



Cabinet (Resources) Panel

11 February 2014

Report title	Discretionary Rate Relief – Amendments to Local Scheme	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	No	
Wards affected	All	
Accountable director	Keith Ireland, Delivery	
Originating service	Revenues & Benefits	
Accountable employee(s)	Sue Martin	Head of Revenues & Benefits
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Report to be/has been considered by	Strategic Executive Board	6 February 2014

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the following additions to the local scheme for Business Rate Discretionary Relief:
 - a. A discount of up to £1,000 per year in 2014/15 and 2015/16 for any occupied retail premises with a rateable value below £50,000
 - b. A 50 per cent business rates relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises which have been empty for a year or more
 - c. An exemption for newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months.

2. Delegate authority to the Cabinet Member for Resources in consultation with the Strategic Director Delivery to finalise the policy detail on receipt of Government Guidance.
3. Delegate authority to the Head of Revenues and Benefits to award of relief in respect of these new additions to the scheme, noting that updates on the numbers and value of such awards will be reported to Cabinet (Resources) Panel for information on a quarterly basis.

1.0 Purpose

- 1.1 To seek approval to include the following additional categories within the Council's local scheme for Business Rate Discretionary Relief.
- a) A discount of up to £1,000 per year in 2014/15 and 2015/16 for any occupied retail premises with a rateable value below £50,000
 - b) A 50 per cent business rates relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises which have been empty for a year or more.
 - c) An exemption for newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months.

2.0 Background

- 2.1 In the Autumn Statement 2012 the Government announced its intention, subject to consultation, 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.
- 2.2 Consultation closed in July 2013 and subsequently the Government confirmed its intention to proceed with the proposal.
- 2.3 In the Autumn Statement 2013 the Government announced further relief measures to provide support to the retail sector.
- 2.4 As each measure is temporary the Government is not amending legislation. Instead councils are being directed to use their discretionary relief powers, introduced by the Localism Act, to grant relief.
- 2.5 Before being able to grant relief in any individual case the Council must adopt a local scheme.
- 2.6 Government guidance has been issued in respect of the exemption for new commercial property. Draft guidance has been issued for the £1,000 retail discount. No guidance has yet been issued in respect of the retail reoccupation relief.
- 2.7 The Government has announced that it will reimburse councils for the actual cost of relief granted in accordance with its guidance.

3.0 Revising the Local Scheme

- 3.1 Adopting the new categories of relief would benefit those individual businesses that would see a reduction in their rates liability and would benefit the Council due to a reduction in the amount of rates to collect.
- 3.2 Whilst the Council would be using discretionary powers to award the new categories of relief, reimbursement for the cost is conditional on following Government guidance. It is

therefore essential to ensure that revisions to the local policy restrict relief to the circumstances specified by Government.

- 3.3 It is recommended that the local scheme be revised with immediate effect to allow an exemption for newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months. The local policy would be amended to reference Government guidance which is listed under background papers below.
- 3.4 It is recommended that the local scheme be revised with effect from 1 April 2014 to allow:
- a) A discount of up to £1,000 per year in 2014/15 and 2015/16 for any occupied retail premises with a rateable value below £50,000
 - b) A 50 per cent business rates relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises which have been empty for a year or more.

The local scheme would be amended to reference Government guidance once it is published. Detailed policy wording would be authorised by the Cabinet Member for Resources in consultation with the Strategic Director Delivery prior to any awards being made.

- 3.5 Awards under the current scheme of discretionary relief are authorised by Cabinet (Resources) Panel. There is however likely to be a higher volume of awards under these new categories. Due to this and the fact that awards will be fully funded by Government, it is recommended that authority to agree awards is delegated to the Head of Revenues and Benefits. Details of the number and value of awards would be reported to Cabinet (Resources) Panel for information on a quarterly basis.

4.0 Financial implications

- 4.1 The Government has announced that it will fully reimburse councils for the local share of any relief granted, provided such awards comply with Government guidance, through section 31 grant.
- 4.2 Initial estimates indicate that up to 1,200 retail businesses could benefit from the £1,000 retail premises discount and that the relief could be worth up to £1 million each year.
- 4.3 It is not possible to estimate at this stage the financial impact of exempting new commercial property or the retail reoccupation relief.

[CF/30012014/Z]

5.0 Legal implications

- 5.1 Section 47 of the Local Government Finance Act 1988 gives discretionary power to billing authorities to grant partial or full relief to certain categories of non-domestic ratepayer.

The Non-Domestic Rating (Discretionary Relief) Regulations 1989 allow for this relief to be restricted to a fixed period.

5.2 Section 69 of the Localism Act 2011 provides a new discretionary power to reduce business rates for any local ratepayer. It is this new power that the Government is directing billing authorities to use to award the new categories of relief.

5.3 It will be for the Council to ensure that any relief granted does not transgress state aid rules.

[JH/31012014/D]

6.0 Equalities implications

6.1 A stage one equality analysis has been completed; no adverse impacts were identified.

7.0 Environmental implications

7.1 The award of business rate relief as an incentive to occupy long term empty commercial property may have a beneficial impact on the number of empty premises.

8.0 Schedule of background papers

8.1 Business Rates Information Letter (7/2013)
[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/240010/BR_IL - Sept 2013 .pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/240010/BR_IL_-_Sept_2013_.pdf)

8.2 Business Rates Information Letter (9/2013)
[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264114/9-2013 - Business Rates Autumn Statement - 6 Dec final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264114/9-2013_-_Business_Rates_Autumn_Statement_-_6_Dec_final.pdf)

8.3 New Build Empty Property Guidance
[https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/239343/Business Rates - New Build Empty Property - Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/239343/Business_Rates_-_New_Build_Empty_Property_-_Guidance.pdf)