

**CABINET MEETING – 12 MARCH 2014**

**EXECUTIVE SUMMARY SHEET- PART I**

**Title of Report:**

Review of the Non-Domestic Rates Discretionary Relief Policy

**Author(s):**

Head of Financial Resources

**Purpose of Report:**

To update the current policy of Discretionary Relief for Non-Domestic Rates awarded to Retail businesses to reflect the Government proposals announced in the Autumn statement on 5<sup>th</sup> December 2013 and subsequent guidance recently received.

**Description of Decision:**

Cabinet is recommended to approve amendment of the current policy on Non-Domestic Rates Discretionary Relief effective from the 1<sup>st</sup> April 2014, to include

- relief of up to £1,000 per annum to occupied retail businesses with a rateable value of £50,000 or less for the financial years 2014/15 and 2015/16,
- 50% relief for 18 months between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016 for businesses that move into retail premises that have been empty for a year or more.

as detailed in the Governments Autumn statement

**Is the decision consistent with the Budget/Policy Framework?**

Yes

**If not, Council approval is required to change the Budget/Policy Framework**

**Suggested reason(s) for Decision:**

To support occupied retail premises with a rateable value of £50,000 or less in 2014/15 and 2015/16 and to grant 50% relief for 18 months between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016 for businesses that move into retail premises that have been empty for a year or more, both in line with Government policy.

**Alternative options to be considered and recommended to be rejected:**

Continue to offer Discretionary Relief in line with our current policy however this would not be reflective of Government policy

**Impacts analysed:**

Equality

☒

Privacy

☐ N/A

Sustainability

☐ N/A

Crime and Disorder

☐ N/A

**Is this a “Key Decision” as defined in the Constitution?** No

**Is it included in the 28 day Notice of Decisions?** No due to late notification by Government of required changes

Scrutiny Committee



## **12<sup>th</sup> March Cabinet 2014**

### **Review of the Non-Domestic Rates Discretionary Relief Policy**

#### **Head of Financial Services**

#### **1. Purpose of Report**

- 1.1. This report advises members of the effect of the Autumn statement and subsequent guidance recently received on the Council's Non Domestic Rates Discretionary Relief Policy.

#### **2. Description of Decision**

- 2.1 Cabinet is recommended to approve amendment of the current policy on Non-Domestic Rates Discretionary Relief, effective from the 1<sup>st</sup> April 2014, to include

- relief of up to £1,000 per annum to occupied retail businesses with a rateable value of £50,000 or less for the financial years 2014/15 and 2015/16,
- 50% relief for 18 months between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016 for businesses that move into retail premises that have been empty for a year or more.

as detailed in the Governments Autumn statement

#### **3. Background**

- 3.1 As part of the Governments Autumn statement announced in December 2013 the Government stated that it would provide business rate relief on

- all occupied retail businesses with a rateable value of £50,000 or less of up to £1,000 per annum for the financial years 2014/15 and 2015/16 and
- 50% relief for 18 months between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016 for businesses that move into retail premises that have been empty for a year or more.

- 3.2 The Government recently issued guidance in respect of retail relief. In order to award this relief the Government have asked councils to add the relief into their current Discretionary Relief Schemes. The Government will fund any relief granted by this inclusion. The relief will be considered as state aid and therefore will be regulated under the European Commission Rules.

- 3.3 The guidance issued by the Government in respect of retail relief is summarised in Appendix 1. To date there has been no guidance issued in respect of relief to be granted in respect of empty retail properties.

#### **4. Impact on Sunderland Businesses**

- 4.1 There are currently over 2,000 occupied retail businesses in Sunderland that have a rateable value of £50,000 or less, however the Government have issued guidance on which properties should qualify and those that should not. Businesses that will not qualify include betting shops and financial institutions including pay day lenders. Appendix 1 details the type of business that will qualify and those which will not qualify.
- 4.2 New businesses will benefit from the retail relief even if the property becomes occupied after the 1<sup>st</sup> April 2014.
- 4.3 The relief awarded in respect of empty retail property will hopefully encourage businesses to occupy long term empty retail premises.
- 4.4 The additional reliefs will be detailed on the council's web page.

#### **5. Administrative issues**

- 5.1 It is intended to automatically award the retail relief where the business clearly falls within the scheme and Government guidelines. However businesses that are not automatically granted relief will be able to apply and will be assessed within the principles of the scheme. The type of businesses detailed in Appendix 1 is not exhaustive and this has been recognised by the DCLG in its guidance notes.
- 5.2 As a result of the late notification by Government of the policy change required, bills showing the relief will not be issued until late March or early April 2014, in order to allow the changes to be actioned.
- 5.3 There should be no issues in respect of empty retail property relief granted.

#### **6 Financial Implications**

- 6.1 Business Rate Income is now estimated to reduce by more than £1.5m as a consequence of these reliefs. As the Government is to reimburse Councils for the loss of income by way of provision of a grant under section 31 of the Local Government Act 2003, there is no net loss of income to the Council.

#### **7. Impact Assessment**

- 7.1 The Equality Impact has been considered. There is no equality impact anticipated with this policy change.

## **8. Suggested reason(s) for Decision**

- 8.1 To support occupied retail premises with a rateable value of £50,000 or less in 2014/15 and 2015/16 and to grant 50% relief for 18 months between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016 for businesses that move into retail premises that have been empty for a year or more, both in line with Government policy.

## **9. Alternative options**

- 9.1 Continue to offer Discretionary Relief in line with our current policy however this would not be reflective of Government policy.

## **Background Papers**

DCLG Business Rates Retail Relief - Guidance

## **Business Rates Retail Relief**

### **Properties that will benefit from the relief**

Properties that will benefit from the relief will be occupied properties with a rateable value of £50,000 or less that are wholly or mainly used as shops, restaurants, cafes and drinking establishments.

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, chemists, newsagents, hardware stores, mini supermarkets etc.)  
Charity Shops  
Opticians  
Post offices  
Furnishing shops  
Car and caravan show rooms  
Second hand car lots  
Markets  
Petrol stations  
Garden Centres  
Art galleries – where art is for sale
- II. Properties that are being used for the provision of services to visiting members of the public;  
Hair and beauty services  
Shoe repairs/key cutting  
Travel agents  
Ticket offices  
Launderettes  
Dry cleaners  
PC/TV/domestic appliance repairs  
Funeral directors  
Photo Processing  
DVD rentals  
Tool hire  
Car hire
- III. Properties that are being used for the sale of food or drink to visiting members of the public;  
Restaurants  
Takeaways  
Sandwich shops  
Coffee shops  
Pubs  
Bars

## **Properties that will not benefit from relief**

Financial Services (banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)

Other Services (estate agents, letting agents, employment agencies)

Medical services (vets, dentists, osteopaths, chiropractors)

Professional services (solicitors, accountants, insurance agents, financial advisors, tutors)

Post Office sorting office

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

