

Report to Executive

Agenda
Item:

A.1

Meeting Date: 9 March 2020

Portfolio: Finance, Governance and Resources & Economy, Enterprise and Housing

Key Decision: Yes

Within Policy and Budget Framework: Yes

Public / Private: Public

Title: Discretionary Rate Relief Policy Amendment: Retail Discount Top-up Scheme

Report of: Town Clerk and Chief Executive and The Corporate Director of Economic Development

Report Number: CE 02/20

Purpose / Summary:

This report outlines the proposed Discretionary Rate Relief Scheme to provide a local top-up to the national Retail Discount scheme, which forms part of the City Centre Business Support package outlined in report ED05/20 that was considered by the Executive at 15 January 2020 meeting. The report seeks approval from the Executive, and recommendation to Full Council, to amend the Council's Discretionary Rate Relief Policy to implement the proposed Retail Discount Top-up scheme.

Recommendations:

The Executive is asked to resolve that it is minded to:

- I. approve the principle of the proposed Retail Discount Top-up scheme and recommend to the Council for adoption. This will provide a 17% top up of rate relief for eligible hereditaments in receipt of Retail Discount, subject to an appraisal process. This 17% will take the total rate relief provided to these properties to 50%, or, in the instance that the Government's proposals to increase Retail Discount to 50% are enacted, to 67%. The discount will be available time limited, available only within the financial year 2020/21;
- II. approve the principle of an application-based approach to the proposed Retail Discount Top-up scheme, consider the eligibility and application forms appended to the report at **Appendix A**

and in accordance with the Budget and Policy Framework Procedure Rules, consult upon the said proposals.

Tracking

Executive:	9 March
Scrutiny:	26 March
Executive:	6 April
Council:	28 April

1. BACKGROUND

- 1.1 Carlisle City Council aims to take measures to ensure Carlisle City Centre remains resilient to the challenges presented by the current turbulent retail environment. The Council aims to reduce city centre vacancy rates, support local businesses in trading in the city centre, and encourage diversification of the high street. To facilitate this, The Council has allocated £40,000 for a City Centre Business Support Package, to fund measures such as small business grants and discretionary rate relief. This package was outlined in report ED05/20 that was considered by the Executive at the 15 January 2020 meeting.
- 1.2 In order to enact the rate relief proposed as part of the City Centre Business Support Package, the Council's Discretionary Rate Relief Policy needs to be amended, which requires approval from the Executive, and Full Council, as a matter which lies within the Budget and Policy Framework.

2. PROPOSALS

- 2.1 The proposal is to provide a top up of Retail Discount by 17% for vacant hereditaments with a rateable value under £51,000 in Castle Street, Victoria Viaduct and Lowther Street, with the Council funding the 17% top up through a new discretionary rate relief scheme. This rate relief aims to support new businesses to trade in the city centre, noting that business rates are often seen as a barrier for new start-up businesses to secure premises and begin a physical presence from which to trade from.
- 2.2 These streets have been selected due to the high number of vacant units - as of August 2019, 44% of units were vacant on Castle Street, 25% were vacant on Victoria Viaduct, and 22% on Lowther Street, compared to a city centre vacancy rate of 12%. The rate relief offered here will incentivise businesses to move to these locations and improve vitality and viability.
- 2.3 Eligible businesses are expected to complete an application form for the Retail Discount top-up. The Regeneration team would use this application to assess the merits of meeting the criteria for relief and make a recommendation to the Portfolio Holder for Economy, Enterprise and Housing, who will be responsible for approving the grant of the Retail Discount Top-up. Prior to allocating the relief the Council must be satisfied that the benefits to local council taxpayers and value for money are demonstrated. Administration of qualifying applications for discretionary relief will be processed by the Revenues Section.

- 2.4 Eligible businesses include retail, cafes, bars and restaurants (excluding hot food takeaways) – essentially A1, A3 and A4 uses. In order to qualify for this new discretionary scheme, the premises would need to be one of the vacant properties identified by Carlisle City Council. Draft eligibility criteria are appended to this report outlining proposed criteria that will be used to assess applications to the scheme.
- 2.5 The retail discount top-up is funded as part of the £40,000 allocated for city centre business support through the 2020/21 budget. This scheme is budget limited and therefore the discount will be allocated on a ‘first come first serve’ basis, once the funding has been committed, applications for the top-up scheme will no longer be accepted for 2020/21.

3. PROPOSED CHANGES TO THE NATIONAL RETAIL DISCOUNT SCHEME AND THEIR IMPACT ON THE PROPOSALS

- 3.1 In a Written Ministerial Statement on 27 January 2020, the Government announced that it would extend the retail business rate discount from one third to 50%, extending that discount to cinemas and music venues, extending the duration of the local newspapers discount and introducing an additional discount for pubs. The Government will fully fund these discounts through a S31 grant. In circumstances where this policy is enacted, the 17% local top-up scheme would remain in place - taking the total rates discount from 50% to 67%.

4. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 4.1 The amendment of the discretionary rate relief policy is necessary to facilitate business rate relief as proposed in the City Centre Business Support Fund. This fund aims to incentivise businesses to trade in the city centre, supporting vitality and viability, whilst also supporting business growth in Carlisle.
- 4.2 On this basis, the Executive is asked to resolve that it is minded to:
- To approve the principle of the proposed Retail Discount Top-up scheme and recommend to the Council for adoption. This will provide a 17% top up of rate relief for eligible hereditaments in receipt of Retail Discount, subject to an appraisal process. This 17% will take the total rate relief provided to these properties to 50%, or, in the instance that the Government’s proposals to increase

Retail Discount to 50% are enacted, to 67%. The discount will be available time limited, available only within the financial year 2020/21.

- Approve the principle of an application-based approach to the proposed Retail Discount Top-up scheme, consider the eligibility and application forms appended to the report and provide feedback.

5. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

5.1 This wider Business Support Package, of which the proposed Retail Discount Top-up scheme form part, contribute to two of the five of the Carlisle Plan priorities:

P1: Supporting business growth and skills development to improve opportunities and economic prospects for the people of Carlisle.

P5: Promoting Carlisle regionally, nationally and internationally as a place with much to offer - full of opportunities and potential.

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Appendices	Carlisle City Centre Business Rates Retail Discount Top Up
attached to report:	Scheme - Application Form
	Carlisle City Centre Business Rates Retail Discount Top Up
	Scheme – Eligibility Criteria

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- **Report ED.05/20 - High Street Support Fund**

CORPORATE IMPLICATIONS:

LEGAL – Awards such as rate relief are required to comply with the EU law on State Aid. State Aid is financial support which is provided by the State to business organisations and is generally prohibited and unlawful. There are, however, a number of exemptions and the relevant exemption in circumstances such as the one described is De Minimis Aid. It will, therefore, be necessary for each ratepayer who is awarded relief to complete a declaration stating whether they have received any other De Minimis Aid in the current or

two previous financial years, including any other Rate Relief they may have received on other property(s). The declaration will include confirmation that the award does not exceed the amount an undertaking can receive under the De Minimis Regulations EC 1407/2013.

The Discretionary Rate Relief Policy is a policy reserved to the Council under Article 4 of its Constitution. As such, any amendment must follow the Budget & Policy Framework procedure rules with any amendment, ultimately, being approved by Council.

PROPERTY SERVICES - None

FINANCE – There is a non-recurring £10,000 earmarked with the 2020/21 budget as part of a larger business support package (£40,000) to support business growth in the city centre. This £10,000 was allocated for a discretionary business rate relief scheme for vacant properties in Castle Street, Lowther Street and Victoria Viaduct with a rateable value of less than £51,000 with other eligibility criteria to be determined. This report now sets out that criteria. The proposal is to award a discretionary 17% relief on top of the government's relief scheme which has recently been increased to 50%, so therefore an overall discount for eligible properties of 67%. If approved this 17% discretionary rate relief will be a charge on the Collection Fund with the costs being shared between the Pooling authorities, with the Council's share being accommodated with the £10,000 budget provision. Any changes to the Discretionary Rate Relief Policy must be approved by full Council.

EQUALITY – None

INFORMATION GOVERNANCE – The application form has been reviewed for GDPR Transparency requirements and now includes the appropriate Privacy Statement

City Centre business rates retail discount top-up scheme

Eligibility Criteria

Carlisle City Council is offering a 17% top-up to retail discount on National Non-Domestic Rates (NNDR) for selected vacant properties on Castle Street, Lowther Street and Victoria Viaduct. These are properties which have been vacant for over 3 months as of March 2020, with a rateable value of under £51,000.

The government plans to increase retail discount on business rates from 33% to 50% for 2020/2021. For the selected eligible properties, Carlisle City Council will provide a further 17% top up to give a total of 67% rate relief. This relief is available for 2020/2021 only.

This is granted on an application basis. For an organisation to apply to be considered for the retail discount top-up, the following conditions must be met:

- a) Propose to occupy one of the identified vacant commercial properties on Castle Street, Lowther Street and Victoria Viaduct with a rateable value of under £51,000, wholly or mainly for use as shops, restaurants, cafes and drinking establishments (in line with government criteria for Retail Discount).
- b) The business is a start-up starting to trade in the city centre, **or** an SME/Microbusiness re-locating to Carlisle city centre from outside the District or opening a new branch in the city centre.
- c) Commit to occupying for longer than 2 years.
- d) Satisfy the Council that in granting discretionary rate relief that it is in the interests of Carlisle Council Tax Payers, factors to be considered include number of new local jobs likely to be created, other benefits to the District of locating in Carlisle.
- e) The business must provide evidence to the Council that it is viable and will contribute to the vitality of the high street, by providing an overview of the business proposal and evidence that it will be sustainable.

The following businesses are **excluded** from the Retail Discount Top-Up scheme:

- Takeaways
- Hair and beauty services
- Betting shops
- Pawnbroker/cash generator shops
- Charity shops
- Mobile phone shops

- E-cigarette shops
- Pound shops
- Taxi's/transport
- Adult shops

Additional information:

The scheme is discretionary.

The scheme's budget is limited and will be paid out on a first-come-first-served basis.

The scheme cannot be applied for retrospectively. An application **MUST** be submitted in advance of a business opening. An application made after the business has opened will be refused.

Decision to award the Retail Discount Top-Up will be made by the Portfolio Holder of Economy, Enterprise and Housing.

Carlisle City Centre Business Rates Retail Discount Top-Up scheme

Application Form

This application form is used to assess whether businesses are eligible for the Carlisle Business Rates Retail Discount Top Up scheme. Please check the eligibility criteria before applying. We aim to make decisions as promptly as possible, however this is dependent on **all** the necessary information is submitted. Please take time to ensure the form is filled in correctly, in full, with all additional requested documents attached. For information on how we will process any personal information you provide to us, please visit our privacy statement at <https://www.carlisle.gov.uk/Privacy-Statement/Economic-Development-Functions-Privacy-Statement>

Contact details

Business Name	
Registered Trading Name (if different)	
Business Address	
Contact Name	
Position	
Telephone/Mobile Number	

Email Address	
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Property details

Address of property in Carlisle City Centre that support is being applied for (please provide a copy of the lease for the property, attached to this application form)	
Rateable value	
How long has the property been vacant?	
When do you intend to start trading from the property?	
What is the total floor space you will be occupying in the property?	
What activity will your business primarily perform?	
Do you require planning permission of any kind, including for Change of Use or alterations to this property? If so, has an application been submitted?	

Business details

Is your business	A new start up An SME/Microbusiness Relocating to Carlisle City Centre from outside the district or opening a new branch in Carlisle An existing SME/Microbusiness in Carlisle City Centre that is expanding
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Company Status	Sole Trader Partnership Private Limited Company Social Enterprise Other (please specify)									
Please detail the nature of your business, which markets you operate in and what goods/services are sold.										
Is your business VAT registered	Yes Vat Number: No									
Please provide your businesses Companies House Number (if applicable)										
Please provide your businesses HMRC number										
How many employees does your business have?	Full time: Part time:									
If you are planning to create new jobs within your business, please forecast these	<table border="1"> <thead> <tr> <th></th> <th colspan="2">Years</th> </tr> </thead> <tbody> <tr> <td>Full time:</td> <td></td> <td></td> </tr> <tr> <td>Part time:</td> <td></td> <td></td> </tr> </tbody> </table>		Years		Full time:			Part time:		
	Years									
Full time:										
Part time:										

<p>Please detail your business projected turnover and net profit for the next two years of trading. If you are an existing business, please include current turnover as well.</p>	
<p>If you are an existing business, are you moving into bigger premises?</p>	
<p>Please provide brief details of how your business venture will be funded</p>	
<p>Have you received State Aid/de minimus State Aid in the last 3 years</p>	<p>If yes, please indicate the scheme title, the amount of aid and date received.</p>
<p>Are you currently or have you previously traded (or anyone directly related to you) under a different business name?</p>	