

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: Wednesday 11 June
2014

**Report of the Head of Revenues & Benefits - Business Rates
Reoccupation Relief**

Issue for Decision

To consider the proposed scheme for Business Rates Reoccupation Relief.

Decision Made

That the Business Rates Reoccupation Relief Policy shown at Appendix A of the Report of the Head of Revenues and Benefits is approved.

Reasons for Decision

As part of the Autumn Statement on 5 December 2013 the Government announced its intention to provide further business rate relief to support businesses and reduce the number of vacant shops. The relief provides a 50% business rate discount for 18 months for businesses moving into previously empty retail premises, regardless of the future use, between the 1st April 2014 and 31st March 2016.

At a local level it will enable the Council to gain national funding to support businesses and the local economy more generally.

The relief would be awarded at the discretion of the Council and made available to those businesses occupying premises which have been empty for 12 months or more and when last in use, where wholly or mainly being used for retail.

It was estimated that up to 61 empty premises in the borough may be eligible for the relief when brought back into use, with the value of relief ranging from £300 to £75,000 over the 18 month allowance period.

To encourage take up of the scheme and maximize the benefit to local businesses the Council's economic development team would be promoting the scheme through its partnership with the following: Kent Invicta Chamber of Commerce, Federation of Small Businesses, Institute of Directors, Town Centre Management, Marden Business Forum, Network of Rural Business Forums, Lenham Valley Business Association, South Maidstone Business Association. In addition it would be promoted through Economic Development's own newsletters and featured as a news item on the Locate in Maidstone website.

Whilst the scheme is discretionary Central Government will reimburse the Council and major precepting authorities 40% of the cost, representing the share of business rates that the council would otherwise retain under the rates retention scheme.

Providing discretionary relief to ratepayers is likely to amount to State Aid. State Aid law is the means by which the European Union regulates state funded support to businesses. However Reoccupation Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations.

The De Minimis Regulations would allow a business to receive up to €200,000 (approx £165,000) of De Minimis aid in a three year period. To administer De Minimis it would be necessary for the council to establish that the award of aid will not result in the business receiving more than €200,000 of De Minimis aid.

Where the Council makes an award based on an assumption that the undertaking will not been in receipt of more than €200,000 of De Minimis aid, an explanatory note would be provided and the business requested to contact the Council where they believe they have may have reached the De Minimis threshold. In such instances the council would reserve the right to withdraw relief.

Alternatives considered and why rejected

The Cabinet could have decided not to implement a scheme or introduce a restricted scheme to only apply in certain parts of the borough, fewer categories of properties or provide a lower level of reduction. In doing so it would limit the level of central government funding that is being brought into the borough to support retailers.

Equally the Cabinet could expand the scheme but the additional cost would need to be met by the Borough Council. This course of action is not recommended.

Background Papers

None

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Policy and Communications by: xxxxxxxxxx.
