

BRECKLAND COUNCIL

Report of: Ellen Jolly, Executive Member for Finance & Democratic Services

To: Cabinet, 9 September 2014.

Author: Julie Kennealy, Executive Director

Subject: Discretionary Rate Relief – New Build Empty Properties

Purpose: To formally consider and adopt the Discretionary Rate Relief Guideline in relation to New Build Properties

Recommendation:

- a) That Cabinet approve the extension to the Council's Discretionary Rate Relief Guidelines to include New Build Empty Properties Relief

1.0 BACKGROUND

- 1.1 Breckland Council has had Discretionary Rate Relief Guidelines in place for a number of years, supporting applications from charities, community amateur sports clubs, non-profit making organisations, rural businesses, and other businesses.
- 1.2 More recently, the Government has announced various schemes to support businesses, and as legislation will not be changed they will reimburse local authorities that use their discretionary relief powers, (introduced by the Localism Act) to grant relief under their own discretionary policies. Central government will reimburse local authorities using a grant under section 31 of the Local Government Act 2003.

2.0 LOCAL DISCRETIONARY SCHEME – NEW BUILD EMPTY PROPERTIES

- 2.1 The Government has introduced a new temporary measure for unoccupied new builds from October 2013, with the intention of giving the construction sector renewed confidence. 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.
- 2.2 A simple example is a new build office that is unoccupied from the date it is completed for 18 months. In such a circumstance the ratepayer would not be required to pay rates for the first 3 months under the 2008 Regulations and

then would benefit from 15 months new build empty property relief provided through section 47 of the Local Government Finance Act 1988

2.3 By adopting this policy the authority will support businesses and encourage growth in the local economy. Where possible, the Council will identify any new ratepayer who may qualify under this policy and provide them with information and guidance at the earliest opportunity. Any qualifying business that has paid business rates but considers that it is eligible for relief under this scheme will be encouraged to submit a backdated application.

2.4 Breckland's Economic Development service believes this will be an excellent incentive for developers, both, by removing barriers on speculative builds, and at the same time reducing a financial risk. The construction of new commercial premises is a key factor in stimulating local construction supply chains, providing employment both during and post build, and generally improving the business offer. Economic Development will ensure that this is promoted through all the authorities business channels

3.0 **OPTIONS**

3.1 Not to agree this additional guideline. However this would not help the authority support businesses and encourage economic growth in the district.

3.2 To agree the Discretionary Rate Relief Guideline for New Build Empty Properties as attached at Appendix A.

4.0 **REASONS FOR RECOMMENDATION(S)**

4.1 It is good practice for local authorities to have an up to date Discretionary Rate Relief Guidelines. Schemes using the localism provisions need to be properly adopted.

5.0 **EXPECTED BENEFITS AND TIMELINES**

5.1 The expected benefits are set out in section 2.4

6.0 **IMPLICATIONS**

6.1 **Carbon Footprint & Environmental Issues**

6.1.1 The implication has been considered and it is the opinion of the Report Author that there are none.

6.2 **Constitution & Legal**

6.2.1 The Council has discretionary powers with regard to discretionary rate relief under the Local Government Finance Act 1988 and the Local Government and Rating Act 1997

European Union competition rules generally prohibit Government subsidies to business and relief from taxes, including non-domestic rates, can constitute state aid. Consideration must be had to this when granting discretionary rate relief. The general guidelines used by the Business Rates Team administering the scheme recognise state aid issues and require any commercial operator applying for discretionary relief to sign a declaration to ensure that the authority is operating within State Aid constraints.

6.3 Contracts

6.3.1 The implication has been considered and it is the opinion of the Report Author that there are none

6.4 Corporate Priorities

6.4.1 This report supports the corporate priorities to support the local economy and to be an entrepreneurial council.

6.5 Equality and Diversity & Human Rights

6.5.1 The implication has been considered and it is the opinion of the Report Author that there are none.

6.6 Financial

6.6.1 Central government will reimburse local authorities using a grant under section 31 of the Local Government Act 2003 in respect of the schemes delivered using the discretionary relief provisions as introduced by the Localism Act. This scheme will influence the development of commercial properties in the district leading eventually to an increase in the business rates that the authority is able to retain.

6.7 Risk Management

6.7.1 The implication has been considered and it is the opinion of the Report Author that there are none.

6.8 Staffing

6.8.1 The policy is administered by Anglia Revenues and Benefits Partnership Business Rates Team on behalf of the authority.

6.9 Stakeholders / Consultation

6.9.1 The implication has been considered and it is the opinion of the Report Author that there are none.

7.0 WARDS/COMMUNITIES AFFECTED

7.1 All

Background papers:- None

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Key Decision:

No

Exempt Decision:

No

Appendices attached to this report:

Appendix A – Discretionary Rate Relief Guideline – New Build Empty Properties Relief