

# REPORT FOR: **CABINET**

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<b>Date of Meeting:</b>	10 April 2014
<b>Subject:</b>	Business Rates – Retail Relief
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Tom Whiting, Corporate Director of Resources
<b>Portfolio Holder:</b>	Councillor Tony Ferrari, Portfolio Holder for Finance
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Appendices:</b>	Appendix A – Business Rates Retail Relief Guidance, Department for Communities and Local Government Appendix B – Business Rates Retail Relief Policy Appendix C – Business Rates Retail Relief EqIA

## **Section 1 – Summary and Recommendations**

This report sets out the new policy for Business Rates Retail Relief following the announcement by the Government, in their Autumn Statement on 5<sup>th</sup> December 2013, to introduce support for certain categories of retailers.

### **Recommendations:**

That Cabinet considers and agrees that: -

- (i) Harrow determines to award Business Rates Retail Relief for the financial years 2014/15 and 2015/16 only, under the powers of s47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011.
- (ii) Agree and adopt the Business Rates Retail Relief Policy for the financial years 2014-15 and 2015-16 only.

**Reason: (For recommendation)**

Implementation of Business Rates Retail Relief will allow Harrow Council to support its local retail businesses to adapt to the changing environment through the award of this relief over the years 2014-15 and 2015-16. Actual costs to the Local Authority of any relief that falls within the criteria stated within the Business Rates Retail Relief Guidance (as issued by central government in January 2014) will be reimbursed through the business rates retention scheme.

## **Section 2 – Report**

### **2. Introduction**

- 2.1 Within the Autumn Statement announced in December 2013, the Government stated that it wished to provide support to Town Centres. This support is to be provided specifically to retail businesses for the years 2014-15 and 2015-16, to allow business premises to respond to the changing way that people shop, particularly in relation to the trend to shop online.
- 2.2 The Government will provide Business Rates Retail Relief up to a maximum of £1,000 per annum, for the years 2014-15 and 2015-16, to specific occupied retail properties where their rateable value is £50,000 or less and the premises are used for specific trades as specified by guidance.
- 2.3 The Government has advised that this relief is only to be provided for the two years 2014-15 and 2015-16, to allow retail businesses to adapt to the changing way that people shop. There will not be any changes to legislation. Where Local Authorities use their discretionary rate relief powers, as introduced by the Localism Act 2011 (under section 47 of the Local Government Finance Act 1988, as amended) to grant this Business Rates Retail Relief, central government will reimburse the actual cost of the local share of the discretionary relief that falls within

the criteria as set out in the Business Rates Retail Relief Guidance. (The guidance is attached at Appendix A to this report.)

- 2.4 At February 2013 Cabinet, members agreed not to exercise powers under s47 of the Local Government Act 1988, as amended by s69 of the Localism Act 2011 in relation to awarding discretionary rate relief. To enable Harrow Council to administer Business Rates Retail Relief to applicable businesses in the area, it will be necessary to exercise the powers under s47 of the Local Government Finance Act 1988, as amended. This report therefore requests that members authorise use of the powers in relation to the implementation of this time limited policy.

### **Business Retail Rates Relief Criteria**

- 2.5 This new relief is discretionary and can be awarded to properties that are being wholly or mainly used as shops, restaurants, cafes and drinking establishments with a rateable value of £50,000 or less. Similar to other reliefs a 'test' on use rather than occupation is applied and if it is found a property does not meet the criteria, the relief will not be applied.
- 2.6 The guidance gives further detail on the meaning of these establishments as follows:
- i) **'Hereditaments 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 store, 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)
  - ii) **Hereditaments 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

iii) **Hereditaments 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'

2.7 The list provided above is meant to be a guide to Local Authorities and therefore is not exhaustive. However properties that have not been mentioned above and are not similar in their use will not be considered for the rate relief.

2.8 If the establishment does not meet with the Local Authority's wider objectives then the rate relief does not have to be applied. Harrow Council's Business Rate Retail Relief local scheme is outlined in the draft policy attached at Appendix B and is inclusive of all property uses as above.

2.9 The guidelines also give an outline of types of uses that the Government does not consider eligible for this rate relief and these are stated below:

i) **Hereditaments that are being used for the provision of the following services to visiting members of the public, eg:**

- 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 office or

ii) **Hereditaments that are not reasonably accessible to visiting members of the public**

**Financial allocation of the relief**

2.10 The Government will fund relief totalling £1,000 for each applicable property for each of the two years of the scheme. There is no taper and the amount does not vary according to the business rateable value.

- 2.11 If a property's rateable value is above £50,000 they cannot receive the relief.
- 2.12 The guidance (Appendix A, page 7 and paragraph nos. 15 - 19) gives Local Authorities clear guidance on how to calculate the relief which will be calculated and assessed on a daily basis and the relief will be applied against the net bill after all other reliefs.

## **Other Options Considered**

Harrow Council wants to support local retail businesses within Harrow to respond to the changing environment. It is also clear within the Government's guidance that there is an expectation that Local Authorities will grant this relief where applicable. Additionally central government is reimbursing the actual costs for the local element of relief where it has been awarded to applicable properties within the guidance. Therefore the alternative option of not applying this relief does not seem attractive especially given that this will help the council to support local retail businesses and will not cost Harrow anything.

## **Legal Implications**

Whilst Government is not changing legislation around the reliefs available to commercial properties, the guidance issued makes it clear that there is an expectation that local authorities will exercise their powers introduced by the Localism Act 2011 (under s47 of the Local Government Finance Act 1988) to enable the award of this new Business Rates Retail Relief. The Government will, in line with the criteria set out in the Guidance (enclosed at Appendix A), reimburse local authorities that use their discretionary relief powers, (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 where to grant relief, although as noted earlier, there is an expectation that authorities will grant relief to qualifying ratepayers.

## **Financial Implications**

This is a report of the Corporate Director of Resources and deals with financial matters throughout. The scheme will be operational for the years 2014-15 and 2015-16 and is fully funded by central government for these two years and therefore has no financial implications for the Council.

## **Performance Issues**

There are no specific performance issues. However any further financial awards of relief to our small and medium sized businesses will have a positive impact on collection rates.

## **Environmental Impact**

None

## **Risk Management Implications**

Risk Included on Directorate risk register? No

Separate Risk Register in Place? No

## **Equalities implications**

An Equality Impact Assessment has been carried out for this new policy and is attached at Appendix C.

When making this decision, Cabinet should have due regard to the Public Sector Equality Duty. The Council completed an equality impact assessment and a summary of results are shown in the appendix and summarised below.

Section 149 of the Equalities Act 2010 created the Public Sector Equality Duty. Section 149 states:-

- (1) A public authority must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

The EqIA shows that in excess of 2,000 commercial premises in Harrow could be eligible to this relief. Harrow will need to engage with the business community to ensure awareness of the new scheme and to maximize applications which could deliver sizeable Business Rates Retail Relief to our local traders, supporting them through economic challenging times and to enable them to compete better with on-line traders who generally have lower premises overheads.

There were no adverse impacts found should Harrow implement this policy; rather all impacts are potentially positive and would benefit qualifying traders in the current economic climate due to the potential reduction it would have on the amount of Business Rates qualifying ratepayers would have to pay.

## **Corporate Priorities**

The exercising of Harrows' discretionary powers to award retail business relief will support local retailers and Harrow's commerce generally. This will ensure we promote this administrations priorities to deliver a fairer Harrow.

### **Section 3 - Statutory Officer Clearance**

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 28 February 2013		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 3 March 2014		

### **Section 4 – Performance Officer Clearance**

Name: Martin Randall	<input checked="" type="checkbox"/>	on behalf of the Divisional Director Strategic Commissioning
Date: 28 February 2014		

### **Section 5 – Environmental Impact Officer Clearance**

Name: Andrew Baker	<input checked="" type="checkbox"/>	on behalf of the Corporate Director (Environment & Enterprise)
Date: 18 February 2014		

### **Section 6 - Contact Details and Background Papers**

#### **Contact:**

Fern Silverio (Divisional Director – Collections & Housing Benefits),  
Tel: 020-8736-6818 / email: [fern.silverio@harrow.gov.uk](mailto:fern.silverio@harrow.gov.uk)

#### **Background Papers:**

As attached to this report

**Call-In Waived by the  
Chairman of Overview  
and Scrutiny  
Committee**

**NOT APPLICABLE**

*[Call-in applies]*