

## **Merton Council Local Business Rates Discount Policy**

Business Rates retention has given authorities the discretion to introduce local discounts for business rates for the first time. This new relief can be used on individual cases or as part of a wider strategy to enhance or encourage business to occupy empty premises in Merton.

The cost of the local discount would be split in line with Business Rates Retention arrangements, so the authority would bear 30% of the cost.

### **The aim of the local discount scheme is to:**

- Support the attraction of new businesses ( and the associated investment and jobs) into the borough, particularly into the East and other part of the borough undergoing regeneration
- Help reduce the number of empty premises and thereby reverse the physical and economic decline of areas associated with high levels of vacant premises
- Help increase Council income generated from business rate in the medium and long term.

### **General scheme**

- The scheme is aimed at small to medium businesses with a rateable value of £6,500 or above who occupy or re-locate within the borough or for existing businesses expanding within the borough
- The discount will run for a fixed period within the financial year.
- The discount can be awarded for up to two years but any discount in year two can be no more than 50% of the discount awarded in year one.
- A business can apply at any time but can only benefit from the discount up until the end of financial year
- The level of discount awarded can be between 20% and 100% of the rates for a given period.
- The level of discount awarded will depend on the individual circumstances of the application

The scheme will initially target Mitcham, Morden and Colliers Wood areas – focusing on:

- Mitcham town centre
- Willow Lane Industrial Estate (Mitcham)
- Colliers Wood High Street
- Merton High Street
- South Wimbledon Industrial Estate

### **Eligibility Criteria**

Businesses eligible for the local discount include:

- Those who are relocating from other boroughs or locations and will bring significant additional employment to Merton
- Existing Merton businesses who need additional premises to expand and will create significant additional jobs

- High quality new business start-ups with the potential to grow and create new jobs
- Businesses employing 2 or more staff and have the potential to grow.
- Businesses trading for more than one year and have minimum of one year lease on the property

### **Ineligible businesses/organisations**

Businesses that would **not** be eligible for the local discount:

- Payday loan companies
- Betting shops and other gambling establishments
- Charity shops - unless they have at least 5 existing employees, or can generate at least 3 new jobs in the first year of operation.
- Businesses trading in sectors in activities that could bring the scheme into disrepute (e.g. pornography etc.).
- Business that have received up to approximately £170,000 of aid or assistance from public bodies/agencies over any consecutive three financial years (European Commission State Aid Rules- “De Minimis”.)

### **Application Process**

A formal application form must be submitted via the Future Merton team with a recommendation for the application and the level of the discount requested. This application will be considered by the Head of Revenues and Benefits. The application form along with supporting documentation will be presented to the Director of Corporate Services to assist him/her as to whether the discount should be granted.

Applications can be received and decided, in principal, in advance of the business entering into a lease for the property to enable the business to enter into any agreement knowing the rates liability for the year.

### **Budget**

The level of local discount to be awarded for the year will be set by the Director of Corporate Services as part of the budget process and submission of the NNDR1 (Formal government return that estimates the Council’s business rates collection for the year)

The level of discount awarded will need to take in to consideration current spend on the local discount and expected future spend within the financial year.