

## **Application for Discretionary Rate Relief under the Localism Act 2011**

### **1. Purpose of the Report**

- 1.1 To ask members to consider an application from the Redditch Town Centre Partnership (RTCP) for Discretionary Rate Relief (DRR) under the Localism Act 2011

### **2. Recommendation**

The Executive is asked to urgently consider an application for DDR in respect of the former Poundstretcher premises located at Unit 1a, The Quadrant, Redditch, B98 8AE and

#### **RESOLVE**

- 2.1 to award 100% Discretionary Rate Relief to the Redditch Town Centre Partnership (RTCP) for the period of their lease (up to June 2019) or sooner if the lease is terminated before then.
- 2.2 That the award of discretionary rate relief will be subject to:
  - a The RTCP being the ratepayer
  - b The premises being used wholly for the purposes of RTCP, which would be in control of the premises, managing ingress, egress, opening hours, and RTCP operating from the site.
- 2.3 That the premises will be used to provide flexible start up facilities for new businesses, which will be licenced to have use of the premises only but that the premises not be divided or sub-let.

### **3. Financial Implications**

- 3.1 The costs of discretionary relief are borne jointly by central government and local authorities as per their proportional share of the NNDR income.
- 3.2 The cost to Redditch Borough Council of granting this relief, assuming a 2.5% increase in rates, an occupancy date of 1 October 2016 until 1 June 2019, would be £34,500.
- 3.3 This figure is based on the current rateable value. The rateable value may change in the 2017 revaluation and it is not possible to know what the level of increase might be at that time.

### **4. Legal Implications**

- 4.1 We cannot by law award discretionary relief for a property which we as the billing authority occupy in whole or in part.

- 4.2 Section 47 (5B) of the Local Government Finance Act 1988 (LGFA) allows the Council to award up to 100% discretionary relief to any organisation which is not established nor conducted for profit and whose objectives are philanthropic, religious, concerned with education, social welfare, science literature or the fine arts.
- 4.3 The Localism Act 2011 extended the scope of Section 47 and there is now a general power to award discretionary relief to any ratepayer providing that it would be reasonable to do so having regard to the interests of local Council Tax payers.

## 5. Background

- 5.1 The Localism Act removed the restrictions on awards of discretionary rate relief and allowed local authorities to determine that awards of relief may be made where it is reasonable to do so having regard to the interests of the Local Council Tax Payers.
- 5.2 In the main, decisions to award relief under the extended powers of the Localism Act are made by the Council's Executive and would be exercised in respect of all hereditaments within a defined area or of a defined type. There may be occasions where decisions are made on a case by case basis.
- 5.3 Decisions on a case by case basis would be made where there is the possibility of the loss of an amenity which is of importance to local Taxpayers or where a failure to award relief could lead to the loss of major employer within the Council area.
- 5.4 Any award of discretionary rate relief (DRR) under the Localism Act powers would be the exception rather than the rule.
- 5.5 The RTCP aims to enter into a lease for this building to provide an open and flexible work space for small start-up businesses. The aim is that these businesses then go on to take empty units in the town centre over time thus benefiting the local community as well as bringing empty units back into use. The scheme is only viable if DRR is granted.
- 5.6 The criteria for awarding relief and the factors that must be taken into account are detailed below:

Criteria		Evidence
1	<p><b>Local Value:</b></p> <p>The business is, or will be of importance and value to the local community.</p>	<p>This business will provide start up facilities in a multi-use flexible space, with reduced financial risk. It is supported by the Council Economic Development Officer as an enterprise which would increase opportunities for business start up in Redditch Borough.</p>

2	<p><b>Local Jobs:</b></p> <p>The number of people who are/will be employed by the business and who reside in the Redditch Borough Council area.</p>	<p>The business will not employ directly but provide opportunities for businesses which may go on to provide local jobs and opportunities.</p>
3	<p><b>Reason for the discount</b></p> <p>Details to include:  the reason for the discount;  the period for which relief is sought;  measures already taken to obtain support from other sources;  amount of additional support already received; and (if applicable) reasons why support was not forthcoming.</p>	<p>RTCP are a voluntary group with an aim to increase opportunity within the town centre. Other avenues of support in respect of business rates would not be appropriate in this case, and all other rate relief options have been considered but would not apply.</p>
4	<p><b>The business is of a sui-generis nature.</b></p> <p>Details of the unique nature of the business/amenity demonstrating why the failure to grant relief could lead to the loss of a unique amenity for the residents of the Redditch Borough Council area.</p>	<p>This will provide a unique space within the Town Centre to offer such facilities.</p>
5	<p><b>State Aid Declaration</b></p> <p>Awards of Localism Act relief would potentially be classed as State Aid - a declaration will be required to show that the level of all relief over the previous three financial years is below 200,000 euros.</p>	<p>State Aid Declaration to be completed.</p>

5.7 The decision needs to be made urgently to enable the lease agreement to be entered into. Delaying the decision until the next scheduled Executive meeting could result in the loss of the property as pressure is being put on the RTCP to sign the lease as a matter of urgency.