



1. PURPOSE OF REPORT

- 1.1 To seek agreement on the local application of Discretionary Business Rates Relief on Hinckley Town Centre.

2. RECOMMENDATION

- 2.1 The Executive agrees:

- i) to continue the existing designated area in Hinckley Town Centre (Castle Street) where the 20% Discretionary Business Rate Relief is not applied.
- ii) to extend that designated area to include: Upper Castle Street, Regent Street, Market Square and Station Road.
- iii) that appropriate officers undertake regular formal/recorded inspections of charity shops in the town, to identify if they meet and continue to meet the criteria for Mandatory (80%) Business Rate Relief, using the percentage of floor space utilised as the qualifying criteria for 'wholly or mainly' (i.e. 'more than half').
- iv) the arrangements for addressing any challenges from the Chamber of Trade to the inspections as to the registration with the Charity Commission, as set out in paragraph 3.3 c) iii) of this report.
- v) that a 'landlord incentive period' beyond three months' exemption for empty properties be considered on a case by case basis, if properties remain empty after two months (see 3.3 c) v) in the report).
- vi) to consider whether further brief consultation be undertaken with charity shops trading in the proposed extended designated area, before implementing any actions agreed from this report.

3. BACKGROUND TO THE REPORT

- 3.1 There has been concern raised by the Chamber of Trade and by the Town Centre Partnership regarding the number of Charity Shops in the town centre - both on the grounds of perceived affect on potential investment (perceived to be 'downmarket') from national stores/facilities and the sense of 'unfair competition', arising from the business rate reliefs available.
- 3.2 The Chamber of Trade had issued a questionnaire to its Membership, the responses to which formed the basis of the submission to the Council and to the Town Centre Partnership. A further questionnaire, to seek the views of shoppers, has been circulated in the recent edition of the Borough Bulletin. The responses to both are consistent in stating the view that there are too many charity shops in the town centre, albeit a high percentage of respondents to the Borough Council survey do use charity shops in Hinckley.

3.3 Legislative Bases

- a) There is a difference in the legal position regarding Charity Shops and Premises used for charitable purposes - even though to qualify for any relief, registration with the Charity Commission is a pre-requisite.
- b) There is no provision for the specific control of Charity Shop locations under Planning legislation.

- c) i) Common Provisions

In both cases, shops/premises can receive Mandatory Relief (80%) and Discretionary Relief (20%). In the case of the latter, the Borough Council has determined that Discretionary Relief is not payable to charity shops/premises operating in Castle Street, as this is deemed to be the town centre. This policy was introduced by the Council's Cabinet on 2 March 2004.

- ii) Charity Shops

Under S47 (paragraph 10) of the Local Government Finance Act 1988, charity shops must 'be wholly or mainly used for the sale of goods donated to a charity and the proceeds of the sale of the goods (after any deduction of expenses) are applied for the purposes of the charity'.

The phrase 'wholly or mainly' has been taken to mean in practical terms 'more than half'. There are a variety of bases for that level being determined:

- * percentage of floor space occupied by donated goods
- * percentage of turnover and profit represented by the sale of donated goods
- * percentage of individual items sold which are donated goods

For practical purposes, it would seem appropriate and reasonable for the percentage of floor space to be the criteria used for defining 'wholly or mainly (more than half)'.

- iii) Inspections and Challenges

Borough Council officers do have powers to inspect and identify if the 'wholly or mainly' criteria are met. If they are, there is no reason to challenge the 80% mandatory relief. However, if at any point the position becomes challengeable, the Council does have the power to withdraw the mandatory relief.

Inspections have been undertaken informally with Charity Shops and there is currently no reason to challenge the Mandatory Relief at any of the nine shops currently operating in Castle Street.

It is suggested that relevant Council officers undertake regular formal/recorded visits to these premises. If the Chamber of Trade wishes to challenge any finding, they should do so to the Council in writing, which will trigger a joint inspection visit.

Should the Chamber of Trade (or, indeed, the Council) have any concerns about the legitimacy of the charitable registration of any operation, this should be raised by the Council with the Charity Commission.

- iv) It should be noted that no other District Council in Leicestershire grants the 20% Discretionary Rate Relief in the relevant town centre(s); none has withdrawn the Mandatory Relief for shops selling 'new' goods; and there have been no moves to downsize the number of charity shops.
- v) It has been put to the Council that landlords are under severe pressure to let empty properties, as they are liable for Business Rates and need the income to cover that outlay. It is for this reason, it is argued, that lettings are made to charity shops, rather than other retailers. The current position is that Business Rates are not payable for up to three months on empty properties (but then payable at 100%), which should allow sufficient time to negotiate a lease with a suitable tenant. However, to combat the perception put forward by the Chamber of Trade, it is suggested that each case be treated on its merits and that the Council consider requests for an extension of the exemption period on application by the landlord once the property has been vacant for two months. The Council can then judge how much effort has been put into an appropriate letting at that point.

4. FINANCIAL IMPLICATIONS [AW]

- 4.1 There will be a potential on-going reduction in reliefs given, which should increase the income available for retention by the council for the properties affected.

5. LEGAL IMPLICATIONS [JB]

- 5.1 The legal implications are contained in the report.

6. CORPORATE PLAN IMPLICATIONS

- 6.1 Creating a vibrant place to work and live.

7. CONSULTATION

- 7.1 The Chamber of Trade conducted a consultation of its membership and the Council has undertaken a consultation with the wider public via the Borough Bulletin. Members may wish to undertake consultation with charity shops operating in the proposed extended area, before implementing the actions agreed.

8. RISK IMPLICATIONS

- 8.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 8.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 8.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Not responding to responses to consultation by Chamber of Trade and the Council's own survey would expose the Council to the perception that is not listening to public concern.	Adopting the recommendations in this report.	Chief Executive
Potential negative publicity regarding treatment of the charity sector.	Ensuring that the recommendations are implemented in a fair manner (ref recommendation iii)	Chief Executive

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

The proposals in this report relate solely to Hinckley Town Centre. They aim to ensure that there is fair treatment between commercial and charitable operations; allowing both to co-exist, for their own benefit and for shoppers in Hinckley and the surrounding area.

10. CORPORATE IMPLICATIONS

10.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background papers: None

Contact Officer: Steve Atkinson, Chief Executive, Ext 5606

Executive Member: Cllr Chris Ladkin