

MINUTE EXTRACT

**Scrutiny Committee – 25 July 2014**

**16 Local Business Rate Discretionary Relief Scheme**

The Committee considered Report No 117/14 which provided information on the Local Business Rate Discretionary Relief Scheme and the outline proposal considered by Cabinet on 24 April 2014.

The Director of Finance took the Committee through the Report. He explained that on 24 April 2014, Cabinet considered a Report relating to the introduction of a Local Business Rate Relief Scheme. At that meeting, Cabinet had requested that the Scrutiny Committee consider the proposed introduction of a local scheme. He added that this meeting was to focus on the new power given to Councils to allow for business rate relief to be given to profit making bodies.

The Graduate Intern took Councillors through a series of schemes that had been adopted by various other Councils throughout the country. She explained that Stockton on Tees had found the consultation with letting agents particularly useful and that some Councils had adopted ongoing consultation on their schemes. In response to a Councillor's question, the Director of Finance advised that any announcement regarding the Newhaven Enterprise Zone would not be a short term matter and that as far as he was aware, funding for 2015/2016 had already been allocated to Enterprise Zones. He advised that the Council would continue to pursue an Enterprise Zone application for Newhaven.

The Director of Finance circulated to Councillors the proposed terms of reference for the Local Business Rate Discretionary Relief Scheme (a copy of which is contained in the Minute Book). In response to a Councillor's question, he confirmed that the consultation for the Scheme could be extended to letting agents, organisations responsible for business starter units and Town and Parish Councils. He advised that members of the Scrutiny Committee would have further opportunities to comment on the consultation before it was circulated more widely.

In response to a Councillor's question, the Director of Finance advised on the level of external funding available for the Local Business Rate Discretionary Relief Scheme. He explained that it could initially be financed from the Council's reserves. He added that if an East Sussex Business Rates Pool was established by the Districts/Boroughs, County Council and the East Sussex Fire Authority, it could potentially generate additional local resources that could be used to fund this scheme.

The Director of Finance took Councillors through the draft scope of the Local Business Rate Discretionary Relief Scheme, specifically Paragraph 6.5 of the Report. In response to a Councillor's question, he advised that it was the intention to include rural areas in the scope of the Scheme. A discussion followed, and Councillors advised that the Scheme should be flexibly designed to encourage applications from businesses, even though there would be criteria indicating how applications would be assessed. He also advised that every scheme should be considered on its merits, even though there will be preferred criteria and that it is in the interests of council taxpayers as a whole to give the relief

The Director of Finance drew the Committee's attention to Point J in the proposed Terms of Reference, and suggested to Councillors that it be included within the Scope of the Scheme, and the words "be restricted to" be replaced with "cover".

In response to a Councillor's question, the Director of Finance advised that a monitoring system was already in place to monitor funding applications for the rate relief scheme to non profit making bodies, but this could be extended to include unsuccessful applications.

The Director of Finance advised Councillors of the possible exclusions to the Business Rates Discount Scheme, as set out in Paragraph 6.5.1 of the Report. He explained that other Councils had a cancellation policy which could be included within the Council's scheme to ensure that awards would be withdrawn if the circumstances of the applicant significantly changed. He read out the examples from the East Devon scheme and Councillors agreed they should also be reflected in the Lewes scheme.

In response to a Councillor's question, the Director of Finance advised that the scheme could indicate exclusions, such as applications from payday lenders, betting shops and pawnbroker shops. Research of other council schemes had highlighted said exclusions.

The Director of Finance took the Committee through a number of detailed matters that could be considered by a local scheme, as set out in Paragraph 7 of the Report. A discussion followed, and the Committee held the view that the scheme should be kept as flexible as possible, and that issues such as tapering the amount of discount given to a business over a period of years could be introduced. It added that the Council should have the discretion to withdraw the discount if necessary. The Committee did not want to see geographical restrictions on where applications should be

encouraged from.

The Committee was in favour of awards being made for a one year period rather than a longer period and that there should be an annual review of current awards, at which time a further decision could be made on whether to extend it and if so at what level. This approach would be supportive of having a flexible scheme.

In response to a Councillor's question, the Director of Finance took Councillors through the risk management implications of introducing a Business Rates Discount Scheme, as set out in Paragraph 12 of the Report. He advised that it was important that the application process captured all relevant information required to assess compliance with the State Aid Rules.

**Resolved:**

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| <b>16.1</b> | That Report No 117/14 relating to the Local Business Rate Discretionary Relief Scheme be noted;   | DF |
| <b>16.2</b> | That the Director of Finance be requested to circulate a draft copy of the Local Business Rate Discretionary Relief Scheme consultation document and the covering consultation letter and list of consultees to all members of the Scrutiny Committee for comment;  | DF |
| <b>16.3</b> | That the Director of Finance be requested to extend the Local Business Rate Discretionary Relief Scheme consultation exercise to letting agents, the Denton Island Business Centre, the Sussex Innovation Centre, Town and Parish Councils, the Sussex Association of Local Councils, East Sussex County Council and the East Sussex Fire Authority | DF |
| <b>16.4</b> | That the Director of Finance be requested to include rural areas within the scope of the Local Business Rate Discretionary Relief Scheme;   | DF |
| <b>16.5</b> | That the Director of Finance be requested to include the following sentence within the Scope of the Local Business Rate Discretionary Relief Scheme "The Scheme should cover new or empty land i.e. promoting growth and new investment;  | DF |
| <b>16.6</b> | That the Director of Finance be requested to ensure that the promotional material for the Local Business Rate Discretionary Relief Scheme demonstrates that the scheme is not restrictive and open to all businesses;   | DF |
| <b>16.7</b> | That the Director of Finance be requested to ensure that the monitoring of the Local Business Rate Discretionary Relief Scheme included unsuccessful applications;  | DF |
| <b>16.8</b> | That the Director of Finance be requested to include a cancellation policy and information on how appeals could be made as part of the  |    |

Business Rates Discount Scheme;	DF
<b>16.9</b> That the Director of Finance be requested to include the information regarding exclusions of businesses such as payday lenders in the draft consultation document for the Local Business Rate Discretionary Relief Scheme consultation document; and	DF
<b>16.10</b> That a vote of thanks be accorded to the officers involved in Report No 117/15 regarding the Local Business Rate Discretionary Relief Scheme.	DF
and it was further	
<b><u>Recommended:</u></b>	
<b>16.11</b> That Cabinet be requested to review the Local Business Rate Discretionary Relief Scheme on a regular basis, and consult further with relevant bodies if required;	SCO
<b>16.12</b> That Cabinet be requested to ensure that the Local Business Rate Discretionary Relief Scheme is as flexible as possible;	SCO
<b>16.13</b> That Cabinet be requested to include a power to withdraw any discount given to a business under the Local Business Rate Discretionary Relief Scheme if necessary;	SCO
<b>16.14</b> That Cabinet be requested to include information regarding State Aid in the Local Business Rate Discretionary Relief Scheme; and	SCO
<b>16.15</b> That Cabinet be requested to ensure that the Local Business Rate Discretionary Relief Scheme covered the whole District and did not have geographical restrictions.	SCO