

Report to	Cabinet 26 March 2014	Item
Report of	Executive head of business relationship management	9
Subject	Discretionary business rate relief policies - Retail Relief and New Build Empty Property Relief	

Purpose

To consider the policy and implementation of the two new temporary business rate reliefs

Recommendation

1. To approve the new build property relief policy
2. To approve the retail rate relief policy
3. To delegate to the executive head of business relationship management in consultation with the deputy leader and resources portfolio holder authority to make minor amendments to the policy to ensure its continued effectiveness.

Corporate priorities

The report helps to meet the corporate priority "A prosperous city".

Financial implications

Central government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

Ward/s: All wards

Cabinet member: Councillor Waters- Deputy Leader and resources

Contact officers

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Background documents

None

Report

1. The government has issued guidance on two new business rates reliefs; the new build empty property relief and the retail relief following their announcements in the autumn statements dated 5 December 2012 and 2013 respectively.
2. As both these reliefs are temporary the government will not be changing the legislation and the power to award will fall under section 47 of the Local Government Finance Act 1988
3. It will be for individual local billing authorities to decide to grant the relief under section 47 however central government will fully reimburse local authorities for the local share of the discretionary relief, using a grant under s31 of the Local Government Act 2003
4. Each local authority shall adopt a local scheme and make decisions in each individual case. As the reliefs are discretionary authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the authority's wider objectives for the local area.
5. The guidance in relation to Retail Relief states that the government expects local government to grant relief to qualifying rate payers

6. **New Build Empty Property Relief**

- a) Full details of which properties will benefit, definitions, calculations and the length of the award is to be found in the guidance issued. However key points are;
 - i) Properties to benefit will be unoccupied business premises; and
 - ii) Are wholly or mainly new qualifying structures
 - iii) The relief will run with the property rather than the owner
 - iv) Properties completed before 1 October 2013 will not benefit
 - v) The relief is for the first 18 months following completion, if completed after 1 October 2013 and before 30 September 2016
 - vi) At the end of the 18 months the relief will end and if the property remains unoccupied rates will be payable
 - b) The government will fund authorities to provide 100% relief in the prescribed circumstances
7. A draft Norwich city council policy for new build empty property relief is at appendix A

8. **Retail Relief**

- a) Full details of which properties will benefit, definitions, calculations and the length of the award is to be found in the guidance issued. However key points are;
 - i) Properties to benefit will be occupied business premises; and

- ii) Have a rateable value of £50,000 or less and
 - iii) Be wholly or mainly used as shops, restaurants, cafes and drinking establishments
 - iv) It is a relief for the years 2014/15 and 2015/16 only.
- b) The relief is up to £1,000 for all qualifying properties.
9. A draft Norwich city council policy for retail relief is at appendix B

10. **State Aid**

- a) The European Union regulates state aided funding. Support to businesses and providing discretionary rate relief is likely to amount to state aid.
 - b) The EU law on State Aid has a 'de minimus' value of €200,000 within a current financial year or the previous two financial years
 - c) Rate payers will be required, when making an application for either relief, to complete a 'de minimis' declaration.
11. Administration and publication of these reliefs will be undertaken by LGSS. Ratepayers will be required to complete an application form in each case.
12. Claims will be determined by the executive head of business relationship management, taking into consideration the guidance and policy.
13. Reviews will be undertaken by the section 151 officer.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with completing the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	26 March 2014
Head of service:	Anton Bull
Report subject:	Discretionary business rate relief policies - Retail Relief and New Build Empty Property Relief
Date assessed:	3 February 2014
Description:	Approval of implementation and policy for two new discretionary reliefs

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Government reimburses local spend in full
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Northgate software can be enabled to deal with these reliefs with no additional purchase
Economic development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	New Build Empty Property Relief -Encourages new building, completion of partially built properties. Retail Relief assists business to remain profitable and in business
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Empty property relief encourages owners to complete partially built premises, enhancing the local environment
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment
Positive
Negative
Neutral
Issues

Discretionary business rate relief policies - Retail Relief and New Build Empty Property Relief



NORWICH
City Council

Norwich City Council

Business Rates

New Build Empty Property Relief Policy

Version 1.0 13 February 2014

Norwich City Council New Build Empty Property Relief Policy

Introduction

The Chancellor announced in his Autumn Statement on 5 December 2012 that, subject to consultation, the Government will exempt all newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months, up to the state aids limits

The purpose of the measure is to help stimulate construction. Construction decisions take into account the risk of paying empty property rates on newly built commercial property if the property does not become fully occupied straight away. Reducing this risk may incentivise some commercial property projects to go ahead that wouldn't otherwise, helping to stimulate the construction industry.

As this is a temporary relief the Government is not changing the legislation however Norwich City Councils power to award will fall under the use of their discretionary relief powers, introduced by the Localism Act 2011 (under section 47 of the Local Government Finance Act 1988, as amended).

Norwich City Council will adopt the scheme as set out in this document.

The policy

1. Which properties will benefit from the relief?

Properties which will benefit from the relief will be

- Unoccupied
- Business premises
- Be wholly or mainly comprised of new structures

Definitions

Norwich City Council shall adopt the guidance from the Department for Communities and Local Government (DCLG) and will consider that :

I. 'Structure' means:

- Foundations and/or
- Permanent walls and/or
- Permanent roofs

II. 'new' means:

- Completed less than 18 months previously
- Completed after 1 October 2013 and before 30 September 2016

III. 'completed' means:

- When the building or part of building of which they form is ready for occupation or
- A completion notice has been served, in which case would be from the date specified in the notice

Splits and mergers

The same test will apply to splits and mergers.

Also if a S44A of the local Government Finance Act 1988 (partly occupied hereditaments) has been applied the same principles may be applied to the unoccupied portion. This shall be considered in each individual circumstance.

Change of ownership

The relief will run with the property rather than the owner, subject to the ratepayers 'de minimis' limits for State Aid.

2. How much relief will be available?

The relief shall be 100% in the prescribed circumstances, up to State Aid 'de minimis' limits.

3. Applications

The Council shall publicise this relief on literature it sends to ratepayers and on the Council's website.

Ratepayers shall be required to make a claim for the relief, in respect of each property, by completing a claim form and a 'de minimis' declaration.

State Aid

European Union competition rules prohibit government subsidies to businesses. This means that where an organisation (regardless of type) is engaged in commercial activities which put them in direct competition with other organisations, they cannot be given the advantage of favourable treatment by being selected for financial aid by a local authority. Discretionary rate relief is included in this definition, as are grants and loans.

There are a limited number of exceptions, the most relevant in respect of this relief will be the 'de minimis' rules, which is up to €200,000 over a period of three years.

4. Decisions and reviews

Each application will be decided on its individual merits however in determining relief Norwich will take into consideration

- This policy,
- The guidance document provided by the DCLG
- Relevant legislation.
- The impact of granting a relief if it was to go against the authority's wider objectives for the local area
- Other reliefs / grants awarded to the ratepayer
- How the activities of the business contribute to the corporate plan priorities
 - Safe and clean city
 - Prosperous city
 - Decent housing for all
 - City of character and culture
 - Value for money services

Claims will be determined by the executive head of business relationship management.

The Council will aim to make a decision within 4 weeks of receiving the application with all supporting evidence.

Asking for a review

Any ratepayer may make a request for a review only where there is

- additional information not available at the time of the original decision or
- there are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken

A request for a review should be made in writing to the council within 4 weeks of notification of the original decision supplying the additional supporting information.

Reviews will be considered by the Councils s151 officer

5. Requirements to make payment of amounts falling due

Ratepayers must continue to pay any amount of rates that fall due whilst an application is pending. In the event that payments are not received as due the Council may continue with its normal enforcement procedures.

6. Length of award

The new build empty property exemption will apply to unoccupied non domestic properties for the first 18 months following completion, if completed after 1 October 2013 and before 30 September 2016.

The Non-Domestic Rating (Unoccupied Property) (England) Regulations 2008 provide that empty property rates are not payable until a non-industrial property has been empty for 3 months or an industrial property has been empty for 6 months so in practice, an unoccupied new build property would benefit from the relief for periods that rates are payable – i.e once the initial 3 or 6 month rate free period has expired, subject to the State Aid limit.

It is anticipated that properties may switch between being occupied and unoccupied. As the Government does not wish to discourage property owners from trying to find an occupier for their property, even if it is only on a short term basis, the policy intends that the ratepayer would be able to benefit from the relief for any relevant period in the 18 months.

At the date of determination, the relief will be back dated to the date when the qualifying circumstances were in existence from.

The length of award shall be to the end of the 18 month period. However the relief shall be removed when the Council has reason to believe that the qualifying circumstances have ended or the ratepayer advises the same. There is a duty on the ratepayer to advise the Council of any changes of circumstances that they consider will affect their entitlement to relief. Removal of the relief will be backdated to the date of the relevant change in circumstances.

Discretionary business rate relief policies - Retail Relief and New Build Empty
Property Relief



NORWICH
City Council

Norwich City Council

Business Rates

Retail Relief Policy

Version 1.0 13 February 2014

Norwich City Council Retail Relief Policy

Introduction

The retail sector is changing, particularly due to internet shopping, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The Government wishes to support town centres in their response by providing particular support to retailers.

Therefore the Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.

As this relief will only apply to the years 2014-15 and 2015-16 the Government is not changing the legislation however Norwich City Councils power to award will fall under the use of their discretionary relief powers, introduced by the Localism Act 2011 (under section 47 of the Local Government Finance Act 1988, as amended).

Norwich City Council will adopt the scheme as set out in this document.

The policy

1. Which properties will benefit from the relief?

Properties which will benefit from the relief will be

- Occupied
- Business premises
- Have a rateable value of £50,000 or less and
- Be wholly or mainly used for shops, restaurants, cafes and drinking establishments

Definition of shops, restaurants, cafes and drinking establishments

Norwich City Council shall adopt the guidance from the Department for Communities and Local Government (DCLG) and will consider shops, restaurants, cafes and drinking establishments to mean:

I. Properties that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

II. Properties that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

III. Properties that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

Similarly Norwich City Council shall adopt the guidance that the following will not be considered as shops, restaurants, cafes and drinking establishments

IV. Properties that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

V. Properties that are not reasonably accessible to visiting members of the public

These lists are not exhaustive and Norwich City Council shall determine whether particular properties, on an individual basis, are broadly similar or not in nature to those listed and grant or not grant relief as it determines.

2. How much relief will be available?

The total amount relief available for each property will be £1,000 each year. This does not vary with rateable value nor is there a taper. The relief is calculated

- On a daily basis
- After all other reliefs
 - Therefore where the net rate liability on a day is less than the maximum amount of the relief the relief will not exceed the net rate liability
- On all qualifying properties
 - Therefore if ratepayers occupy more than one property they will be entitled to relief on each eligible property, subject to State Aid 'de minimis' limits

3. Applications

The Council shall publicise this relief on literature it sends to ratepayers and on the Council's website.

Ratepayers shall be required to make a claim for the relief, in respect of each property, by completing a claim form and a 'de minimis' declaration.

State Aid

European Union competition rules prohibit government subsidies to businesses. This means that where an organisation (regardless of type) is engaged in commercial activities which put them in direct competition with other organisations, they cannot be given the advantage of favourable treatment by being selected for financial aid by a local authority. Discretionary rate relief is included in this definition, as are grants and loans.

There are a limited number of exceptions, the most relevant in respect of this relief will be the 'de minimis' rules, which is up to €200,000 over a period of three years.

4. Decisions and reviews

Each application will be decided on its individual merits however in determining relief Norwich will take into consideration

- This policy,
- The guidance document provided by the DCLG
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 - Value for money services

Claims will be determined by the executive head of business relationship management.

The Council will aim to make a decision within 4 weeks of receiving the application with all supporting evidence.

Asking for a review

Any ratepayer may make a request for a review only where there is

- additional information not available at the time of the original decision or

- there are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken

A request for a review should be made in writing to the council within 4 weeks of notification of the original decision supplying the additional supporting information.

Reviews will be considered by the Councils s151 officer

5. Requirements to make payment of amounts falling due

Ratepayers must continue to pay any amount of rates that fall due whilst an application is pending. In the event that payments are not received as due the Council may continue with its normal enforcement procedures.

6. Length of award

This relief is a temporary relief and only in place for the years 2014/15 and 2015/16 only. Any claim received during the period 1 April 2014 shall be considered.

At the date of determination, if it is considered that the circumstances for qualification existed from 1 April 2014 the relief will be back dated to the 1 April 2014 or to a later date when the qualifying circumstances were in existence from.

The length of award shall be to 31 March 2016. However the relief shall be removed when the Council has reason to believe that the qualifying circumstances have ended or the ratepayer advises the same. There is a duty on the ratepayer to advise the Council of any changes of circumstances that they consider will affect their entitlement to relief. Removal of the relief will be backdated to the date of the relevant change in circumstances.