

**MAIDSTONE BOROUGH COUNCIL**

**CABINET**

**MONDAY 24 FEBRUARY 2014**

**REPORT OF DIRECTOR OF ENVIRONMENT AND SHARED SERVICES**

**Report prepared by Stephen McGinnes**

**1. BUSINESS RATES - RETAIL RELIEF**

1.1 Issue for Decision

1.1.1 To consider adopting a scheme for the administration of retail rate relief.

1.2 Reason for Urgency

1.2.1 An urgent decision is required in order to inform businesses of their rates liability commencing 1<sup>st</sup> April 2014.

1.3 Recommendation of Head of Revenues and Benefits

1.3.1 That Cabinet agrees to delegate authority to the Director of Environment and Shared Services, in consultation with the Cabinet Member for Corporate Services to agree and implement a scheme for the award of retail relief in line with the guidance provided by the Department for Communities and Local Government (DCLG).

1.3.2 That the scheme is to operate in 2014-15 and 2015-16 only, with no provision for awards to be backdated after 31<sup>st</sup> March 2016.

1.4 Reasons for Recommendation

1.4.1 As part of the Autumn Statement released on 5 December 2013 the Government announced that it would provide business rate relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less during 2014-15 and 2015-16.

1.4.2 The aim at a national level in making such relief available is to support town centres and retailers as they adapt to changing consumer preferences in how people shop.

- 1.4.3 At a local level it will enable the Council to gain national funding to reduce the rates liability of local retailers, supporting the High Street, business sector and local economy more generally.
- 1.4.4 The relief is to be awarded at the discretion of the Council and can be made available to those businesses wholly or mainly being used as shops, restaurants, cafes and drinking establishments. A full list of the types of businesses that will and will not be included can be found on pages 5 to 7 of appendix A.
- 1.4.5 It is estimated that up to 820 businesses would be eligible for the relief, the cost of which would be borne by Central Government.
- 1.4.6 The businesses would receive a reduction up to £1,000, reduced if the amount of rates payable is less than £1,000 due to the award of other forms of relief e.g. small business rates relief or the relief is awarded for less than a full year.
- 1.4.7 A paragraph will be included in all business rate bills stating that the rate payer should inform the Borough Council if it receives state aid in excess of the permitted limit and the relief will then be removed. The current state aid limit is €200,000 (cash grant equivalent) over a 3 year fiscal period. It is likely that national chains with smaller hereditaments could reach this limit, however until billing authorities start to award this relief they may not fall under the state aid rules.
- 1.5 Alternative Action and why not Recommended
- 1.5.1 The council could decide 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.
- 1.5.2 Equally the council could expand the scheme but the additional cost would need to be met by the Borough Council.
- 1.6 Impact on Corporate Objectives
- 1.6.1 In providing additional support to retailers the Council is actively promoting the corporate priority for Maidstone to be a good place to do business, with a growing economy and wide range of employment and business opportunities.
- 1.7 Risk Management

1.7.1 In introducing a scheme which provides a discount for 2 years only, businesses may feel that there has been a significant increase in the level of rates payable at the end of the discount period.

1.7.2 The restrictions on state aid are complex and are likely to be unfamiliar to many small businesses, resulting in an increase in enquiries.

To mitigate this risk, an explanatory note will be issued to those businesses that qualify for relief.

## 1.8 Other Implications

### 1.8.1

1.	Financial	X
2.	Staffing	
3.	Legal	
4.	Equality Impact Needs Assessment	
5.	Environmental/Sustainable Development	
6.	Community Safety	
7.	Human Rights Act	
8.	Procurement	
9.	Asset Management	

1.8.2 Financial – It is estimated that retail rate relief will be awarded to 820 businesses, at a cost of £760,000. 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.

## 1.9 Relevant Documents

### 1.9.1 Appendices

Appendix A – Retail Relief Guidance DCLG

### 1.9.2 Background Documents

None.

**IS THIS A KEY DECISION REPORT?**

**THIS BOX MUST BE COMPLETED**

Yes

No

If yes, this is a Key Decision because: .....

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Wards/Parishes affected: .....

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