

**Report to:** Executive  
**Date:** 24<sup>th</sup> March 2014  
**Report for:** Decision  
**Report of:** Report of the Executive Member for Finance and the Director of Finance

**Report Title**

National Non-Domestic Rates Discretionary Rate Reliefs Policy

**Summary**

The Council has a National Non-Domestic Rates (NNDR) Discretionary Rate Relief Policy covering relief for non-profit organisations such as sports clubs and certain charities. However, the government announced in the Autumn statements additional reliefs to support businesses which are to be delivered by Council's using their discretionary relief powers. The new build empty property rate relief will exempt certain newly built commercial properties between the 1 October 2013 and 30 September 2016 from paying rates and the retail rate relief will be granted in each of the years 2014-15 and 2015-16 to certain small businesses. The Government will fully fund the cost of the relief.

The Council has recently received guidance from the Department for Communities and Local Government about the new reliefs. Each local authority is to set up a local scheme and make awards of discretionary relief under section 69 of the Localism Act 2011. Therefore it is necessary to amend the existing policy and the proposed new local scheme is shown in Appendix 1 which has been devised with direct reference to the guidance received by the Government.

**Recommendation(s)**

That:

- 1) The existing NNDR Discretionary Rate Relief policy be updated as set out at Appendix 1 to include guidelines on granting Empty Rate Relief, Retail Rate and Re-occupation Relief and adopted by the council.

Contact person for access to background papers and further information:

Name: Louise Shaw

Extension: 3120  
Background Papers: None

### **Implications**

Relationship to Policy Framework/Corporate Priorities	The policy will support the Council's corporate priority for economic growth and development through supporting town centre development
Financial	None as the costs of this relief will be met in full via Section 31 grant funding.
Legal Implications:	The policy has been drafted to fully comply with all legislative requirements.
Equality/Diversity Implications	It is not considered that there are any adverse impacts on equality issues arising from this report
Sustainability Implications	None
Staffing/E-Government/Asset Management Implications	None

### **Reasons for Recommendation**

In order to grant the proposed new rate reliefs the council must adopt a local scheme and, in accordance with the discretionary rate relief powers contained within section 47 of the Local Government Finance Act 1988 (as amended) decide in each individual case when relief should be granted.

### **Key Decision**

This is a key decision currently on the Forward Plan: Yes

### **Other Options**

A proposed policy is shown at Appendix 1. Members can vary the terms of that scheme, although this is not recommended as the proposed policy is set at the limit on the relief that the Government will fund.

### **Consultation**

**Finance Officer Clearance** (type in initials)ID.....

**Legal Officer Clearance** (type in initials)...mrj.....

### **[CORPORATE] DIRECTOR'S SIGNATURE**



## **1 Introduction**

1.1 The Chancellor of the Exchequer, as part of the Government's Autumn Statements, announced a range of business rates relief initiatives to support businesses, they are:

- New Build Empty Property Relief
- Retail Rate Relief
- Re-occupation Relief

1.2 As these changes are temporary measures, the legislation has not been amended, instead the government are providing the reliefs by reimbursing local authorities in full that use their discretion under section 47 of the Local Government Finance Act 1988 (as amended), subject to state aid limits.

1.3 The Council already has in place an approved policy for rate relief to charitable and other organisations, this is detailed in part one of Appendix 1.

1.4 The report asks Members to consider the approval of the additional business rate reliefs referred to above, as detailed in part two of Appendix 1.

## **2 New Build Empty Property Relief**

2.1 The purpose of this measure is to help stimulate construction. All newly built commercial property completed between 1 October 2013 and 30 September 2016 will be exempt from empty property rates for the first 18 months, up to state aid limits

2.2 The 18 months includes the initial 3 or 6 month empty rate exemption. Properties that will benefit from the relief will be all unoccupied non domestic properties that are wholly or mainly comprised of qualifying new structures.

## **3 Retail Rate Relief**

3.1 As part of the Government's commitment to support town centres and high streets, a new retail discount is being introduced from 1 April 2014.

3.2 The discount of up to £1,000 is available to all occupied retail properties with a rateable value of £50,000 or less for the years 2014/15 and 2015/16. The properties that will benefit from the relief will be properties wholly or mainly used as shops, restaurants, cafes and drinking establishments.

3.3 The Department for Communities and Local Government has issued guidance as to the criteria that should be used for the above reliefs and this guidance has been incorporated into part two of the proposed policy (Appendix 1).

## **4 Reoccupation Relief**

- 4.1 A temporary 50% occupied rate relief will be granted for new occupants of retail premises that have been empty for a year or more at the point of occupation. It is hoped that this measure will encourage empty retail premises back in to use.
- 4.2 The duration of the relief is for 18 months. The relief is available to businesses that move into an empty property on or after 1 April 2014 and on or before 31 March 2016.

## **5. State Aid De Minimis Limits**

- 5.1 In granting the relief the Council must consider state aid implications. State aid is the means by which the EU regulates state funded support to businesses. Providing this discretionary relief to ratepayers is likely to amount to state aid.
- 5.2 To ensure that the state aid limits are not exceeded (generally the equivalent of 200,000 euro to any business in any 3 year period) it is necessary for each local authority to establish that the award of rate relief in each case will not result in the business receiving more than the maximum state aid allowed by EU law.
- 5.3 Businesses will be required to complete an application form which includes a declaration about the state aid they have received before they are awarded any new rate reliefs.

## **6. Recommendations**

- 6.1 Members are asked to approve the policy in Appendix A for adoption by the council.



**Appendix 1 – Trafford’s National Non-Domestic Rates Discretionary Rate Relief Policy**



**TRAFFORD**  
**COUNCIL**

**National Non-Domestic Rates  
Discretionary Rate Relief Policy**

Ian Duncan CPFA  
Director of Finance

# **PART ONE**

## **GUIDELINES FOR RATE RELIEF TO CHARITABLE AND OTHER ORGANISATIONS**

- 1.1 The legislation for councils to grant discretionary rate relief to charities, certain not-for-profit or philanthropic bodies, community amateur sports clubs and certain properties within rural settlements is set out in Section 47 of the Local Government Finance Act 1988.
- 1.2 The granting of discretionary rate relief to charitable and other organisations in respect of National Non-Domestic Rate (NDR) is delegated to the Director of Finance and every application will be determined on its merits having regard to the following guidelines.
- 1.3 Applications will generally be refused where:-
  - 1.3.1 A substantial portion of the organisation's income comes from bar receipts;
  - 1.3.2 Membership of the organisation is restricted by the amount of the subscription or other limiting factors which preclude the whole of the public from having effective access to the organisation's activities;
  - 1.3.3 80% mandatory relief is already given except for Scout and Guide headquarters and Citizens Advice Bureaux;
  - 1.3.4 A club is run for political purposes;
  - 1.3.5 There would be duplication of financial assistance where grant aid of any other kind is being given by the local authority directly or under Section 48 of the Local Government Act 1985;
  - 1.3.6 The applicant is a Housing Association.
- 1.4 Discretionary Relief to amateur sports clubs and other types of community organisations and societies will be set at a minimum rate of 20% for those who qualify.

## **PART TWO**

# **GUIDELINES FOR NEW BUILD EMPTY PROPERTY RELIEF AND RETAIL RELIEF**

2.0 Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act to grant relief in any circumstances. The government have determined that the Council can use its discretionary powers under the Localism Act to grant new build empty property relief, retail rate relief and reoccupation rate relief for retail premises. The granting of these reliefs is delegated to the Director of Finance who will consider applications from organisations that meet the criteria having regard to the following guidelines:

### **2.1 New Build Empty Property Relief**

The council can use its discretionary powers to 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 state aid limits. Determination and award of any exemption will be in accordance with the Department for Communities and Local Government, Business Rates New Build Empty Property Guidance (<https://www.gov.uk/government/publications/business-rates-new-build-empty-property>)

### **2.2 Rate Relief for occupied retail properties with a rateable value of £50,000 or less.**

This relief of up to £1,000 may be provided to occupied retail properties with a rateable value of £50,000 or less in each of the years 2014/15 and 2015/16 subject to local discretion.

To qualify for the relief the retail property should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, retail properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

The Director of Finance will consider each award based on individual merits and will refuse the award where it is considered that the business/retail property is not supporting the Council's wider objectives or is determined to be having a detrimental impact on neighbourhoods and communities.

#### **2.2.1 Eligible retail business use:**



For the purposes of this discount the Council considers shops, restaurants, cafes and drinking establishments to mean:

A. Retail 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)

Car/ caravan show rooms

Second hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

B. Retail 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

- C. Retail 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

#### 2.2.2 Non-eligible retail business use:

The list below sets out the types of uses that the Council does not consider to be retail use for the purpose of this relief.

- A. Retail 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

- B. Retail properties that are not reasonably accessible to visiting members of the public.

#### 2.2.3 Relief amounts

The total amount of Retail Relief available for each property for each of the years under this scheme is £1,000. The amount does not vary with rateable value and there is no taper. There is no relief available under this scheme for properties with a rateable value of more than £50,000.

The eligibility for the Retail Relief and the relief itself will be assessed and calculated on a daily basis. The Retail Relief will be applied against the net bill

after all other reliefs. Where the net rate liability for the day after all other reliefs but before Retail Relief is less than the Retail Relief, the maximum amount of this relief will be no more than the value of the net rate liability.

Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits. Information on the state aid de minimis can be found on the following website <https://www.gov.uk/state-aid>

### **2.3 Reoccupation Relief for Retail Premises.**

A temporary 50% occupied rate relief will be granted for new occupants of retail premises that have been empty for a year or more at the point of occupation. The duration of the relief is 18 months. The relief is available to businesses that move into empty property on or after 1 April 2014 and on or before 31 March 2016. The definition of retail for the purposes of considering this relief will be taken from the DCLG Retail Relief guidance as above.

### **3.0 Right of Appeal.**

In all cases where an organisation is aggrieved, an appeal may be made in writing to the Director of Finance.