
NOTICE OF MOTION NO.3 – INTRODUCTION OF A LOCAL LEVY

To: **Cabinet – 3 April 2014**

Main Portfolio Area: **Financial Services**

By: **Financial Services Manager**

Classification: **Unrestricted**

Ward: **All**

Summary: **To consider a Notice of Motion in relation to the introduction of a local levy**

For Decision

1.0 Introduction and Background

1.1. At Council on 27 February 2014, it was agreed that the following notice of motion be referred to Cabinet:

“That Council request Cabinet to support a proposal under the Sustainable Communities Act – ‘That the Secretary of State

- A. Give local authorities the power to introduce a local levy of up to 8.5% of the rate on large supermarkets or large retail outlets in this area with an annual rateable value not less than £500,000; and
- B. Requires that the new revenue from this levy be retained by the local authority in order to improve local communities in the areas promoting local economic activity, local services and facilities, social and community wellbeing and environmental protection.”

2.0 The Current Situation

2.1 This notice originates from a campaign organised by Local Works under the Sustainable Communities Act 2007. Local Works urges people to email their local councillors requesting that they support a proposal to lobby the Government to introduce a local levy. The campaign is principally aimed at large supermarkets and seeks to impose a Tax which could be retained locally and used to support local communities, particularly those high streets and small retailers which have been adversely impacted by the increase in the number of large retailers.

2.2 There is currently no legal power in place to allow local authorities to apply a local levy and hence the campaign is asking Government to implement the appropriate legislation.

2.3 A review of the current business rates system has identified those properties that would attract a levy if one were to be introduced in accordance with the notice of motion. Currently ten retail premises would be affected, generating a total levy of £1.006m. The notice of motion would ask Government for the whole of the levy to be retained by the local authority, rather than an element being passed to Treasury and the county as is normally expected under the Business Rates Retention Scheme. The

levy would therefore generate additional sums from large retailers that could be used to support those town centre traders whose trade has been detrimentally affected by the competition from supermarkets and major retailers. This would help to level the playing field between large traders and small independent retailers, thereby increasing variety and assisting town centres. It could also be used to invest specifically in additional projects aimed at promoting the economic development of a local area and assisting wider economic progress.

2.4 However, large supermarkets pay significant business rate revenues to the Council which in turn support local services. Although similar measures have been introduced in Northern Ireland and Scotland without adversely affecting inward investment or the local economy, there is a risk that a levy could discourage a major employer from settling within the district, which would jeopardise these significant revenues. To lose a major business rates player would have a significant impact on the Council's business rates revenues.

2.5 Introducing a levy would put the Council at a disadvantage if our neighbouring authorities did not apply such a levy. Dover Members have already decided not to support the motion.

3.0 Options

3.1 That Cabinet supports the proposal to introduce a local levy of up to 8.5% of the rate on large supermarkets or large retail outlets in this area with an annual rateable value not less than £500,000 and requires that the revenue from this levy be utilised to improve local communities in the area.

3.2 That Cabinet does not support the proposal to introduce such a levy.

4.0 Corporate Implications

4.1 Financial and VAT

4.1.1 If the levy were to be introduced and wholly retained within the district, then income of approximately £1.006m could be generated.

4.1.2 Additional costs would be incurred in order to make the necessary adjustments within the revenues system to accommodate the levy. Initial quotes from the system provider indicate that such costs would be in the region of £11.5k to £17.5k.

4.2 Legal

4.2.1 This motion seeks to make use of the Sustainable Communities Act 2007. This Act sets up a process by which councils can drive government action. Under the Act councils are given the power to make proposals to the Secretary of State as to how government can assist councils in promoting the sustainability of local communities. The Secretary of State is then under a duty to reach agreement with councils, via their representative body (the Local Government Association) on which proposals will be given priority. Making a representation to the Government under the Sustainable Communities Act does not guarantee that the request will be implemented.

4.2.2 There is currently no legal power to apply a local levy. The proposal could therefore not be implemented without Government changing the appropriate legislation.

4.3 Corporate

4.3.1 It is proposed that were a local levy to be introduced, then the additional revenue generated would be used to improve local communities by promoting local economic activity, local services and facilities, social and community wellbeing and environmental protection. This would therefore support a number of the priorities within the Corporate Plan.

4.4 Equity and Equalities

4.4.1 There are no equality or equity issues arising from this report.

5.0 Recommendation

5.1 Whilst the Council can't introduce a local levy within the current regulatory framework, if Cabinet are so minded, they are able to ask the Government to introduce the legislation required for councils to be able to introduce a levy on large supermarkets and retailers

Contact Officer:	Sarah Martin, Financial Services Manager
Reporting to:	Sue McGonigal, Chief Executive and S151 Officer

Annex List

None	N/A
------	-----

Background Papers

Title	Where to Access Document
None	N/A

Corporate Consultation Undertaken

Finance	N/A
Legal	Steve Boyle, Interim Legal Services Manager
Communications	Hannah Thorpe, PR & Publicity Manager