

		Insert name and date of meeting in this box.	Agenda Item No. 9B
Title		Discretionary Rate Relief	
For further information about this report please contact		David Leech	
Wards of the District directly affected		All	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?		No	
Date and meeting when issue was last considered and relevant minute number			
Background Papers		Appendix 1 – Retail Relief guidance issued by the DCLG	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No
Equality and Sustainability Impact Assessment Undertaken	No

Officer/Councillor Approval		
Officer Approval	Date	Name
Chief Executive/Deputy Chief Executive	24/2/14	Chris Elliott
Head of Service	24/2/14	Mike Snow
CMT	24/2/14	Chris Elliott, Andy Jones & Bill Hunt
Section 151 Officer	24/2/14	Mike Snow
Monitoring Officer	24/2/14	Andy Jones
Finance	24/2/14	Mike Snow
Portfolio Holder(s)	24/2/14	Andrew Mobbs
Consultation & Community Engagement		
<p>This is a government initiative fully funded and in view of the timescales for implementation it is not practical to undertake a consultation exercise.</p>		
Final Decision?		Yes/No
Suggested next steps (if not final decision please set out below)		

1. **SUMMARY**

- 1.1 This report provides details of relief for businesses announced in the Autumn Statement and seeks approval for adopting these measures through the discretionary rate relief scheme.

2. **RECOMMENDATION**

- 2.1 That the Executive agrees to adopt the reliefs as specified in this report and the guidance issued by the Department for Communities and Local Government following announcement in the Autumn Statement on 5th December 2013.

3. **REASONS FOR THE RECOMMENDATION**

- 3.1 As these are temporary measures the Government announced its intention that it would not be altering legislation in order to effect these changes. Instead they are requesting local authorities to use their discretionary powers (under section 47 of the Local Government Finance Act 1988) to grant relief in prescribed circumstances. The reliefs are intended to be for 2014/15 and 2015/16 only.
- 3.2 It is for individual local authorities to decide to grant relief under section 47 but if the local authority chooses to support the Autumn Statement initiatives then central Government will fully reimburse local authorities for the local share of the discretionary relief.

4. **POLICY FRAMEWORK**

- 4.1 **Policy Framework** –The adoption of these discounts supports the sustainable community strategy and the prosperity priority theme particularly incentivising growth of existing businesses and attracting inward investment.

5. **BUDGETARY FRAMEWORK**

- 5.1 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 any relief awarded.
- 5.2 Despite repeated requests the Government have yet to respond formally to the question of administration funding to compensate local authorities for the additional work required to implement the reliefs. Normally compensation would be made available in accordance with the new burdens doctrine. However, as the Government have been silent on this matter, there is a view that it will not be treated as 'new burdens' because the Government have effectively slotted in these initiatives alongside existing legislation. Software changes alone are likely to be in the region of £10,000

6. **RISKS**

- 6.1 The main risk is as described in 5.2 above in that the actual cost of administering the reliefs will fall upon the local authority if the Government deem the work not in line with the new burdens doctrine.

7. ALTERNATIVE OPTION(S) CONSIDERED

- 7.1 As the award of relief is discretionary the Council could choose not to adopt these initiatives if for example it was considered that awarding of relief would not be in accordance with the authority's wider objectives. However the Government have been quite clear in their guidance that their expectation is that local authorities will adopt these measures. Given the cost of relief will be met by the Government, if we choose not to adopt these initiatives it could send out the wrong message to the local business community.

8. BACKGROUND

- 8.1 Section 47 of the Local Government Finance Act 1988 provides local authorities with discretionary powers to grant relief from non domestic rates on property occupied by charities and other non-profit making organisations. Current policy for the determination of awards of relief and the guidelines that underpin such awards were set out in a report to Executive in December 2010.
- 8.2 The Localism Act 2011 introduced an additional power for local authorities to award a local discretionary relief to any business providing the granting of that relief can be deemed reasonable from the perspective of council tax payers in the local area.
- 8.3 It was announced in the Autumn Statement that two temporary reliefs would be introduced but delivered through local authority discount powers (sec 47 of the Local Government Finance Act 1988). Given the section 47 is a discretionary power it is for each local authority to decide to adopt these changes although the Government expect local authorities to support the changes.
- 8.4 The new reliefs are as follows;
- a) Relief will be available up to a maximum of £1000 to all occupied retail properties with a rateable value of £50,000 or less that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. A list of the properties that are included can be found in the guidance notes issued by the Department for Communities and Local Government in Appendix A. It is estimated that within Warwick District Council there are approximately 1000 qualifying properties.
 - b) A 50% discount will be available for new occupants of previously empty retail premises that have been empty for at least a year. The relief will be available to businesses moving in to properties between 01 April 2014 and 31 March 2016. No guidance has yet been issued by the Government on how this work. In Warwick District we currently have 304 properties that have been empty in excess of a year although not all of these are retail premises.
- 8.5 In the previous Autumn Statement 2012 an additional relief was announced for newly built commercial property completed between 01 October 2013 and 30 September 2016 which will exempt them from empty property rates for the first 18 months.

- 8.6 The above measures are subject to State Aid de minimis limits. State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary rate relief to ratepayers is likely to amount to State Aid. 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 financial years). The Council will need to establish that the award of rate relief will not result in the threshold being exceeded. This will be achieved via application form and a self declaration from the business applying for relief.