

HAMBLETON DISTRICT COUNCIL

Report To: Cabinet
17 March 2015

Subject: BUSINESS RATES RELIEF POLICY

**All Wards
Portfolio Holder for Support Services: Councillor N Knapton**

1.0 PURPOSE:

1.0 The purpose of this report is for Cabinet:

- (a) to recommend to Council to adopt the continuation of Transitional Business Rate Relief after 31 March 2015;
- (b) to note the Government's proposal for business relief for childcare providers;
- (c) to note the increase of the retail relief to business from £1,000 to £1,500 funded by Government.

2.0 BACKGROUND:

Business Rates Transitional Relief

- 2.1 The Government announced in the Autumn Statement in December 2014 that it will extend the current Transitional Relief scheme to March 2017. This is when the next revaluation of property is expected. However, the Government is no longer administering the scheme and it is for each Local Authority under their discretionary relief powers (under section 47 of the Local Government Finance Act 1988, as amended) to grant the relief. Central Government will fully reimburse Local Authorities for the costs incurred for this scheme and therefore, if approved in this report, this Council will adopt its own local scheme whereby the Local Authority will grant discretionary relief to qualifying rate payers.
- 2.2 The current mandatory Business Rates Transitional Relief Policy is where properties at the last revaluation in April 2010, that faced a large increase in their Business Rates, were granted Transitional Relief. Transitional arrangements phase in the increase in revaluation so that businesses do not face a huge increase in their bills.
- 2.3 Transitional Relief is currently provided to 35 businesses within the Hambleton district, with a total relief of £30,765. The Government announced that this current statutory scheme is due to end with effect from 31 March 2015 and therefore these businesses will face large increases in their Business Rates from April 2015, if the local scheme is not adopted.
- 2.4 It is expected that some of those properties who currently receive Transitional Relief may no longer receive this relief as they will qualify for other reliefs which are required to be applied before the application of Transitional Relief. Therefore fewer properties will be affected.
- 2.5 The Local Authority will set out qualifying criteria and any application for Transitional Relief will be via an application form. The Director of Support Services and Deputy Chief Executive will set the criteria as delegated by Council.

- 2.6 The provision of Discretionary Rate Relief must comply with European Union law on State Aid. State Aid law is the means by which the European Union regulations state funded support to business. Providing discretionary relief to ratepayers is likely to amount to State Aid; however it is likely to be compliant where it is provided in accordance with the De Minimis Regulations (1407/2013). The De Minimis Regulations allow an undertaking to receive up to 200,000 euros in a three year period (being the current year and two previous years). The Council will need to establish that the award of rate relief in these cases will not result in the threshold being exceeded.
- 2.7 In all cases, those who qualify for and are awarded relief will be required to confirm that the State Aid rules are not contravened. Any rate payer failing to provide these confirmations will have the award withdrawn.

Business Rate Relief for Childcare providers

- 2.8 The Department for Communities and Local Government have issued an information letter advising of Ministers wish to encourage Local Authorities to consider using their local discount powers to support access to local, high quality childcare provision.
- 2.9 The Government believes the provision of high quality childcare is crucial to stopping development gaps emerging and ensuring all children get the best start in life. Good childcare provision can also help aid economic growth.
- 2.10 Central Government funds 50% of the cost of any local discount and therefore further development and discussion is currently underway and a paper will be brought to Cabinet when more detailed information becomes available in the summer of 2015.

Business Rates Retail Relief

- 2.11 In 2014/15 retail relief of £1,000 is available for qualifying businesses. This is a local discount relief that the Government has advised nationally that all Council's will operate. The relief is funded by the Government and in 2015/16 the Government has announced the increase of retail relief to £1,500. This will be available from 1 April 2015.

3.0 LINK TO COUNCIL PRIORITIES:

- 3.1 Enabling and delivering opportunities for sustainable economic growth

4.0 RISK ASSESSMENT:

- 4.1 There are no risks directly associated in approving this report.

5.0 FINANCIAL IMPLICATIONS:

- 5.1 It is estimated that around 35 ratepayers will qualify for the rate relief under the scheme, with total relief estimated at £30,765. The Government will, in line with the eligibility set out in the guidance, reimburse the Local Authorities that use their Discretionary Rate Relief powers introduced in the Localism Act 2011 (under section 47 of the Local Government Act 1988, as amended).
- 5.2 Central Government expects Local Authorities to grant relief to qualifying ratepayers and will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the Rate Retention Scheme. This will be carried out using a grant under section 31 of the Local Government Act 2003.

6.0 LEGAL IMPLICATIONS:

- 6.1 New discretionary powers were introduced by the Localism Act 2011 under Section 47 of the Local Government Act 1988 as amended.
- 6.2 Awards such as rate relief are required to comply with the European Union law on State Aid. It will be necessary for each ratepayer who is awarded relief to complete a declaration to the Council if they have received any other De Minimis State Aid, including any other Rate Relief they may have received on other property. The declaration will include confirmation that the award of Rate Relief does not exceed the 200,000 euros an undertaking can receive under the De Minimis Regulations 1407/2013.

7.0 EQUALITY/DIVERSITY ISSUES:

- 7.1 This scheme is a Government initiative and therefore this Council has not undertaken an equality and diversity assessment.

8.0 RECOMMENDATION:

- 8.1 It is recommended that Cabinet:
- (1) recommends to Council to adopt the Transitional Business Rates Relief Scheme to extend Transitional Relief to small and medium sized properties where the responsibility for the development of the policy will be delegated to the Director of Support Services and Deputy Chief Executive;
 - (2) notes the future development of Business Rates Relief for Child Care providers;
 - (3) notes the increase of the retail relief to business from £1,000 to £1,500 funded by Government.

JUSTIN IVES

Background papers: Department for Communities and Local Government: Business Rates Extension of Transitional Relief for Small and Medium Properties – Guidance
Departments for Communities and Local Government: Business Rates Information Letter (1/2015)

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