

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 12 May 2014

Portfolio:	Policy and Resources
Subject:	Business Rate Discretionary Rate Relief
Report of:	Director of Community
Strategy/Policy:	Charitable Relief Policy
Corporate Objective:	A dynamic, prudent and progressive Council

Purpose:

To consider changes to the Council's Business Rate Discretionary Relief Policy.

Executive summary:

The Government has introduced a number of measures aimed to assist businesses suffering from the effects of flooding since 1 December 2013.

For Business Rates, these measures are set to be delivered via the Council's discretionary relief powers, under section 47 of the Local Government Finance Act 1988.

Whilst the Council already has an established policy for granting discretionary rate relief, the changes requested by Government will fall outside this policy. This report seeks to vary that local policy in order to incorporate the proposed changes.

The Government will fully reimburse local authorities for the local share of the discretionary relief granted, using a grant under section 31 of the Local Government Act 2003.

Recommendation/Recommended Option:

That the Executive agrees:

- (a) to vary the Charitable Relief Policy to allow relief to be granted in the specific circumstances detailed in the report; and
- (b) to delegate the award of the discretionary relief, as detailed in the report, to officers in accordance with relevant guidance issued by Government.

Reason:

To offer financial assistance to businesses who have suffered through flooding.

Cost of proposals:

There are no cost implications. The Government has stated that it will reimburse billing authorities with the local share of the relief given in all the circumstances listed.

Appendices: **A:** Discretionary Relief Policy

Background papers: Flood Support Schemes - Guidance issued by Government, February 2014

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Executive Briefing Paper

Date: 12 May 2014

Subject: Business Rate Discretionary Rate Relief

Briefing by: Director of Community

Portfolio: Policy and Resources

INTRODUCTION

1. Following the extreme adverse weather conditions which occurred between December 2013 and February 2014, the Prime Minister announced a new business rate relief for properties that have suffered from the effects of flooding.
2. As the relief is a temporary measure, the Government has not changed the relevant legislation which allows billing authorities to award existing reliefs. Instead, the Government wants billing authorities to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988) to grant relief in line with the eligibility criteria set out in the guidance issued.
3. Whilst the Council already has an established policy for granting discretionary rate relief, the changes requested by Government will fall outside this policy.
4. Government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).
5. The scheme will fund 100% rate relief for three months, for those properties which meet the following criteria, for any day between 1 December 2013 and 31 March 2014:
 - (a) the property has been flooded in whole or in part as a result of adverse weather conditions; and
 - (b) on that day, as a result of the flooding at the hereditament, the business activity undertaken at the hereditament was adversely affected; and
 - (c) the rateable value of the hereditament on that day was less than £10 million.
6. It is for the local authority to decide in each individual case when to grant relief under section 47.

7. In considering whether the business activity has been adversely affected, local authorities should consider the impact of the flooding in the full context of all business activities undertaken at the property. Very small or insignificant impacts should be ignored
8. The scheme applies to all types and uses of non-domestic property (other than those occupied by the Billing Authority)
9. Providing discretionary rate relief to ratepayers is likely to amount to State Aid. State Aid Regulations are the means by which the European Union regulates state funded support to businesses.
10. Flood Relief is likely to be state aid compliant, where provided in accordance with the De Minimis Regulations. The regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). Officers will need to be satisfied that the award of relief will not result in the ratepayer having received more than €200,000 of De Minimis aid.

PROPOSAL

11. To award rate relief for three months in cases where businesses have suffered due to flooding as detailed in government guidance

RISK ASSESSMENT

12. There are no material risks associated with this change of policy.

FINANCIAL IMPLICATIONS

13. There are currently 6 applications for relief from businesses in Castle Trading Estate in Portchester and Swanwick Marina. Based on the applications received to date, the initial cost of relief will be £41,557. This sum will be fully reimbursed by Government.

CONCLUSION

14. That the Executive agrees to vary the Charitable Relief Policy to allow relief to be granted in the specific circumstances detailed. Discretionary relief is currently agreed at Officer level and any relief granted in the circumstances listed above, would be allowed on the same basis, in accordance with relevant guidance issued by Government.