

<b>Report of:</b>	<b>Head of Finance</b>
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<b>Portfolio Leader:</b>	<b>Leader of the Council</b>
<b>Key Decision:</b>	<b>No</b>
<b>Report Track:</b>	<b>Cabinet: 20/03/14</b>

**CABINET**  
**20 MARCH 2014**  
**MANDATORY AND DISCRETIONARY RATE RELIEF POLICY FROM 2014.**

**1 Purpose of Report**

- 1.1 To consider changes to be made to the Council's Business Rate Relief Framework to take effect from 1 April 2014, to include the provision of the new "Retail Rate Relief"
- 1.2 To seek retrospective approval to the decision of the Head of Finance, in consultation with the Leader of the Council to approve the addendum to the Mandatory and Discretionary Rate Relief Policy, given at Appendix A.

**2 Recommendations**

- 2.1 That the contents of this reported be noted.
- 2.2 That Cabinet confirms the decision of the Head of Finance, in consultation with the Leader of the Council to approve the addendum to the Mandatory and Discretionary Rate Relief Policy, given at Appendix A, to be applied with effect from 1 April 2014.
- 2.3 That subject to there being no additional policy changes or cost implications arising from Government prescribed and funded "Discretionary Relief", the Head of Finance in Consultation with the Leader of the Council, be authorised to amend the above policy and put in place arrangements to award discretionary rate relief as soon as practically possible.

**3 Key Issues and Reasons for Recommendation**

- 3.1 On 21<sup>st</sup> November 2013 Cabinet approved the Mandatory and Discretionary Rate Relief Policy, to be effective from 1 April 2014.

- 3.2 Since that time, new forms of discretionary rate relief have been prescribed by Government. The first of these were announced in the Chancellor's Autumn Statement and have been confirmed by the Department for Communities and Local Government, the most recent was announced on 17<sup>th</sup> February 2014 and has yet to be confirmed.
- 3.3 Relief under these new schemes will attract full Government funding for the two years from 1 April 2014 to 31 March 2016.
- 3.4 In order to implement the scheme with effect from 1 April 2014 or as soon as practically possible thereafter the Leader of the Council approved the addendum to the Mandatory and Discretionary Rate Relief Policy on the 28 February 2014.

#### **4 Relationship to Corporate Priorities**

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) By the provision of rate relief to appropriate qualifying organisations, the People, Place, Prosperity and Transformation Priorities are all supported.

#### **5 Report Detail**

- 5.1 The Chancellor announced as part of his Autumn statement a range of Rates Relief for the Retail Sector. Guidance on the administration of this relief was published by the Department for Communities and Local Government on the 29 January 2014.
- 5.2 The relief only applies to 2014-15 and 2015-16 and the Government is not proposing to change legislation in terms of relief for such properties. Instead reliefs are to be discretionary reliefs awarded in line with the Council's powers under the Localism Act 2011. It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47. Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.
- 5.3 Cannock Chase Councils local scheme is attached at Appendix A and it is intended for officers to award relief, to appropriate qualifying ratepayers, for this two year period, in line with Government funding and for the policy to be reviewed before 31<sup>st</sup> March 2016. The scheme would be administered in conjunction with this Authority's own Town Centres Business Rates Discount Scheme.
- 5.4 In addition the Government announced on the 14 February that all businesses affected by flooding would be able to apply to their local authority to get

business rate relief for 3 months. Guidance notes on this scheme are still awaited.

- 5.5 The qualifying criteria for the additional rates relief are described in the addendum given at appendix A and cover the award of rate relief:
- Retail outlets with a rateable value of £50,000 or less
  - Newly occupied retail premises that were previous void for more that a year.
  - Newly built unoccupied property
  - Property affected by flooding.
- 5.6 Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2014-15 in their bills for the beginning of that year. In order to ensure the minimum impact on retailers and the administration of the scheme the Leader of the Council approved the Addendum to the Discretionary Rate Relief Policy on the 28 February 2014.
- 5.7 In order to allow the Council to respond quickly and to provide the required assistance to affected ratepayers in the most efficient way in the future, it is recommended that Head of Finance in Consultation with the Leader of the Council, be authorised to amend the above policy and put in place arrangements to award discretionary rate relief whereby full Government funding exists and there is no impact on other policies.

## **6 Implications**

### **6.1 Financial**

The cost of Retail Rate Relief, to appropriate qualifying properties, will be met by Central Government for the financial years 2014-15 and 2015-16 (using a grant under section 31 of the Local Government Act 2003).

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 of Business Rates Relief guidance notes.

No Retail Rate Relief will be given for a period beyond 31 March 2016, without further referral to Cabinet.

### **6.2 Legal**

The discretion to award Retail Rate Relief is given by powers introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988).

The reimbursement of the cost, to the Council of Relief will be made using a grant under section 31 of the Local Government Act 2003). The Government expects local government to grant relief to qualifying ratepayers.

**6.3 Human Resources**

There are no direct implications within this report.

**6.4 Section 17 (Crime Prevention)**

There are no direct implications within this report.

**6.5 Human Rights Act**

There are no direct implications within this report.

**6.6 Data Protection**

There are no direct implications within this report.

**6.7 Risk Management**

There are no direct implications within this report.

**6.8 Equality & Diversity**

There are no direct implications within this report.

**6.9 Best Value**

There are no direct implications within this report.

**7 Appendices to the Report**

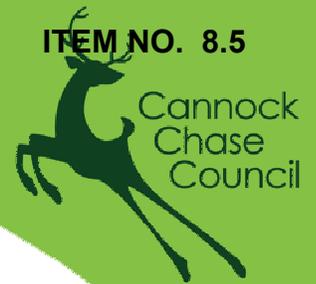
Appendix A	Mandatory and Discretionary Rate Relief Policy Addendum
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**Previous Consideration**

- Mandatory and Discretionary Rate Relief Policy – Cabinet 21 November 3013

**Background Papers.**

- None



**CANNOCK CHASE COUNCIL**

**MANDATORY AND DISCRETIONARY**  
**RATE RELIEF POLICY**

**ADDENDUM**

**April 2014**

**CANNOCK CHASE COUNCIL****MANDATORY AND DISCRETIONARY RATE RELIEF POLICY****ADDENDUM FOR RETAIL AND OTHER RATE RELIEFS****1 Introduction**

- 1.1 This addendum adds provision for the awarding of Retail Rate Relief and other rate reliefs, to the Mandatory and Discretionary Rate Relief Policy adopted by Cabinet on 21 November 2013. In all of the circumstances described below, relief is awarded in accordance with the Council's discretionary powers and is funded by a Central Government grant.
- 1.2 In all circumstances, whereby Central Government undertakes to fully reimburse the Council for the cost of awarding discretionary rate relief, the Head of Finance, in consultation with the Leader of the Council, is authorised to determine such relief.
- 1.3 Rate Relief covered under this Addendum includes
- Retail Relief
  - Re- Occupation Relief
  - New Build Empty Property
  - Properties affected by Flooding.

**2 Retail Relief****2.1 Legal Background.**

- 2.1.1 The discretion to award Retail Rate Relief is given by powers introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988).
- 2.1.2 The reimbursement of the cost, to the Council of Relief will be made using a grant under section 31 of the Local Government Act 2003. The Government expects local government to grant relief to qualifying ratepayers.

**2.3 Amount of Retail Relief**

- 2.3.1 The amount of relief awarded to qualifying hereditaments will be £1,000 per year, or the amount of rates payable, whichever is the lower. This will be apportioned when a property is occupied for a part of the year only.
- 2.3.2 Retail Relief will only be awarded for the period from 1 April 2014 to 31 March 2016
- 2.3.3 Government Guidance on the operation of this relief, will be available on the Council's website, but is summarised below.

**2.4 Criteria for Assessing Eligibility for Retail Rate Relief**

- 2.4.1 In order to receive the Retail Rate Relief, a property must be occupied, have a rateable value of £50,000 or less and be wholly or mainly used as a shop,

restaurant, cafe or drinking establishment. Government guidance further expands on the definition of these categories; as follows:

Shops, restaurants, cafes and drinking establishments are considered to mean:

**2.4.2 Hereditaments that are being used for the sale of goods to visiting members of the public, for example:**

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off license, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol Stations
- Garden Centres
- Art Galleries (where art is for sale/hire)

**2.4.3 Hereditaments that are being used for the provision of the following services to visiting members of the public for example:**

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

**2.4.4 Hereditaments that are being used for the sale of food and/or drink to visiting members of the public for example:**

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

- 2.4.5 The lists set out above are not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. Officers will determine whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for the relief.
- 2.4.6 The list below sets out the types of uses that are not considered to be retail use for the purpose of this relief, and so will not qualify. Again, the list is not exhaustive and officers will determine whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief.
- 2.4.7 Hereditaments that are being used for the provision of the following services to visiting members of the public:**
- 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

**2.4.8 Hereditaments that are not reasonably accessible to visiting members of the public**

**.3. Re-Occupation Relief**

- 3.1** Government Guidance on the operation of this relief, will be available on the Council's website, but is summarised below;
- 3.2** 50% rate relief for 18 months for businesses moving into retail premises which have been unoccupied for a year or more. This relief will be available for during the period from 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2016.

**4 New-Build Empty Property Relief**

- 4.1** Government Guidance on the operation of this relief, will be available on the Council's website, but is summarised below

**4.2 Criteria**

- 4.2.1** Properties that will benefit from this relief will be all unoccupied non domestic properties that are wholly or mainly comprised of qualifying "new structures". In this context "new" means:
- completed less than 18 months previously, and
  - completed after 1 October 2013 and before 30 September 2016

- 4.3** Amount of relief

- 4.3.1 Such new build empty property will be exempt from any unoccupied property rate charges for the first 18 months following completion, if completed after 1 October 2013 and before 30 September 2016.

The current regulations provide that empty property rates are not payable until a non-industrial property has been empty for 3 months or an industrial property has been empty for 6 months. The effect of this relief would be to extend that 3 or 6 month exemption, to maximum of 18 months, if the property remains empty.

- 5 **Properties Affected by Floods.-** on 17<sup>th</sup> February 2014, the Government indicated that a scheme to allow rate relief to properties affected by floods would be developed. Details of this scheme have yet to be announced though it is expected that Councils will be asked to use their existing discretionary powers and will be reimbursed for the cost, by Central Government.

## 6 **State Aid**

- 6.1 Retail Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)<sup>1</sup>.
- 6.2 The De Minimis Regulations allow an undertaking to receive up to €200,000 (around £147,000) of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years).
- 6.3 To administer De Minimis officers will establish that the award of aid will not result in the undertaking having received more than €200,000 of De Minimis aid.

## 7 **Administration of Mandatory & Discretionary Rate Relief Policy**

- 7.1 Applications for relief in accordance with this policy will be determined by the Head of Finance or Local Taxation and Benefits Manager.
- 7.2 Applications may be required to made in writing and to be supported by the appropriate evidence to confirm the status of the organisation and property. The officer considering the application will be responsible for the appropriate verification of applications.
- 7.3 Organisations receiving rate relief must inform the Council if their circumstances change, from those that existed when the application was made.
- 7.4 The Council will end relief entitlement from the date that the organisation's circumstances changed, such that they ceased to be eligible.