

Non Domestic Rate Discretionary Relief Policy

URGENT DELEGATED REPORT TO THE CHIEF EXECUTIVE



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PORTFOLIO	Resources and Performance Management
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PURPOSE

- To seek approval to adopt the updated and consolidated Discretionary Rate Relief policy for Business Rates

RECOMMENDATION

- That the Chief Executive uses Executive urgency powers under Part 3 (Executive) of the constitution as follows;
 - That the policy is approved
 - That Retail Relief , Re- Occupation Relief and New Build relief eligibility criteria mirrors that of the guidance issued by the Department for Communities and Local Government (DCLG)
 - That it be recommended that Part 3 of the Council's Constitution is updated to reflect delegated authority to approve discretionary reliefs.

REASONS FOR RECOMMENDATION

- To ensure clarity across decision making for discretionary reliefs.
- To ensure Retail Relief , Re- Occupation Relief and New Build awards are funded by central government.

SUMMARY OF KEY POINTS

- Background** The Council's Discretionary Rate Relief policy was last updated in 2009. Since then, some changes to rate relief criteria have been introduced to help support a range of businesses. The aim of this report is to bring all the elements of discretionary relief including the existing and new reliefs together in one updated policy for members approval.
- Retail Relief** Most recently, the government announced in the Autumn Statement that it would provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50k or less in each of the years 2014-15 and 2015-16. At this stage, there is no indication that this relief will be extended beyond 2015-16.

7. The government has not introduced new legislation to cover Retail Relief. Instead, Councils are instructed to use their existing discretionary rate relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988 as amended) to grant relief. 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).
8. The Department for Communities and Local Government (DCLG) issued guidance for the scheme at the end of January 2014. The Localism Act puts a duty on local authorities to have regard for any relevant government guidance issued. The government expects local government to grant relief to qualifying ratepayers. The criteria for granting retail relief mirrors that of the recommendations made by central government. This is to ensure some consistency of understanding around Retail Relief, to ensure that payments of the relief will ultimately be fully funded by central government and to avoid the risk of legal challenge.
9. Ratepayers will be required to apply for the relief in order to ensure businesses are aware of and do not exceed European Law on the limits of State Aid. Application forms and details of the scheme have already been issued to eligible businesses.
10. **Re-occupation relief** The government also announced in the Autumn statement that it would provide a discount of 50% from Non-Domestic rates for new occupations of previously empty retail properties. The discount will last for 18 months and will be available for properties re-occupied between 1st April 2014 and 31st March 2016. Previously empty retail premises will need to have been unoccupied for a period of at least twelve months. Any amounts granted will be subject to State Aid requirements and application forms will be required to claim the relief.
11. The government has not introduced new legislation to cover Re- occupation relief. Instead, Councils are instructed to use their existing discretionary rate relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988 as amended) to grant relief. 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). As with retail relief, the government expects local government to issue relief to qualifying ratepayers.
12. **New Build relief** The government has also announced that Council's can use their discretionary powers to exempt all newly built commercial property completed between 1st October 2013 and 30 September 2016 from empty property rates for the first eighteen months, up to state aid limits.
13. This is another temporary measure aimed at stimulating new construction. The government has not introduced new legislation to cover New Build relief. Instead, Councils are instructed to use their existing discretionary rate relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988 as amended) to grant relief. 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). As with retail and reoccupation relief, the government expects local government to issue relief to qualifying ratepayers.

14. **Other discretionary rate reliefs** The Council has further existing discretionary powers to award relief for Non- Domestic rates in a range of circumstances.
- (i) Properties partly occupied for a temporary period under section 44a of the Local Government Finance Act 1988
 - (ii) Discretionary Localism Relief under section 47 of the Local Government Finance Act 1988
 - (iii) Discretionary Not for Profit Relief under section 47 of the Local Government Finance Act 1988
 - (iv) Ratepayers that would otherwise suffer hardship under section 49 of the Local Government Finance Act 1988
15. The revised policy will bring together all existing discretionary reliefs in one document for member approval and will detail the procedure around applying for the relief and decision making.

FINANCIAL IMPLICATIONS AND BUDGET PROVISION

16. Central government will reimburse billing authorities for the actual costs to them under the rates retention scheme of retail relief , reoccupation relief and new build relief.
17. Other reliefs , detailed in paragraph 16, will create a burden to the Council of between 0% and 40% of the cost of awarding the relief. The exact amount will , under the Business rates retention scheme, depend on the outturn performance of the Council against the business rate baseline.

POLICY IMPLICATIONS

18. The varying Discretionary Rate reliefs have now been consolidated within one policy document.

DETAILS OF CONSULTATION

19. None.

BACKGROUND PAPERS

20. None.

FURTHER INFORMATION

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ALSO: