

BRECKLAND DISTRICT COUNCIL

Report of: Ellen Jolly - Executive Member for Income & Prosperity

To: Cabinet – 22 September 2015

Author: Gerry Dawson/ Lindy Warmer/ Cassie Mant

Subject: Business Rates Relief Report

Purpose: To introduce a pilot discretionary retail rate relief scheme in Dereham, that could attract investment and limit areas of retail decline. It is anticipated that this scheme will positively assist in a reduction in the number of empty retail units in targeted areas of Dereham and create a model that is capable of application elsewhere in the District.

Recommendation(s):

- 1) Members approve Option 1 (paragraph 2.0, below) - to introduce a pilot discretionary business rate relief scheme for certain new retail businesses in Dereham. If approved, the scheme will commence in April 2016 for a 12 month period. It will offer up to 80% business rates relief for the pilot period and will be targeted at new businesses that meet all eligible criteria. The scheme as a whole will be reviewed on an annual basis.
- 2) Members instruct officers to commence consultation on the precise boundaries of the proposed eligible zones of the town (map to be circulated at Cabinet), and with a view to developing Dereham specific-guidance notes and an application form.
- 3) Members ask to receive two future reports. The first will recommend specific measures that might support Breckland's five market towns, together with financial and other implications of these proposals. The second will report back on the success of the Dereham discretionary business rate relief scheme, and on any policy issues it might generate.

1.0 BACKGROUND

- 1.1 In common with many market towns in the UK, Breckland's five market towns are experiencing a decrease in footfall as a result of for example, out of town shopping, and internet shopping. Additional local factors include the growth of larger adjacent centres which attract shoppers who might otherwise spend money in Dereham, Thetford, Attleborough, Swaffham and Watton.
- 1.2 None of Breckland's market towns are in crisis. Indeed, the local authority, County Council, Chamber of Commerce, Town Councils, retail and civic fora, private and voluntary sectors have all played their part in revitalisation. Nevertheless, retail void rates are higher than is desirable, street scenes (including shop frontages) are suboptimal and there is a growth in the number of charity shops on high streets.
- 1.3 Other local authorities have implemented successful 'market towns initiatives' within their boundaries. These apply a mixture of initiatives to town centres, with a view to improving the retail and visitor offer and enhancing footfall. Officers from Economic Development are currently researching a variety of initiatives for the five town centres including 'Totally Locally', Business Improvement Districts, heritage-based regeneration and business rates reduction schemes. The outcome of this work will be a report to Cabinet recommending a Breckland market towns initiative, with specific proposals for each of the five places.
- 1.4 Of Breckland's five market towns, Dereham is probably the one most in need of support.

Because of the preponderance of charity shops and lower quality retail offer on the high street, it is considered appropriate to pilot a limited business rates reduction scheme in the town, in advance of the more comprehensive work referred to above.

- 1.5 Within Dereham, empty premises and charity shop locations have been identified to establish dedicated zones within which business rate relief could support increased growth and the detail of the zoning options are presented herewith to Members shown on the attached spreadsheet. The zones have been selected based upon a number of key variables for supporting thriving high streets including: period of time that property remains empty, high rent levels, lower footfall areas and locations which are not directly central but within a short distance of the town centre. The proposed zones are indicated on a map (to be circulated at the meeting due to its size).
- 1.6 Applicants interested in occupying vacant town centre units would be selected for consideration for business rates relief. Appendix 1 gives an indication of the kind of businesses that might be supported.
- 1.7 Financial implications of the introduction of a pilot scheme in Dereham will largely be governed by the size of the discounts offered and the number of properties covered by the scheme. Based upon a one-year 80% business rates reduction within the zones indicated on the attached map, the total cost would be around £10,000 pa. These numbers are tabulated in detail in Appendix 2, attached and described further in section 5.7, above. As the financial illustrations show, the largest proportion of the cost of the scheme falls to central government. A smaller amount impacts upon BDC, and still less on NCC. This is because the parties involved receive 50% 40% and 10% respectively of the amount of business rate collected (after any local discount is applied).

2.0 **OPTIONS**

- 2.1 Option 1 Introduce a pilot discretionary business rate relief scheme for certain new retail businesses in Dereham. The scheme would commence in April 2016 for a 12 month period. It would offer up to 80% business rates relief for the pilot period and would be targeted at new businesses that meet all eligible criteria. The scheme as a whole would be reviewed on an annual basis. Financial details of the scheme are shown within the attached spreadsheet (Appendix 2).
- 2.2 Option 2 – Do nothing; continue to offer the current schemes of retail relief, small business relief and the Government empty premises relief. Details of the scheme are shown on the attached spreadsheet (Appendix 2).

3.0 **REASONS FOR RECOMMENDATION(S)**

- 3.1 We have a clear corporate commitment to helping our market towns to thrive in order that they in turn provide the required support to surrounding villages and hinterlands. We recognise that Breckland's market towns need to be vibrant and busy, offering an interesting and enjoyable experience to visitors. Out of town and online shopping have drawn many people away from town centres. Thus, businesses find it hard to sustain a presence on the high street. High rents, competition and business rates add to the problem. The result is void premises, a preponderance of charity shops in some town centres and low quality retail offers in others.
- 3.2 Breckland has an important role in facilitating the renaissance of its town centres. There are a number of ways in which it can be a catalyst of change and these will be described in a

future report. However, it is important to be seen to act quickly in support of Dereham's town centre. To this end, Members are asked to agree to the introduction of a discretionary retail rate relief scheme as pilot in Dereham from April 2016.

4.0 EXPECTED BENEFITS

4.1 Supported by proportionate contributions from both government and NCC, a percentage of void units in Dereham will be filled by new high-quality independent retail and service sector businesses, reducing the impact of a relatively large number of charity shops.

4.2 The implementation of a wider market towns initiative (following presentation of a future report on the subject) will have a considerably wider positive economic impact.

5.0 IMPLICATIONS –

5.1 Carbon Footprint / Environmental Issues

5.1.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

5.2.1 Section 47 of the Local Government Finance Act 1988 has been amended by the Localism Act 2011 to give Council's the power to give discretionary discount on business rates. The discount may be awarded to any property or businesses of the Council's choosing. This can be on any building type, size, location, function, in support of a regeneration policy etc. The discount can apply to an individual account or a group of accounts for a similar business type or facing a similar issue.

5.3 Contracts

5.3.1 It is in the opinion of the Report Author that there are no implications.

5.4 Corporate Priorities

5.4.1 This proposal clearly supports our corporate plan objectives and open for business agenda.

5.5 Crime and Disorder

5.5.1 Reducing empty shops can have a positive contribution to improving anti-social behaviour.

5.6 Equality and Diversity / Human Rights

5.6.1 It is the opinion of the Report Author that there are no implications.

5.7 Financial

5.7.1 Details of our recommendation are shown within the attached spreadsheet (Appendix 2). This spreadsheet indicates that if the current empty properties in Dereham were full we would see an income in business rates to the value of £24,873.09p per annum. With the

Option 1 discount with all shops receiving the full 80% retail reduction discount this would reduce to £4,974.62 per annum. This results in a difference of £19,898.47.

5.7.2 Whilst the Council is currently in a growth position for NNDR income, a levy is paid to Government of 50% of all growth above the Government baseline. The proposed relief above would reduce the annual NNDR income by £19,898.47 resulting in reducing the levy payable by £9,949.24 meaning the overall impact on Breckland of the illustrative Dereham scheme would be £9,949.23 per year under Option 1.

5.7.3 This levy is normally paid into the Norfolk County Council "Norfolk Pool" for use on economic development projects in the area. Introducing the scheme would result in this levy reducing by the £9,949.24 per annum.

5.8 **Health & Wellbeing**

5.8.1 It is the opinion of the Report Author that there are no implications.

5.9 **Risk Management**

5.9.1 The scheme will need to have clear rules and processes to remove potential for abuse and will need to be reviewed annually based on affordability for the Council.

5.10 **Staffing**

5.10.1 The scheme will be administered by the Economic Development Service and Anglian Revenues Partnership, it is anticipated the administrative requirements of the scheme can be met within the existing ARP resources and proposed new Economic Development Structure.

5.11 **Stakeholders / Consultation / Timescales**

5.11.1 To be agreed following Members discussion and decision on the way forward.

5.12 **Safeguarding**

5.12.1 It is the opinion of the Report Author that there are no implications.

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 Dereham

7.0 **ACRONYMS**

7.1 It is in the opinion of the Report Author that there are no acronyms.

Background papers:- [See The Committee Report Guide](#)

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Key Decision: TBC

Exempt Decision: NO

This report refers to a Discretionary Service

Appendices attached to this report:

Appendix A

APPENDIX 1

Application Guidance for Discretionary Retail Rate Relief

Please ensure that you have confirmed eligibility before proceeding with an application

Guidance notes for completing applications for discretionary retail rate relief

Discretionary Rate Relief Policy

The Council will consider a Section 47 award to applicants who meet the qualifying criteria, as specified in this policy, providing sufficient funding for this purpose is available at the time of the Councils decision. All applications will be considered on their individual merits.

The features of the Breckland District Council Section 47 scheme are that:

- It is discretionary;
- An applicant does not have a statutory right to payment;
- The total expenditure in any one year resulting from awards under this scheme will not exceed the value of the funding allocated for the purpose in that financial year;
- The Council may choose to vary the way in which funds are allocated according to community needs and available funds;
- There is no right to statutory appeal of any application decision.

Breckland District Council recognises that it must be able to respond flexibly to the needs of business taxpayers within the district if it wants to support strong and sustainable local communities with vibrant business sectors.

Section 47 discount awards will be used to help town centres in the district by positively assisting with the reduction in the number of empty retail units and attract a wider pool of interest making town centres the place to visit.

A section 47 award of up to 80% will be available to eligible businesses situated within the primary areas allocated for relief within each market town.

Benefit to the Community

A business may benefit the local community in a number of ways. The Council does not believe that it can provide an exhaustive list of the ways in which a business may demonstrate benefit. These may include:

- a) Providing significant local employment
- b) Provide facilities that are easily obtained by residents who would not be able to obtain them otherwise
- c) Creating or supporting activities which support community life
- d) Creating or supporting opportunities for education or training
- e) Providing or supporting leisure activities for local residents
- f) Generally improving the quality of life for local residents

Qualifying Conditions

Properties that will benefit from the relief will be newly occupied properties with a rateable value of £50,000 or less, that are wholly or mainly being used as retail, restaurants, cafes and drinking establishments within the dedicated zones identified by the Council.

Retail establishments are considered to mean:

- a) Properties that are being used for the sale of goods to visiting members of the public;
- b) Properties that are being used for the provision of services to visiting members of the public;
- c) Properties that are being used for the sale of food and/or drink to visiting members of the public

The term wholly or mainly being used as a retail, restaurant, café or drinking establishment is a test on use rather than occupation. Therefore, properties which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

Qualifying Criteria

- a) 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)

Opticians

Post Offices

Furnishing shops/display rooms (such as: Carpet shops, double glazing, garage doors)

Second hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

- b) Properties that are being used for the provision of services to visiting members of the public;

Hair and beauty services (such as: hairdressers nail bars, beauty salons, tanning shops, etc)

Shoe repairs/key cutting

Travel agents

Ticket offices

Dry cleaners

Laundrettes

PC/TV/domestic appliance repair

Funeral directors

Photo processing

DVD/video rentals

Tool hire

Car hire

- c) 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

The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses.

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

Non Qualifying Criteria

Please note that properties being used for the provision of the following services to visiting members of the public are not eligible for retail rate relief:

- a) Properties that are being used for the sale of goods 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

Applying for a Section 47 Award

In order for an application to be considered, there is a formal application form which should be submitted to Breckland Council under the Section 47 Relief Application. Each application shall include the following information:

1. Business Plan with 12 month financial forecast;
2. Purpose and use of the property;
3. Details of the organisation and the services performed;
4. What steps have been taken to meet or mitigate the Business Rates liability (i.e. any other discounts or reductions awarded);
5. How granting the discount will benefit the district (i.e. does it create or save jobs, does it provide growth to the community).

There are no pre-set criteria for the award of a Section 47 discount. Each application will be considered on its individual merits and will include the 5 conditions set out above. Particular consideration will be given to condition 5.

Where a scheme relates to a Government Scheme, the method of application and the eligibility criteria will be as set out by the Government or, where local discretion is allowed, as defined by the Council for that specific instance.

The discretionary retail rate relief application form requires each applicant to complete all sections of the form in as much detail as possible (this will help reduce the time needed to determine your application).

Within the funding declaration section on the application form, this requires for you to declare any funding you have received in the last year from any source; this must include any other business rate relief you have received or are looking to apply for against the same property.

Awarding a Section 47 Discount

In deciding whether to make a Section 47 award we will have regard to the applicants circumstances. In order to do this each applicant may be asked to supply reasonable supporting evidence to substantiate the answers that they give to the questions above.

This may include, but is not limited to:

- Growth or downsizing plans;
- Any sources of credit such as cash cards, credit cards, cheque accounts, overdraft facilities, loan arrangements;
- Any help which is likely to be available to the applicant from other sources;
- Any other special circumstance of which we are aware.

The Council will decide how much to award based on all of the applicants' circumstances and the Section 47 funds available and we will be mindful of the likely total calls on the Section 47 fund.

Decisions on the eligibility for an award will be made by a panel.

Payment of a Section 47 award

All awards will be made by crediting the award value to the business rate account to which it applies.

If by crediting the award, the account moves to an overall credit balance, a refund of that balance will be considered in the normal manner.

Notification

The Council will notify the applicant of the outcome of their request on the day the decision is made. The notification will be made in writing.

Where the request of a Section 47 discount award is unsuccessful or not met in full the Council will explain the reasons why the decision was made.

The Right to Appeal

Section 47 awards are administered under the Local Government Finance Act 1988 and awards are not subject to a statutory appeals process.

Fraud

The Council is committed to fight against fraud in all its forms. Any applicant who tries to fraudulently claim a Section 47 award might have committed an offence under the Fraud Act 2006.

If the Council suspects that fraud may have occurred, the matter will be investigated as appropriate and this could lead to criminal proceedings.

Publicity

The Council will publicise the scheme and provide information to relevant agencies, stakeholders and other Council services.

Monitoring

The Council will monitor Section 47 Discount awards to ensure that this policy has been applied fairly and consistently and that expenditure does not exceed the budget available. This monitoring will be conducted by the Economic Development team in liaison with Anglia Revenues Partnership.



APPLICATION FOR DISCRETIONARY RETAIL RATE RELIEF

To apply for discretionary retail rate relief please complete all questions and sections of this form in BLOCK CAPITAL LETTERS. This will help reduce the time needed to determine your application. Please return a signed copy of the application form to the address at the end of the form.

Full name of ratepayer/owner	
Account Number (if known)	
Contact number	
Email address	
Full address of the property on which the relief is to be claimed (please include postcode)	

Purpose for which the premises are used	
Is the use stated above the sole use of the property? If no please provide details.	
Give details of the type of organisation, and the nature of the services performed, or activities carried out at the premises	
Give details of the way in which your organisation is of benefit to the local community	
Explain why it is in the interest of the Council Taxpayers to grant relief	

FUNDING DECLARATION

Please provide details of any grants you have received in the last year and the source of funding (E.g. Local Government, European funding and National Lottery etc.)

Amount of funding £	Date of funding given	Organisation provided funding	Nature of funding

Business plan with 12 month financial forecast provided with application	YES / NO
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DECLARATION

Please ensure you have read the separate guidance notes carefully and have answered all of the questions before signing the declaration.

I declare that:

I am authorised to sign this form on behalf of the ratepayer/owner named overleaf. The form is completely correct, to the best of my knowledge and belief.

I have read the separate guidance notes

I am applying for Discretionary Rate Relief. I confirm that the information given above is true and complete to the best of my knowledge.

Signed:.....

Dated:.....

Name (BLOCK CAPITALS):.....
.....

Position in company (if relevant):.....
.....

Please return this completed form to: Business Rates Relief, Economic Development, Breckland Council, Elizabeth House, Walpole Loke, Dereham, Norfolk, NR19 1EE