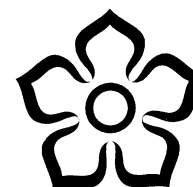


Business Rates – Retail Relief Policy



Leicester
City Council

Introduction

The City Mayors Economic Action Plan established the need to create a thriving retail core to the City and support local neighbourhood centres. It is evident that the retail sector, which has been a key driver of growth within Cities and town centres across the UK, is changing. Many shopping areas are experiencing challenges as a result of growing trends in consumer practices such as internet shopping. In order to ensure that city and local centres continue to be key drivers in our economy we need to enhance their offer in terms of scale, range and appeal. This vision was clearly articulated in the City Mayors Economic Action Plan and a series of investments are underway that will help ensure the city and neighbourhood centres continue to thrive and be the engine of economic growth.

A good deal of investment has been made to enhance the City's offer to residents, visitors and businesses, however it is vitally important that wherever possible we support our existing retailers to thrive and compete. Government has recently published guidance on rate relief of up to £1,000 for occupied retail properties with a rateable value of £50,000 or less, in the years 2014-15 and 2015-16. This guidance provides the policy framework for the operation and delivery of this rate relief - the detail, however, regarding its implementation has been left to be determined by Local Authorities. This policy paper establishes how this specific retail relief will be applied to businesses across Leicester City, within the framework established in the Government guidance.

Summary

The amount of relief available is up to £1,000 for occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.

Leicester City Council recognises that retail businesses support not just our City Centre but are also at the heart of our local communities. Therefore Leicester City Council has adopted an inclusive approach to the implementation of this rates relief policy applying it to all eligible retail businesses across the Leicester City Local Authority area. This will ensure that the maximum amount of businesses, which support our City Centre and our local communities, will benefit.

Eligibility

Retail rate relief will apply to business premises that are:

i) Occupied

And

ii) with a rateable value of £50,000 or less

And

iii) that are wholly, or mainly, being used as eligible shops, restaurants, cafes and drinking establishments.

And

iv) that provide benefit to the area and its community.

Eligible shops, restaurants, cafes and drinking establishments are defined as:

1. Premises that are being used for the sale of goods to visiting members of the public.

e.g. florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, 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.)

2. Premises that are being used for the provision of services to visiting members of the public

e.g. hair dressers, nail bars, beauty salons, tanning shops, 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.

3. Premises that are being used for the sale of food and/ or drink to visiting members of the public

e.g. restaurants, takeaways, sandwich shops, coffee shops, pubs, bars.

The definition of retail applied here is the sale of goods and services to the public in relatively small quantities for use or consumption. To qualify for the relief premises must be **wholly or mainly**¹ being used for retail purposes as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Premises which are occupied but not wholly or mainly used as a shop, restaurant, cafe or drinking establishment **will not** qualify for the relief.

NB: companies of national recognition with multiple premises/stores across the country will not receive this aid automatically deducted from their bill. In order to receive the rate relief they will have to apply, via the appeals process, evidencing that the company as a whole has not breached the De Minimis threshold.

¹ >50% of premises floor space, by use.

The following establishments are **not eligible** for rates relief as per the guidance set out by government.

1. Premises that are being used for the provision of the following services to visiting members of the public:
 - 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
 - Properties that are not reasonably accessible to visiting members of the public.

The following establishments are also considered to be **not eligible** for rates relief.

- Bookmakers and gambling establishments
- Car Parks
- Conference Centres
- Nurseries, crèche and educational establishments
- Shops/venues wholly or mainly offering material of an adult or sexual nature
- Sporting clubs, gyms or other membership establishments

(NB: All lists are not intended to be exhaustive, only illustrative. If you feel your business meets the policy criteria and is therefore entitled to relief please see the appeals process detailed in the named section of this policy.)

How much relief will premises receive?

The total amount of government-funded relief available for each property is £1,000 for each of the years 2014/15 and 2015/16. Therefore the maximum relief of any one business property is £2,000. The amount does not vary with rateable value and there is no taper.

The amount of relief per annum is calculated via the formula:

$$\text{£1000 X } \frac{\text{No. of days in the financial year that the premises is eligible for relief}}{\text{No. of days in the financial year}}$$

How will the relief be applied?

The relief will be applied to all premises considered eligible through the information held on the NNDR database held by Leicester City Local Authority.

The relief is applied against the **net** bill after all other reliefs are taken into account.

After all other reliefs have been applied should the rates payable equal less than £1,000 then those eligible for retail relief will have that relief applied up to the value of their rates bill i.e. they will have a £0 bill for that year.

A new business property created as a result of a split or merger during the financial year, or where there is a change of use, will be considered afresh for the relief on that day.

All rate paying businesses will receive notes detailing the implementation of this retail rates relief policy with their next business rates bill.

(Please see appendix A – Example Calculations for further information)

State Aid

The provisions that govern this relief come under Section 69 of the Localism Act 2011 which amended Section 47 Local Government Finance Act 1988.

The support offered under this policy is given under De Minimis Regulations (1407/2013). The De Minimis 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).

All those who are considered eligible through analysis of the NNDR database will be sent with their bill a State Aid declaration form. The State Aid declaration form will set out the amount of aid offered to the businesses through this relief in Pounds Sterling (£) and Euros (€)². This is included as a record for the business of the amount of State Aid they have received, and must be taken into account by that business for any future State Aid support they receive. Businesses will be required to retain this form for 3 years from its date.

The business will only need to complete the declaration for any other Public support received which is De Minimis aid. State Aid received under other exemptions or public support which is not State Aid does not need to be declared.

If the business has **not** received any other De Minimis State Aid, including any other Retail Relief they are being granted for premises other than the one to which the bill and letter relates, they do not need to complete or return the declaration. A nil return is accepted as confirmation that the business is eligible to receive the amount of retail relief detailed in their bill.

All declarations returned, will be reviewed and should the De Minimis threshold be breached then a new bill will be calculated with the retail relief removed. If the De Minimis aid threshold is not breached, no further action will be taken.

The Council is required to carry out this monitoring procedure, which will assist the Council and businesses to minimise the risk that they breach the €200,000 ceiling. The consequence of such a breach would be that the aid to a business may be held to be unlawful by the

² Calculated at the exchange rate of the date the bill is produced

European Commission or the court and recovered from the recipient business with interest.

Appeals

An appeals process will be in operation that will be open to all business rate payers across Leicester City who feel that they meet the eligibility criteria of this policy and have not received a deduction in their business rates via retail relief.

The following occasions are the sole basis of any grounds for appeal.

- (a) The premises is of a type specifically stated as being eligible for relief, and the Council has by error omitted to grant relief;
- (b) The premises is not of a type specifically stated as being eligible for relief, but by analogy the use is comparable to one which is listed as eligible, and makes the same contribution to the economic wellbeing of the area.

All appeals must be made by contacting the business rates service, through the contact details on the LCC website. Appeals will be dealt with through completion of a standard form detailing the appellant's rationale for why they believe that they are eligible for retail rates relief. This form will be available to download from the LCC website, as will guidance on how to complete it.

Appeals will be judged in line with this policy and the plans and strategies of Leicester City Council. Decisions are taken at the sole discretion of the Director of Finance in consultation with the Revenues & Benefits Manager. All appeals will be reviewed within 4 weeks of submission of all necessary information. All decisions taken on appeals are final and the outcome will be recorded and delivered to the business in writing. If an appeal is successful rate relief will be backdated for the full eligible period, within that fiscal year. Appeals may only be made for the current fiscal year and cannot be applied to previous years.

If an appeal is unsuccessful the only further recourse available to applicants is a judicial review. A Judicial review is the means by which the decisions of billing authorities under discretionary rating powers may be questioned.

Appendix A: Example Calculations

Example 1 – An occupied shoe shop with a rateable value of £40,000

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280

Minus 12 months retail relief = £19,280 - £1,000 = £18,280

Rates due (including retail relief) = £18,280

Example 2 – A shoe shop with a rateable value of £40,000 that is unoccupied between 1 April 2014 and 30 September 2014 and is then occupied until 31 March 2015.

Rateable Value = £40,000

Rates due (excluding any reliefs) = £40,000 x 0.482 = £19,280

Minus 3 months (no empty rates payable) = £40,000 x 0.482 x 91 = £4,806.79

Minus 6 months retail relief (01/10/14-31/03/15) = £1,000 x 182 = £498.63

Total due for year = £13,974.58

Example 3 – An occupied shoe shop with a rateable value of £10,000 that is in receipt of small business rate relief of £1,554 per year.

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.471 = £4,710

Minus small business rate relief of 33% = £4,710 - £1,554 = £3,156

Minus 12 months retail relief = £3,156 - £1,000 = £2,156

Rates due (including all reliefs) = £2,156

Example 4 – An occupied charity shop with a rateable value of £10,000 that is in receipt of mandatory charitable rate relief

Rateable Value = £10,000

Rates due (excluding any reliefs) = £10,000 x 0.471 = £4,710

Minus charitable rate relief of 80% = £4,710 - £3,768 = £942

Minus 12 months retail relief = £942 - £942 (max relief allowable) = £0

Rates due (including all reliefs) = £0

Example 5 – A shoe shop with a rateable value of £30,000 that has occupied premises previously used as a jewellers shop that was empty for more than 12 months immediately prior to occupation.

Rateable Value = £30,000

Rates due (excluding any reliefs) = £30,000 x 0.482 = £14,460

Minus reoccupation relief of 50% = £14,460 - £7,230 = £7,230

Minus 12 months retail relief = £7,230 - £1,000 = £6,230

Rates due (including all reliefs) = £6,230

Appendix B – Business Rates property descriptions that are potentially eligible for retail rate relief. (Property descriptions and usage are considered together)

Bakery and Premises	Funeral undertakers and premises	Salon and premises
Bar and premises	Garage centre	Shop
Beauty clinic	Garage workshop and premises	Shop and premises
Beauty salon and premises	Hair salon	Shop, store and premises
Café	Hair and beauty salon	Shop, workshop and premises
Café and premises	Hairdressing and beauty salon and premises	Social club
Café bar and premises		Sports lounge (dependent upon usage)
Car hire depot	Hand car wash and premises	Studio
Car sales and display	Kiosk and premises	Supermarket
Car sales site	Laundrette and premises	Takeaway and premises
Car sales site and premises	Market	Tattoo studio
Car showroom and premises	Market stall and premises	Vehicle hire site and premises
Car showroom, workshop and premises	Massage parlour and premises	Vehicle repair workshop
Car hire	Night club and premises	Vehicle sales sites and premises
Car vehicle rentals	Petrol filling station and premises	Wine bar and premises
Car wash	Pharmacy and premises	
Car wash and premises	Photography studio	
Caravan display site and premises	Play centre	
Cinema and premises	Post office and premises	
Dry cleaners and premises	Public house and premises	
Farm Shop	Restaurant and premises	
Funeral parlour	Restaurant, bar and premises	
Funeral parlour and premises	Salon	