



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

24th February 2014

Agenda Status: Public

Directorate: Chief Executive

Report Title	Business Rates Retail Relief – 2014/15
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1. Purpose

1.1 To implement the national Retail Relief Scheme for National Non-Domestic Rates (NNDR) Relief announced by Government in the 2013 Autumn Statement and subsequent guidance.

2. Recommendations

2.1 The Council is recommended to:

(a) Approve the implementation of the national Retail Relief Scheme for National Non-Domestic Rates (NNDR) with local variations as detailed in paragraph 3.2.2 of the report.

(b) Agree that the revised scheme will come into effect from 1st April 2014.

2.2 Empower the Chief Executive to give the necessary instructions to LGSS to implement the scheme in Northampton with effect from 1st April 2014.

2.3 Delegate to the Chief Executive in consultation with the Leader of the Council the consideration and determination of extensions to the scheme to include other businesses which add to the vitality and viability of key retail areas including the Town Centre.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The Government announced in the Autumn Statement on 5 December 2013 that it will provide a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.
- 3.1.2 This national scheme is not the same as the Business Incentive scheme under consideration locally as part of the Council's budget proposals for 2014/15.
- 3.1.3 The Government will, in line with the eligibility criteria set out in their guidance; reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act, to grant relief. Northampton Borough Council will be asked to provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NNDR1) for 2014-15 and 2015-16. Central government will provide payments over the course of the relevant years.
- 3.1.4 Under the eligibility criteria set out in the Governments guidance, properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. For the avoidance of doubt, empty properties or properties not carrying out these activities for periods will not receive the relief.
- 3.1.5 The following list sets out the types of uses that Government considers fall within the definition of retail use for the purpose of this relief:
- i. Hereditaments 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)
 - Charity shops
 - Opticians
 - Post offices
 - Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
 - Car/ caravan show rooms
 - Second hand car lots
 - Markets
 - Petrol stations
 - Garden centres
 - Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

iii. Hereditaments 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

3.1.6 The following list sets out the types of uses that government does not consider to be retail use for the purpose of this relief:

i. Hereditaments that are being used for the provision of the following services 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

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

3.1.7 Northampton Borough Council may use discretionary power to offer further discounts outside this scheme, or to the above types of uses. It would be the responsibility of the council to determine the types and uses of businesses/premises which would be to the benefit of the Council Tax payer as under local rate retention, 50 per cent of the cost would be funded by

central government, 40 per cent by Northampton Borough Council, and 10 per cent funded by Northamptonshire County Council.

3.2 Choices

3.2.1 The granting of the relief is discretionary. Therefore Northampton Borough Council may choose not to award relief if they consider that to be appropriate, for example, where granting the relief would go against the authority's wider objectives for the local area.

3.2.2 It is proposed to not give relief to businesses licensed to sell alcohol after 3am at night, and to exclude licensed sex establishments. It is also proposed to consider with partners the option to include some businesses not eligible under the national scheme where these ratepayers benefit retail areas in a similar manner to those eligible under the national scheme.

3.2.3 Therefore Council is recommended to:

- Award relief to occupied hereditaments with a rateable value of £50,000 or less, which are wholly or mainly being used as shops, restaurants, cafes and drinking establishments in line with national guidance.
- To remove entitlement under this scheme for any business premises which are in whole or part licensed for the sale of alcohol after 3am at night.
- To remove entitlement under this scheme for any business premises which are licensed sex establishments.
- Delegate to the Chief Executive in consultation with the Leader of the Council the consideration and determination of extensions to the scheme to include other businesses which add to the vitality and viability of key retail areas including the Town Centre and local retail areas.

4. Implications (including financial implications)

4.1 Policy

4.1.1 The report proposes to use the Council's discretionary power to grant relief under Section 47 of the Local Government Finance Act 1988, as amended.

4.2 Resources and Risk

4.2.1 An initial analysis, taking into consideration the types of uses that the government does not consider as retail use, has identified that there are 868 qualifying hereditaments; the total amount of relief that will be granted to these current qualifying hereditaments is £769,448. Relief will also be granted to any new qualifying occupiers that move in during the 2014-15 and 2015-16 period. Government will fund the full cost of this relief.

4.2.2 If discretionary power is used to offer further discounts outside this scheme, or to additional types of uses (for example professional service business in the town centre), 50 per cent of the cost would be funded by central government,

40 per cent by Northampton Borough Council, and 10 per cent funded by Northamptonshire County Council.

4.2.3 Relief will be applied against the net bill after all other reliefs.

4.2.4 Where a property is eligible for Enterprise Zone relief, that EZ relief should be granted first as this will be funded under the rates retention scheme by a deduction from the central share.

4.2.5 In administering retail relief it is necessary for the local authority to establish that the award does not exceed the European state aid threshold of €200,000. Guidance on the rules relating to state aid will be provided as part of the annual business rate demands issued for 2014/15. Businesses will be required to notify the Council if they exceed the limit for a relief.

4.3 Legal

4.3.1 The Council has discretionary power to grant relief, introduced by the Localism Act (under Section 47 of the Local Government Finance Act 1988, as amended). The proposed scheme is compliant with these legal obligations and it is at the discretion of the Council to grant relief.

4.4 Equality

4.4.1 The report considers that there are no individuals or groups that will be disadvantaged disproportionately by the proposals.

5. Background Papers

5.1 Department for Communities and Local Government – Business Rates Retail Relief Guidance. Published January 2014.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/275589/Business_Rates_Retail_Relief_guidance.pdf