

NORTH LINCOLNSHIRE COUNCIL

**POLICY AND RESOURCES
CABINET MEMBER**

**NATIONAL NON-DOMESTIC RATE
RETAIL, REOCCUPATION AND NEW BUILD EMPTY RELIEFS**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To establish schemes for retail, reoccupation and new premises reliefs under the provisions contained in Section 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011.
- 1.2 This allows the council to provide additional relief to retail premises with a rateable value of less than £50,000; retail premises reoccupied after 12 months vacancy; and new buildings unoccupied after 6 months. These discretionary reliefs apply for time-limited periods, following the Government policy announcement in the Autumn Statement (December 2013).
- 1.3 Awards made under this provision would be in line with the government guidance and would therefore be fully funded by grant. Entitlement to the reliefs can be determined as part of the standard business rate assessment and awarded automatically. Specific application for these reliefs will therefore not normally be needed.

2. BACKGROUND INFORMATION

- 2.1 The Autumn Statement announced on 5th December 2013 introduced three new reliefs. They are:
 - a) Retail relief of up to £1,000 for occupied retail properties with a rateable value (RV) of £50,000 or less, for two years, 2014/15 and 2015/16
 - b) Reoccupation relief of 50% for 18 months, and
 - c) Empty new build empty relief of 100% for up to 18 months.
- 2.2 The new reliefs have been introduced in recognition of the challenges facing the retail sector, particularly in the face of internet shopping and new building developments. The government wishes to support retailers as they adapt to changing customer preferences.
- 2.3 As these are temporary measures government has decided not to amend the legislation, but expects Councils to allow the reliefs under the provisions of the Localism Act 2011. Central government will fully reimburse local authorities for the local

share of the discretionary relief by grant under section 31 of the Local Government Act 2003.

2.4 In order to be eligible for relief the following conditions must be met:-

2.4.1 Retail relief:

- The property concerned is occupied and subject to non-domestic rate under S47 of The Local Government Finance Act 1988;
- The current rateable value of the property is £50,000 or less;
- The property is wholly or mainly used as either a shop, restaurant, café or drinking establishment.

2.4.2 Reoccupation relief:

- The property concerned is occupied and subject to non-domestic rate under S43 of The Local Government Finance Act 1988;
- The property is wholly or mainly used as either a shop, restaurant, café or drinking establishment.
- The business moved into a retail premise previously empty for 12 months or more immediately before its Reoccupation.

2.4.3 New build empty relief:

- The property concerned is unoccupied and subject to non-domestic rate under S45 of The Local Government Finance Act 1988;
- The property is a new structure and completed after 1 September 2013 and before 30 September 2016.

2.5 If the criteria in 2.4.1 are met the recommended level of retail relief is the net rate payable for the financial year or £1,000, whichever is less. If the criteria in 2.4.2 are met 50% relief is recommended, and 100% relief is recommended if the criteria in 2.4.3 are met.

2.6 Retail relief will be awarded **after** all other eligible reliefs have been applied. New build empty relief will be granted after empty property exemptions have been awarded. The level of all the reliefs is calculated on a daily basis and awarded annually. Retail and Reoccupation relief will commence no earlier than 1 April 2014 and cease no later than 31 March 2016. New build relief will cease no later than 31 March 2018. The amount of relief will be subject to state aid limits. An application form is not required, but additional information may be requested in a small number of cases.

2.7 Government guidelines emphasise that awards of relief are discretionary and as such the Council may decide not to award relief where the relief would go against the Council's wider priorities for an area; even if the property falls within the categories listed at paragraph 2.4. No exclusions are proposed in this paper.

2.8 The guidelines also indicate the kind of hereditament that Government considers would not be eligible for Retail and Reoccupation relief, those providing:-

- 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

Empty property relief is available for all categories of hereditament.

2.9 Where the ratepayer is likely to receive relief which exceeds the limit for state aid (equivalent to 200,000 euros over three years) a declaration is required that in accepting the rate relief the undertaking will not exceed the de minimis threshold. This requirement is likely to affect a number of national retail chains.

3. OPTIONS FOR CONSIDERATION

3.1 Members may choose

- Not to adopt local schemes
- To adopt local schemes in line with the guidance
- To adopt modified schemes.

4. ANALYSIS OF OPTIONS

4.1 The cost of all three relief schemes is fully funded by Central Government, and supports small retail businesses and new build developments in the area. Approval of the schemes would contribute towards the Council priority to regenerate the area and increase prosperity.

4.2 Government guidance states that in order to qualify for Retail and Reoccupation relief the property should be used wholly or mainly as a shop, café, restaurant or drinking establishment. The type of property detailed at 2.8 would **not** normally fulfil these criteria.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

Provided that awards are made in accordance with the government guidelines, the cost of the relief will be fully funded via a grant made under Section 31 of the Local Government Act 2003. The potential value of the reliefs to local businesses is currently estimated to be in the region of £0.6m to £0.7m a year.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An Integrated Impact Assessment is not required.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 No consultation is required.
- 7.2 There are no known conflicts of interest to declare.

8. RECOMMENDATIONS

- 8.1 To agree the implementation of schemes under Sections 43,45 and 47 of the Local Government Finance Act 1988, as amended by the Localism Act 2011:
- i. For retail and reoccupation relief, for eligible retail premises which meet the criteria at paragraph 2.4.1 and 2.4.2 of the report, and
 - ii. For new build empty property reliefs which meet the criteria at paragraph 2.4.3
 - iii. In each case the schemes to operate for the time periods specified in government guidance.

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Background Papers used in the preparation of this report

Local Government Finance Act 1988 – sections 43, 45 & 47
Local Government Act 2003 – section 31
Localism Act 2011
Department for Communities & Local Government:
Business Rates Retail Relief Guidance January 2014
Business Rates Reoccupation Relief Guidance March 2014
Business Rates New Build Empty Property Guidance September 2013