

Cabinet

7 January 2014

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

Business Rate Discount Policy

Summary

1. The purpose of this paper is to provide Cabinet with an updated business rate discount policy for approval. The revised policy sets clear ambitions and is aligned with the principle of having similar policies within the Leeds City Region.

Background

2. The Localism Bill that came into effect on 1st April 2012 provided councils with the power to award business rate discounts to for profit companies where previously our powers were limited to discretionary relief in respect of:
 - Charities
 - non-profit making organisations
 - Community Amateur Sports Clubs (CASC's)
 - Rural discretionary relief
 - Rural top up
3. An initial policy was approved by Cabinet in February 2013 which set out the processes for considering an award. The revised policy sets out our key ambitions and has regard to the principle that each authority within the Leeds City Region will adopt similar policies. Leeds City Council has already developed a similar policy which is due for approval in December 2013. This more joined up approach to policy development should help deliver a consistent approach across the Leeds City Region for businesses who may wish to make an application.

Revised Policy

4. The revised policy continues to be one of discretion but takes a more strategic approach than the initial policy using three key ambitions to specifically target discounts. The three ambitions are set out in more detail within the policy (Annex A) but are:

Supporting Young Business in our Economic Growth Sectors

– This looks to encourage the growth of small young businesses in the areas targeted by the council’s Inward Investment Strategy e.g. Business Software Innovation & Bio-medical;

Bringing Empty Listed Buildings back into Use – This looks to support the renovation and bring back into commercial use of vacant listed buildings across the city;

Significant business relocations to York – This looks to support significant relocation or reinvestment of businesses within the city that will help create substantial new employment opportunities.

5. The extent to which any discount can be provided in any one year outside of the qualifying criteria set out in the revised policy (Annex A) is the budget available and the European State Aid Rules.
6. It is important that any decision to provide a discount is based upon the policy criteria and is rigorously controlled. This will avoid external criticism from both the business community and local tax payer. It also ensures that a formal process to consider the financial implications has been undertaken and that the decision is both democratic and transparent.
7. The localisation of business rates with effect from 1st April 2013 and this policy may through stimulating economic growth help to generate greater retained income helping to provide sustainable funding against which applications can be considered.

Options

8. There are two options associated with this paper:

Option 1 - Approve the revised business rate discount policy

Option 2 - Do not approve the revised business rate discount policy

Analysis

9. The revised policy builds upon the policy approved by Cabinet in February 2013. It provides more strategic direction in terms of how the power to award discounts can be used and aligns itself with the Leeds city region principle of a generic policy promoted by Leeds City Council.

Council Plan 2011 - 15

10. The impact of the powers to provide business rate discounts contained within the Localism Act impact directly on two of the council's priorities that create the Council Plan 2011 - 15.
 - a) Building strong communities
 - b) Creating jobs and growing the economy

Implications

11.
 - (a) **Financial** – Funding for the award of discounts will be met from any surpluses generated through business rate growth. This will be considered as part of the budget process each February.
 - (b) **Human Resources (HR)** - There are no implications
 - (c) **Equalities** – There are no direct implications
 - (d) **Legal** - Business rates discounts are likely to constitute state aid and can only be granted where they fall within an approved exemption. In most cases a de minimis exemption is available covering aid from all state resources of €200,000 over 3 fiscal years
 - (e) **Crime and Disorder** - There are no implications
 - (f) **Information Technology (IT)** - There are no implications
 - (g) **Property** - There are no implications

Risk Management

12. The key risk associated with business rate discounts is a financial one. The risk is not high as any award can only be made by following the proper procedures as set out in the revised policy at Annex A.

Recommendation

13. Cabinet are asked to approve the revised business rate discount policy attached at Annex A;

Reason: To provide a policy to deal with any requests for business rate discounts.

Contact Details

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Wards Affected: All			√
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Background Papers

Discretionary & Mandatory Business Rate Relief and Discounts
February 2013

<http://modgov.york.gov.uk/mgChooseDocPack.aspx?ID=6881>

Annexes

Annex A – Discount Policy