
Subject: Business Rate Relief Scheme offering £1000 reduction to specified retail units.

Cabinet Member: Councillor Dick Tonge

Executive Summary:

The retail sector is changing, particularly due to internet shopping, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The government wishes to offer temporary support to retailers by offering a new rate relief scheme.

The government announced in the Autumn Statement on 5 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 and set out details of the type of organisation entitled to the relief.

This report :

- Seeks agreement on the way in which the relief will be awarded in Wiltshire.
- Explains the process for resolving any disputes over entitlement to the scheme

Proposals

- a) The government's relief scheme (£1000 High Street Scheme) is adopted and awarded as set out in the report.
- b) That the Associate Director for Finance, Revenues and Benefits is given delegated responsibility to deliver the local scheme in accordance and in conjunction with guidance from government.
- c) That any dispute be resolved through the process currently deployed in the determination of applications for hardship relief.

Reason for Proposals

To raise awareness of the new scheme, and

To obtain agreement on the administration of the scheme that the local authority adopts so there is a clear line of accountability in case of a dispute.

Michael Hudson
Associate Director, Finance

Purpose of Report

This report introduces a new and temporary business rate relief scheme which the government announced in the Autumn Statement on 5 December 2013 that will provide a relief of up to £1,000 to occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16 and set out details of the type of organisation entitled to the relief.

Background

1. As this is a measure for 2014-15 and 2015-16 only, the government is not changing the legislation on existing reliefs already available to properties. This latest relief may be awarded in addition to other reliefs, such as small business rate relief or mandatory relief. It may also be awarded to those who currently do not receive relief. However, unlike other reliefs the funding arrangements announced mean the government will, in line with the eligibility criteria set out in this report, reimburse in full local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief. 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. The government expects local authorities to grant relief to qualifying ratepayers.
2. Central government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them of the relief that falls within the definitions in this guidance.

Which properties will benefit from relief?

3. It is proposed that the following government guidance is adopted
 - a. Properties that will benefit from the relief will be occupied premises with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments:

Shops, restaurants, cafes and drinking establishments to mean premises 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)

b. Premises 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

c. Premises 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

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that government considers for this purpose to be retail. It is for the council to determine for itself 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.

Which organisations will not benefit from the scheme:-

5. - 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 offices and
- Rateable dwellings (Hereditaments) that are not reasonably accessible to visiting members of the public, such as private members clubs.

Methodology

6. Businesses that should qualify for the relief will be divided into three groups
 - a. The first and largest of the three is businesses who are well known to the council and from which information has already been collected in respect of earlier applications for small business rates relief. In these cases the new relief will be applied automatically minimising the administrative burden by avoiding the exchange of correspondence.
 - b. The second group are those businesses that will be invited to apply and will be sent a claim form, where trading arrangements are not obvious.
 - c. The third group includes the like of Tesco metro stores, where the managing agents will determine which stores across the Country should apply, bearing in mind that the total relief to any one organisation must not exceed State Aid rules, amounting to 200,000 Euros, over a three year period. In these cases the organisation will not be approached, however an application form will be made available on the council's website.

Dispute Resolution

7. In cases where applications for the £1000 rate relief have been rejected and the rate payer appeals, the same procedure will be employed as for other applications for rate relief. An Appeals Panel will consider the appeal. The Appeals Panel will comprise 3 members drawn from the existing Appeals committee. The decision of the Appeals Panel will be final. (An extract of the current Appeals process is detailed at Appendix 3)

Financial Impact

8. The cost of the scheme will be fully met by government which is estimated to be £2.25million in Wiltshire, based on the work already undertaken to identify those businesses who could qualify. This was assumed in the budget set by Council on 25th February 2014 for 2014/15 and thus has no impact on that budget.
9. The costs of administering the scheme will be borne by the authority within an existing government grant for the collection of business rates.

Environmental and climate change considerations

10. None

Equalities Impact of the Proposal

11. None

Risk Assessment

12. Although the scheme will be fully funded by the government, the administrative cost is expected to be met by the council.
13. The Initial workload will be significant as it is estimated over 2,000 businesses could benefit from the scheme.
14. The scheme is not discretionary however, there may be businesses that wish to test the robustness and consistency of the council's decision making regarding the award of this relief.

Legal Implications

15. There are a number of rate relief schemes already available, especially for those operating small businesses, and this latest scheme adds further to the complexity of administering the rate relief scheme and possibly legal challenge.

Conclusions

16. The scheme is fully funded by government and the intention will be to use the scheme to support the priorities of the council, by boosting the local economy by up to an estimated £2.25 million per annum for the life of the scheme.
17. This relief scheme adds to a growing number and a growing complexity of schemes aimed at supporting small and medium sized businesses. The Revenues Department, armed with information on most businesses, is suitably skilled and equipped to deliver this scheme in conjunction with other scheme already in place. There are a number of processes and verifications methods that have been established to resolve disputes should, businesses attempt to take advantage or abuse the scheme.

Michael Hudson
Service Director, Finance

The following supporting documents are attached:

Detailed report on Council Tax Support and Technical Changes Appendices

Appendix 1 = Process Map
Appendix 2 = Application Form
Appendix 3 = Extract from the Rate Relief Appeals Process

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