21 and adopts the same definition of retail following the previous retail relief scheme in 2014/15 and 2015/16.

The Council has recently received guidance from the MHCLG with regards to this relief and each local authority is to set up a local scheme and award the discretionary relief under section 69 of the Localism Act 2011. The scheme laid out in Appendix A draws upon this Government guidance.

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 A 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 and would need to be funded by this authority.

Report:

1. The Government recognises that changing consumer behaviour presents a significant challenge for retailers in our town centres and has announced a new Retail Discount for

2019-20 and 2020-21. The value of discount is one-third of the bill after all other reliefs have been applied. 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 830 businesses will potentially benefit from this relief totalling £1.5m.

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). Even though the UK is scheduled to leave the EU on 29th March 2019 local authorities have been told to apply state aid rules.

4. The Government's intention is that businesses will be awarded the relief and then will be required to notify the Council if they do not want the relief because for example it would be in violation of State Aid limits. The relief will be awarded once the relevant software updates have been received and the intention is to have the relief applied to the 2019/20 Business Rates bills that are to be issued in March 2019. The intention is to provide an electronic application form to reduce the administrative burden, as this will need to be absorbed within existing resources. The local scheme is laid out in Appendix A and incorporates the Government guidance issued regarding this relief.

Resource Implications:

The cost of this relief is anticipated to be around £1.5m 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 Rate Relief Policies

Business Rates Retail Relief Guidance – issued by the MHCLG

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 forms for ratepayers to complete.