

Agenda item: **Decision maker:** Cabinet – 3<sup>rd</sup> March 2014**Subject:** Business Rates Discretionary Relief policy**Report By:** Head of Revenues & Benefits**Wards affected:** All**Key decision (over £250k):** No**Forward Plan:** No

### 1. Purpose of report

The purpose of this report is for Cabinet to approve, for implementation on 1<sup>st</sup> April 2014, Portsmouth City Council's local policy for Business Rates Discretionary Relief, updated to take account of Retail Relief, Unoccupied New Builds Relief & Re-occupation Relief.

### 2. Recommendations

Cabinet agree the following recommendations:

- i. **Approve the amended policy document (attached to this report):  
"Policy for the granting of Discretionary Non-Domestic Rate Relief"**
- ii. **Grant delegated authority to the Head of Revenues & Benefits to update Section 9 of the policy titled "Discretionary Relief - Re-occupation Relief" as soon as central Government issues guidance on this relief**

### 3. Background

Non-Domestic Rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1st April 2013, authorities keep a proportion of the business rates paid locally.

There are 3 policy changes that the Government intends that Local Authorities should implement:

- Exemption for all newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months.

- A business rates discount of up to £1,000 for any retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014-15 and 2015-16.
- A reoccupation relief, giving new occupants of retail premises that had previously been empty for 12 months or more a 50% discount from business rates for 18 months between 1 April 2014 and 31 March 2016.

As the measures are temporary, the Government is not changing the legislation around the reliefs available to properties. It is expected that Local Authorities will provide these reliefs through discretionary powers.

These policy changes will be provided under discretionary relief powers (Section 47 of the Local Government Finance Act 1988) to grant relief in prescribed circumstances. It will be for individual local billing authorities to decide to grant relief under section 47 but central Government will fully reimburse Local Authorities for loss of retained business rate income (via a grant under Section 31 of the Local Government Act 2003) based on outturn of relief granted according to the guidance specified by central Government.

Specifically, in the Chancellor's autumn statement on 5<sup>th</sup> December 2012, it was confirmed that the Government would make grant payments under Section 31 of the Local Government Act 2003 to fund 100% of the cost of the following policy:

**Exemption for all newly built commercial property completed between 1 October 2013 and 30 September 2016 from empty property rates for the first 18 months.**

The Government has introduced this temporary measure for unoccupied new builds from October 2013. Unoccupied new builds will be exempt from unoccupied property rates for up to 18 months (up to state aid limits) where the property comes on to the list between 1st October 2013 and 30th September 2016. The 18 month period includes the initial 3 or 6 month exemption and so properties may, if unoccupied, be exempt from non-domestic rates for up to an extra 15 or 12 months.

As this is a temporary measure, the Government is not changing the rules on when a property becomes liable for empty property rates (which would be charged at 100%).

In the Chancellor's autumn statement on 5<sup>th</sup> December 2013, it was confirmed that the Government would make grant payments under Section 31 of the Local Government Act 2003 to fund 100% of the cost of the following policies:

**A business rates discount of up to £1,000 for any occupied retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000 in 2014-15 and 2015-16.**

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 being used as:

- Shops,
- Restaurants,
- Cafes
- Drinking establishments

This policy will follow Government guidance on what is meant by the terms shops, restaurants, cafes and drinking establishments. The definitions are held in Section 8 of the policy document (Appendix 1).

**A reoccupation relief, giving new occupants of retail premises that had previously been empty for 12 months or more a 50% discount from business rates for 18 months between 1 April 2014 and 31 March 2016.**

Central Government intends to introduce a 50% discount from non-domestic rates for new occupations of previously empty retail premises. The discount will last for 18 months and be available from 1st April 2014 until 31st March 2016.

Guidance has yet to be issued by Central Government. Therefore, this section of the policy will be updated as soon as the Government publishes guidance.

#### **5. Equality impact assessment (EIA)**

There are no equality implications to this policy / policy change.

#### **6. Head of legal services' comments**

There are no legal issues beyond those described in the body of the report.

#### **7. Head of finance's comments**

The financial implications of the proposals set out within this report are financially neutral to the Council since any loss in retained Business Rate income will be reimbursed by a grant from central government of equivalent value.

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Signed by:

#### **Appendices:**

Appendix 1 – Policy for the granting of Discretionary Non-Domestic Rate Relief

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: