1 Purpose of Report

1.1 To give consideration to various options in respect of the Town Centre Business Rates Discount Scheme (TCBRDS).

2 Recommendations

2.1 That Cabinet considers the three options set out in section 5.8 of the report.

2.2 That Cabinet approve Option 3 as the preferred option.

2.3 That Cabinet approve the Discretionary Rates Relief Policy set out in Appendix 2 for implementation.

2.4 That Cabinet authorise the S.151 Officer in consultation with the Leader of the Council and the relevant Portfolio Leader to amend the Discretionary Rates Relief Policy to ensure that it remains consistent with the business support policy objectives of the Council.

3 Key Issues and Reasons for Recommendation

3.1 The TCBRDS was launched in September 2012 using £100k secured from the Government’s High Street Innovation Fund. Its purpose is to facilitate the reoccupation of vacant premises in the District’s three town centres, thus helping to sustain their trading position and footfall. The Scheme was just one of a series of measures which the Council has pursued to help support the District’s
town centres following Cabinet consideration of a detailed report on such matters in June 2012.

3.2 A total of 25 businesses have been offered assistance since the scheme was launched, of which thirteen are located in Cannock Town Centre, eleven in Rugeley and one in Hednesford. The scheme has had a very positive effect upon the District’s three town centres with vacancy rates well below the national average. As well as achieving the reoccupation of vacant floorspace, the scheme has also helped to create new employment opportunities in viable businesses with growth potential. All of the businesses supported to date are still trading, including those where the Council’s support has now ceased.

3.3 Because of the success of the scheme steps have already been taken to secure further funding to enable it to continue in the short-term. This is primarily via a number of Section106 Agreements which include specific financial provisions to facilitate town centre regeneration initiatives and can be used to secure “top-up” funding for the TCBRDS. However, the opportunity to negotiate and secure additional funds through this route are likely to be restricted to Cannock in the short to medium term and therefore such funding would only be available to support schemes in Cannock town centre, unless this money is vired to support existing commitments in the town centre.

3.4 As a consequence of the above situation, Cabinet are asked to consider if they wish to close the TCBRDS now that its original funding has been fully utilised. Alternatively, Cabinet may determine that the scheme could continue but the scheme would become specific to each of the three town centres in response to the limitations of any “top-up” funding which could be secured, primarily through the use of S106 monies. However, Cabinet may take the view that there is a continuing need to operate the TCBRDS on a district-wide basis with the Council being able to respond to future applications in the short to medium term. This latter option could be achieved through the introduction of a Discretionary Rates Relief Policy that carries forward the TCBRDS as part of a wider framework.

4 Relationship to Corporate Priorities

4.1 This report supports the Council’s Corporate Priorities as follows:

(i) This report supports the Council’s Corporate Priorities in that it considers actions which relate to initiatives to improve the viability and vitality of the District’s town centres.

5 Report Detail

5.1 In June 2012 Cabinet considered a detailed report on a series of initiatives intended to support the town centres of Cannock, Hednesford and Rugeley. One scheme which was approved was the TCBRDS which was to be launched using £100k which had been provided from the High Street Innovation Fund.
Following a period of consultation the scheme was formally launched in September 2012 and generated considerable interest from businesses wishing to trade from premises which were previously vacant. There has been steady interest in the scheme over the last two years with the result that at the end of August 2014, a total of 26 businesses had been offered support from the Council; 13 in Cannock, 12 in Rugeley and just one in Hednesford (see Appendix 1). The apparent low level of interest in the scheme in Hednesford is largely as a result of the Small Business Rate Relief (SBRR) which is available to smaller retail premises and includes a high proportion of the properties in Market Street, Hednesford.

5.2 The monies from the High Street Innovation Fund have now been fully committed by those schemes outlined in Appendix 1. In addition previous Cabinet resolutions (July 2014) have also agreed to the limited use of the same funds to support the independent assessment of the Indoor Market in Cannock.

5.3 Members will also be aware that steps have already been taken to secure additional funding to enable the TCBRDS to continue to operate in the short-term. Firstly, monies previously allocated to the Community Toilet Scheme have been vired to provide additional funding for the TCBRDS. This has secured an additional £40k of funds. Secondly, the negotiation and agreement of a small number of S106 Agreements has identified the case for funding to support town centre regeneration initiatives. However, S106 Agreements need to relate expenditure to specific locations and all of the current opportunities would restrict expenditure to Cannock town centre because they all relate to developments proposed for out of town retail parks in Cannock.

5.4 It is anticipated that the first monies to be secured through this route are likely to be forthcoming by the end of 2014 when work on the Cannock Gateway Retail Park commences at Churchbridge. The TCBRDS share of the funding forthcoming from this S106 Agreement is still being agreed. Similarly the scale of the funds which may be directed to the TCBRDS from other emerging S106 Agreements is still subject to agreement but could potentially add £50-60k to the funds available to the TCBRDS. However, such funding could only be used to support schemes within Cannock town centre, although it would be possible to create some flexibility by using S106 monies in place of monies which have already been committed to such schemes via the High Street Innovation Fund or vired Community Toilet Scheme monies.

5.5 Whilst there is clearly scope for additional funding to be generated via a handful of S106 Agreements, the ability of the Council to draw down such funding is constrained by the trigger points which are defined within each S106 Agreement. Such trigger points vary from one agreement to another. However, they tend to be defined by key development events such as the commencement of building work or the occupation of the subsequent floorspace, they are rarely payable when planning permission is granted. As a result there is always a degree of uncertainty about when the Council would be in receipt of such monies.

5.6 As a consequence of the above the current funding available to new TCBRDS applicants can be summarised as below:-
High Street Innovation Fund monies £100k
Virement from Community Toilet Scheme £40k

Total: £140k

Monies committed to approved applications £115k est.
Monies committed to Indoor Market work £15k

Monies remaining approx. £10k

5.7 It is not possible to provide an exact figure for the monies committed to approved applications because the Valuation Office need to provide a rating reassessment for a property which will be used for a different purpose which is likely to change its Rateable Value. Therefore, whilst these figures are based upon current rateable values, it is clear that the funds available to the TCBRDS at the end of August 2014 are approximately £10k.

5.8 With this figure in mind, it is considered that there are three options available to Cabinet:-

Option 1: Scheme Closure

This option would see the TCBRDS close to applications once the remaining funds have been committed. Whilst this would enable all existing obligations to be maintained, it would effectively limit the TCBRDS to a lifespan of two years at a time when the District’s three town centres are still struggling to come to terms with the impacts of the recession and changes in shopping habits and preferences. It is also noted that interest in the TCBRDS from potential applicants remains high with regular requests for information on how the scheme works and the eligible areas.

Option 2: Operate TCBRDS in specific centres subject to funding

This option would allow the TCBRDS to continue for a short time whilst opportunities to “top-up” the scheme are exploited via appropriate S106 Agreements. Whilst it may be possible to vire the new funding to replace those funds previously committed to Cannock town centre schemes, the scope to achieve this would be severely constrained by the uncertainties about when and if such monies would be paid to the Council as indicated earlier. Relying solely upon S106 monies to enable the scheme to continue would only be effective for a comparatively short period of time before the funds would run out again. Approving schemes which agreed funding when resources become available would not be acceptable to either the Council or applicants. An alternative approach within this option would be to operate TCBRDS exclusively within Cannock town centre, thereby recognising that all of the emerging opportunities to secure such S106 monies are anticipated from schemes in Cannock with none in the short to medium term in Hednesford or Rugeley. Whilst this might extend the life of the TCBRDS by operating only in Cannock, it is unlikely to be seen by businesses as an acceptable way forward, especially in Rugeley where demand for support remains high.
Option 3: Operate TCBRDS as part of the introduction of a new Discretionary Rate Relief Policy for the District.

This option would allow the Town Centre Business Rates Discount Scheme to continue as part of an overall policy governing the determination of rates relief to businesses linked to the Council’s priority of Prosperity and economic growth. This is a wider strategic framework for the Council to determine any financial allocations to rates relief and the detail is attached as Appendix 2.

5.9 Cabinet are asked to consider the above options. The recommendation is that Option 3 should be approved for implementation.

6 Implications

6.1 Financial

6.1.1 The financial implications in respect of the three options available to the Council in respect of TCBRDS have been discussed in the main body of the report.

6.1.2 In respect of Option 1 “Scheme Closure” there would be no direct financial implications for the Council as there is currently no financial provision beyond 2014-15 for the Scheme. However, it would be less likely that new businesses would be attracted to vacant premises within the three towns and the Council would therefore not receive any additional NNDR contributions.

6.1.3 In respect of Option 2 the amount of relief that could be given would be dependent on the amount of S106 contributions that could be attributed to the Scheme. As the report mentions the majority of S106’s that are anticipated to be received in the near future relate to Cannock Town Centre, so by adopting this option any future relief granted would be exclusively to vacant premises within Cannock Town Centre. Any new businesses locating in Cannock Town Centre would generate additional NNDR income for the Council, after the initial 12 month discount had expired.

6.1.4 In respect of Option 3, the TCBRDS would form part of the Business Rates Retention Scheme At present the direct financial impact on the Council is still subject to Regulations being passed by the Government however in accordance with Guidelines issued by the Department for Communities and Local Government the Council will only bear 40% of the cost of any discount provided. (This will however vary dependant upon whether an authority is in a levy or safety net position)

6.1.5 The purpose of the scheme is to promote business growth and inward investment and hence would result in additional NNDR income. Specific Budget provision will be required as part of the Business Rates Scheme however in the context of this Council’s funding the Discount is effectively a reduction in additional income rather than direct cost to the Council.
6.2 **Legal**

The legal implications of the three options are set out in the report.

6.3 **Human Resources**

None

6.4 **Section 17 (Crime Prevention)**

None

6.5 **Human Rights Act**

None

6.6 **Data Protection**

None

6.7 **Risk Management**

None

6.8 **Equality & Diversity**

None

6.9 **Best Value**

If option 3 is agreed by Cabinet, it is recommended that the criteria of the scheme should be reviewed to ensure that it still delivers value for money.

7 **Appendices to the Report**

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CANNOCK CHASE COUNCIL
TOWN CENTRE BUSINESS RATES DISCOUNT SCHEME
SUPPORTED BUSINESSES AS AT 30 SEPTEMBER 2014

CANNOCK (13)

Café Del Nino               Café
Card Stop                   Greetings Cards/Gifts
Soul Care Aesthetics       Health Treatments
Trendy Tanya               Clothing
Trade 2 Play               Computer Games
Crested Schoolwear         School Uniforms
Computer Line              Computer Repairs
Crazy Daisy                Clothing
Flint Property             Estate Agency
Kim’s Haberdashery         Haberdashery
Crayg Ward                 Hair Design/Beauty
Clothesland.com            Clothing
A J Digital Entertainment  Portable Electronics, Games etc

HEDNESFORD (1)

Boyd’s Hair Design & Beauty Hair Design/Beauty

RUGELEY (12)

Three Wishes               Greetings Cards/Gifts
Creature Comforts          Pet Supplies
C Residential              Estate Agency
Snugfit Windows            Replacement Windows/Doors
European Textile Recycling Clothing
RAW Apparel                Gent’s Clothing
PS I Love You              Lingerie & Swimwear
CRS                        Carpets
Smug Clothing              Clothing (joint application)
Snug Coffee & Tea Emporium Coffee/Tea Shop (joint application)
Wellems Furniture          Furniture
Anna Waterworth            Hair Design
Appendix 2 -
National Non Domestic Rates (NNDR)
Discretionary Rate Relief Policy-
Rate Relief for Businesses

October 2014
1. Introduction

Local Authorities have the power to grant Discretionary Rate Relief to organisations that meet certain criteria. This traditionally related to Charitable bodies; Community Amateur Sports Clubs; Not for Profit Organisations together with Relief for Rural Businesses. Discretionary Relief is normally awarded as a Top Up to Mandatory Relief or can be awarded in its own right.

In accordance with the Localism Act 2011 Discretionary Relief is now also available to any organisation (all businesses) subject to State Aid Rules and the assistance provides benefit to the council tax payers in its area.

Business Rates now form part of the Core funding of the Council and any relief granted reduces the income of the Council and impacts upon other service provision. The granting of any relief is therefore assessed against affordability to the Council; and how the business contributes to the Councils objectives as detailed in its Corporate Plan.

The Council is committed to encouraging Business Growth through additional employment opportunities for its residents and attracting new businesses into the Cannock Chase area and its town centres and these growth criteria will be the key factor in assessing applications.

2. Legislative Framework

Section 47 of the Local Government Finance Act 1988 provides local authorities with a discretionary power to award rates relief to organisations that are liable to pay non domestic rates

Section 69 amends section 47 of the Local Government Finance Act 1988 to replace the limited circumstances in which local authorities can currently give discretionary relief with a power to grant relief in any circumstances. This is subject to the condition that, except in the limited circumstances specified, the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area.

3. Purpose and Objectives

The purpose of this Policy is to specify how the Council will operate its discretionary powers under the Local Government Finance Act 1988 and to indicate the factors it will consider when deciding if relief can be awarded.

The policy is intended to provide a simple transparent process that aligns awards of discretionary rate relief with the council’s corporate priorities.

Each case will be treated strictly on its merits and all customers will be treated fairly and equally when the scheme is administered
4. Award Criteria

The Councils Corporate Plan for 2012-2015 outlines the corporate priorities and the priority promises for this Authority. In determining whether any relief is in the best interests of tax payers the Council will make specific reference to the Priorities and actions contained within the plan.

Particular reference is made to the Prosperity; Economic Resilience Priority Development Plan and the four service aims:

- Increase the employability of the District’s workforce.
- Facilitate economic growth through job creation.
- Increase the economic, social and environmental prosperity of the District through the delivery of sustainable development.
- Improve town centres through regeneration and management.

A key action within the Priority Development Plan is Business Growth/ Inward Investment by securing relocations/ and or expansions of businesses in the area including targeting empty retail units in town centre locations.

The Council in considering relief will also have due regard to the impact of the Business on the other priorities of the Council notably:

- People: Active and healthy lifestyles
- Place: Improved living environment

Applicants should ensure that that they meet all such requirements and operate in an ethical, sustainable and environmentally friendly manner at all times.

5. Amount of Relief

The Discretionary Rate Relief for Businesses Scheme consists of two distinct schemes, Town Centres Retail Relief and Business Growth/Inward Investment for which funding has been separately identified. The schemes are described in the annexes to this policy.

The schemes may be amended from time to time and prospective applicants should check the criteria of a scheme and their eligibility for it with the Council before applying.

The amount of relief available for any scheme will be determined against the respective criteria and the supporting information contained within the application. The Council, like all other authorities, only has limited resources and government support in the form of grant funding will reduce year on year for the foreseeable future. The Council will set a budget each year for Rate Relief and in accordance with Financial Regulations, this can only be exceeded with permission from Full Council.
The amount of any award is at the discretion of the Council but is subject to limits to remain affordable to the Council and to avoid unfair competition.

Relief is limited in accordance with European Union competition rules and in particular State Aid. European Union competition rules generally prohibit Government subsidies to businesses subject to a De- minimis level. This presently amounts to 200,000 Euros or £158,000 over a three year period. Rate relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the current de minimis level.

Discretionary Rate Relief will be awarded after taking into consideration all other reliefs an organisation currently receives or may qualify for.

The relief will be based upon the details as contained in the application unless the actual Rates Liability for the occupied property is lower than the application – in which case the lower liability will apply.

All awards will be made for a set period only, but subject to annual determination/ confirmation in accordance with the Council's budget determination.

Relief as stated previously is of a short term / transition nature and will normally be limited to a maximum of 24 months. Continuation of relief will be subject to reapplication.

## 6. Applications for Discretionary Rate Relief

Applications forms can be downloaded from the Council website.

Your application must illustrate a complete picture of the nature of your business and in particular, the benefit it has on the local community.

Evidence required will include:

- The Business Case for the proposal and why Business Rates relief is required.

- Other funding streams explored including any outstanding decisions

- The organisation should provide a statement of their finances, showing income and expenditure or annual accounts, if easier.

The form must be completed by the ratepayer or a person authorised to sign on behalf of the ratepayer.
The Council will have the right to request any reasonable evidence in support of the application, and to verify the information by contacting third parties and any reference as included in the application.

All information supplied will be dealt with in the strictest confidence.

7. Payment of Relief for Businesses

Relief granted is in the form of a reduction to Non Domestic Rate liability. The relief will be credited direct to the organisation’s Non Domestic Rate account and applied in accordance with the payment.

The applicant must inform the Council of any change in circumstances that affect the award of relief in particular of any further assistance given that impacts upon the financial standing of the company or eligibility for financial assistance including State aid.

The Council will recover all overpayments of Discretionary Rate Relief through the organisation’s Non Domestic Rate account.

Any business or company that ceases trading or moves outside the area will become liable for the full rates payable from the date of first occupation.

8. Notifications

The Council will inform the organisation applying in writing of the outcome of their application for Discretionary Rate Relief.

Where the application is not successful, the notification will provide full reasons why we have decided not to award Discretionary Rate Relief and details of the applicant’s right to ask us to look at the decision again.

Where the application is successful, the notification will include the following information:

- The period of the award
- The percentage of the rate liability awarded for that period.
- The amount of Rate Relief to be awarded for the period.
- An amended Non Domestic Rate Demand.
- The right to ask us to look again at the decision.
9. Right of Appeal

The amount of any award is at the discretion of the Council and the local authority may only grant relief if it would be reasonable to do so having regard to the interests of council tax payers in its area.

No formal right of appeal therefore exists however an applicant may put in writing a request for the decision to be reviewed.

Any request for such a review must be in writing, detailing the reasons why the decision should be reviewed, and must be received within one calendar month of the above notification.

This Officer will review all the evidence held and will make a decision within 14 days of referral or as soon as practicable thereafter.

10. Fraud

The Council is committed to the fight against fraud in all its forms. An organisation who tries to fraudulently apply for Discretionary Rate Relief by falsely declaring their circumstances or providing a false statement or evidence in support of their application, may have committed an offence under the Theft Act 1968. Where the Council suspects that such a fraud may have occurred, the matter will be investigated as appropriate and this may lead to criminal proceedings being instigated.

11. Publicity

The Council will include information about all forms of Discretionary Rate Relief within its Non Domestic Rate Demands and within the Business Support and Non Domestic Rate Section of the Council’s website. A copy of this policy statement will be made available for inspection.

12. Review

This policy will be reviewed periodically, taking into account Council policies and priorities and any changes in legislation.
ANNEX A – TOWN CENTRE BUSINESS RATES RELIEF SCHEME

The Council will operate a specific scheme to promote the occupation of empty retail units in town centre locations of Cannock, Hednesford and Rugeley. The Town Centre Business Rates Relief Scheme will have the following criteria:

(a) Essential Criteria

(a) Must occupy a currently empty retail unit or business premises in one of the eligible streets shown in the District’s 3 town centres (maps attached).

(b) Must be a new business or an expansion of an existing one into additional or larger retail premises in the District’s 3 town centres.

(c) Must not be a business which is a Charity Shop, Betting Shop, Off licence; or located within a market or market type of operation (other incentives from the landlord should be available to support these type of new businesses)

(b) Prioritisation

In considering applications that meet the above essential criteria, priority consideration will be given to the following factors:

1. Empty retail units or business premises in prominent ground floor locations in town centres

2. Empty premises within the main shopping streets within each town centre

3. Business relocations provided they are expansions and are considered to be of overall benefit to the town centre, e.g. moving from a secondary street to a main shopping street.

4. Small businesses (independent traders)

5. Level of financial contribution to be made by landlord e.g. rent free period.

The level of any Small Business Rate Relief Scheme discount and any other discounts that the new business may be entitled to will be taken into account in determining the level of additional business rates discount under this scheme.

The Council will give priority to premises where the landlord is prepared to provide a financial contribution to the new or expanding business in the form of a rent free period or similar.
Subject to criteria being met above and the number of priority factors shown in the application, the Council will provide 100% discount on business rates for up to a 12 month period OR a £10,000 contribution towards business rates, whichever is the lower.

For example, where the annual business rates payable for a unit is £7,000 the Council Scheme will meet this in full for the first year of trading; where the annual business rates for a unit is £17,000 the Council Scheme will meet £10,000 of this amount with the owner of the business being responsible for the balance of the £7,000 in that year.

In all cases, the maximum award from the Council under this scheme will be £10,000 for each application meeting the essential criteria.
ANNEX B – BUSINESS GROWTH / INWARD INVESTMENT

The criteria for awarding relief in this context are:

- The establishment of a new business or company within the Cannock Chase Area
- The expansion of an existing business through new capital investment
- The creation of new or additional employment opportunities for the residents of Cannock Chase.
- The relocation of an existing business to a larger premise within the borough

In considering grant relief under this Scheme, the Council will have due regard to the following criteria:

(i) in circumstances of exceptional benefit to the local economy.
(ii) if the proposal is affordable to the Council; and
(iii) the impact of the business on the local community.

Dialogue will need to take place with the Council’s Economic Development service before an application is made in order to assess against these criteria. Following this dialogue, a Business Case proposal is submitted for rates relief to the Head of Economic Development. This will be formally reviewed in conjunction with the Head of Finance and the Portfolio Holder (Councillor) for Economic Development prior to a decision. The outcome should normally be notified within four working weeks of the submission of the business case proposal.

The provision of Rate Relief is one of short term assistance to a company to enable sustainable economic growth to take place and the ratepayer must demonstrate that any business / operation is financially viable in the medium and long term.

The relief applies to sustainable business growth and should the business cease trading or move out of the area within five years of the relief being paid the amount of assistance granted will be required to be repaid to Cannock Chase Council.

Assistance will be in the form of a reduction in Rates Payable based upon occupation of a premises and will be limited to 50% of Business Rates Growth (Business Rates Growth for this purposes relates to the Rates Payable for a business moving into the area or difference in rates payable between the “new” premise and the previous occupation for businesses expanding or moving within the area).
No record.
TOWN CENTRE BUSINESS RATES
DISCOUNT SCHEME
ELIGIBLE AREA - RUGELEY

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