

Cabinet

4th March 2014

Report of the Cabinet Member for Finance, Performance and Customer Service

Retail Rate Relief Scheme

Summary

1. The purpose of this paper is to set out the proposed new retail rate relief scheme and to approve the category of retail properties that will benefit. This relief will provide a reduction in business rates for qualifying businesses helping to sustain employment and encourage growth of the York economy. The value of retail rate relief to York could exceed £1m and will be met in full by Central Government.

Background

2. The Government announced in its Autumn Statement on 5th December 2013 that it will provide relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.
3. The purpose of this new relief is to support the 'high street' which has been affected by changes in consumer spending preferences such as online shopping. The relief is temporary for two years from April 2014.
4. There is no cost to the council in providing this relief which will be fully reimbursed by Central Government through the rates retention system.

Retail Rate Relief

5. To qualify for the relief the hereditament (business) should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment.
6. The categories of business who Central Government consider can benefit from the relief under the scheme are as follows:

Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, 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)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- 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

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
 - Takeaways
 - Sandwich shops
 - Coffee shops
 - Pubs
 - Bars
7. The retail rate relief will be considered as state funding and as such is subject to European state aid rules. The De Minimis Regulations allow an undertaking to receive up to €200,000 of state aid in a three year period. It will be necessary for any business wishing to claim this relief to make an application to the council and complete a state aid declaration form.
8. There are as many as 1,700 hereditaments that could qualify for this relief. Depending on the numbers applying this will potentially create additional administrative pressure on the business rates team. It is hoped that this can be minimised through the implementation and application of efficient processes to manage applications. To put this pressure into context following the Autumn Statement 2013 there are now 14 different Mandatory, Discretionary and Temporary rate reliefs to be administered by the council.

Options

9. There are three options associated with this report:
- Option 1** – Approve all the categories as set out at paragraph 6;
- Option 2** – Select just certain categories as set out at paragraph 6;
- Option 3** – Provide no discretionary high street relief at all.

Analysis

10. The relief could benefit as many as 1,700 hereditaments across the city on the basis of their current rateable value. The numbers applying and qualifying are not likely to be as high as this as some remain unoccupied, some belong to national chains that for state

aid reasons will not apply and some will not meet the qualifying criteria e.g. banks & building societies. In the case of unoccupied properties this relief may act as an incentive to new business. As the relief is being fully funded by Central Government and could bring in excess of an additional £1m to the York economy as well as incentivising new business it is recommended that all the categories set out at paragraph 6 (Option 1) are approved.

11. As businesses applying for retail relief will want to have a prompt response to their application the power to make individual awards should be delegated to the Council's Chief Financial Officer (CFO).

Council Plan 2011 - 15

12. The power to provide discretionary rate relief contained within the Local Government Finance Act 1988 & 2012 impact on several of the council's priorities that create the Council Plan 2011 - 15 specifically:
 - a) Protecting vulnerable people
 - b) Building strong communities
 - c) Creating jobs and growing the economy

Implications

13.
 - (a) **Financial** – As the Government will fully reimburse any awards made by the council there are no financial implications.
 - (b) **Human Resources (HR)** - There are no implications
 - (c) **Equalities** – There are no direct implications
 - (d) **Legal** – The award of retail rate relief has state aid implications.
 - (e) **Crime and Disorder** - There are no implications
 - (f) **Information Technology (IT)** - There are no implications
 - (g) **Property** - There are no implications.

Risk Management

14. There are no high risks associated with retail rate relief. The only risks are in relation to managing the state aid implications and additional work pressures.

Recommendations

15. Cabinet are asked to:

- a) consider the categories for retail relief as set out at paragraph 6 and approve Option 1 (Paragraph 9);

Reason: To provide clarity in respect of the categories for which the council will consider awarding retail relief and maximise the level of income into the York economy.

- b) approve the power to make individual awards to the Chief Financial Officer (Paragraph 11).

Reason: To ensure that all applications are dealt with immediately when they are received and that where a business qualifies their bill is promptly amended.

Contact details:

Author:	Cabinet Member and Chief Officer responsible for the report:		
David Walker Head of Financial Procedures Phone No. 01904 552261	Cllr Dafydd Williams, Cabinet Member for Finance, Performance and Customer Service Ian Floyd Director of Customer & Business Support Services Telephone: 01904 551100		
	Report Approved	√	Date 27 January 2014
Specialist Implications Officer(s) None			
Wards Affected: All			√
For further information please contact the authors of the report			

Background Papers

Retail Relief Guidance – Department for Communities and Local Government – **online only**.

Annexes

None

Glossary

Hereditament – A premise where business can be undertaken. The technical term used in business rate law.