

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

14 May 2014

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 NATIONAL NON-DOMESTIC RATES – NEW-BUILD EMPTY PROPERTY RELIEF AND REOCCUPATION RELIEF

A report advising Members of the government's schemes for new-build empty property relief and reoccupation relief, and requesting Members to approve the adoption of those schemes by this Council

1.1 Introduction

1.1.1 The above schemes have been formulated by the government but the government has not amended the non-domestic rates legislation to reflect the terms of the schemes. In each case, it is open to the local authority not to adopt the schemes. However, if the local authority adopts either or both of the schemes, it would pay the relief granted under its discretionary powers contained in Section 47 of the Local Government Finance Act 1988 (the same section under which we grant discretionary rate relief to charities and other non profit-making bodies). The government has stated that it will reimburse local authorities in full for any relief granted under the schemes.

1.1.2 I set out below details of the two schemes.

1.2 New-build empty property relief

1.2.1 Most newly-built non-domestic property is exempt from non-domestic rates for a period of three months (in the case of non-industrial premises) or six months (in the case of industrial premises). Rates become payable after the exemption has ended. However, the government is of the opinion that the risk of having to pay non-domestic rates on an empty commercial property might act as a disincentive to developers. Therefore this scheme gives a local authority scope to waive the empty rates due for a period of up to 18 months from the date of the property's completion. It is the government's view that by giving local authorities the scope to waive the empty rates that waiver will help to stimulate the construction industry.

1.2.2 Full details of the scheme are contained in the guidance notes issued by the Department for Communities and Local Government, which I attach at **[ANNEX 1]**. However, the main features of the scheme are:

- 1) The property must be a non-domestic property and unoccupied.
- 2) The property must have been completed after 1 October 2013 and before 30 September 2016.
- 3) 100% relief from empty rates may be granted for 18 months or so long as the property remains unoccupied.
- 4) The relief 'runs' with the property, i.e. if there is a change of ownership whilst the property is unoccupied, the new owner receives the benefit of the remaining term of the relief.

1.3 Reoccupation relief

1.3.1 Members might recall my report to Cabinet of 25 March this year regarding retail rate relief. The purpose of that relief is to support the retail sector. It gives relief of up to £1,000 in each of the years 2014/15 and 2015/16 against business rates bills for retail premises (including pubs, cafes, restaurants and charity shops) with a rateable value of up to £50,000.

1.3.2 Reoccupation relief is similar insofar as the government wishes to '*encourage thriving and diverse town centres and to see the number of vacant shops decrease.*' The relief is intended to promote the reoccupation of shops that have been empty for a long period of time and to '*reward businesses that make this happen.*'

1.3.3 Full details of the scheme are contained in the guidance notes issued by the Department for Communities and Local Government, which I attach at **[ANNEX 2]**. However, the main features of the scheme are:

- 1) The property has been reoccupied but was unoccupied for at least 12 months prior to reoccupation.
- 2) The reoccupation occurred between 1 April 2014 and 31 March 2016.
- 3) The property, when previously in use, was wholly or mainly used for retail purposes.
- 4) The property is being used other than as a payday loan shop; betting shop; or pawnbroker's.
- 5) Subject to the above conditions being met, then relief of 50% of the rates due may be awarded for a maximum period of 18 months from the date of reoccupation.

1.3.4 As with new-build relief, reoccupation relief 'runs' with the property.

- 1.3.5 Members might wish to note that there is a significant difference between retail rate relief and reoccupation relief. Although some properties, for instance those used for the provision of financial services to the public, were excluded from the definition of retail premises for the purpose of retail rate relief, they are considered to be retail premises for reoccupation relief.

1.4 Legal Implications

- 1.4.1 If the Council decides to adopt one or both of these schemes, then there are no legal implications, as the Council has power to grant the reliefs afforded by the schemes under the discretion given to local authorities by Section 47 of the Local Government Finance Act 1988. Conversely, because the relief under the schemes is discretionary, if the Council decides not to adopt one or both of the schemes, there are no legal implications. Members might wish to note that, in respect of reoccupation relief, the government has said that it *'expects local government to grant relief to qualifying ratepayers.'*

1.5 Financial and Value for Money Considerations

- 1.5.1 If the Council adopts one or both of the schemes there are no financial or value-for-money implications for the Council, as any relief granted in accordance with the scheme(s) will be reimbursed in full by the government.

1.6 Risk Assessment

- 1.6.1 Although there is no legal risk in either adopting or not adopting the scheme(s), I believe that there is a reputational risk in not adopting the scheme(s).
- 1.6.2 The scheme or reoccupation relief offers assistance to the ratepayers of the Borough who have taken on properties that have been empty for a substantial period of time, thereby assisting with the vitality of town/village centres. That, in turn, should ultimately benefit our residents. As the relief can be given at no-cost to the Borough, it might appear perverse not to adopt the scheme of relief.
- 1.6.3 In the case of new-build empty property relief, it would appear to be sensible to encourage the construction industry as, in the longer-term, newly-built properties will attract business rates. As with reoccupation relief, as the relief can be given at no-cost to the Borough, it might appear perverse not to adopt the scheme.

1.7 Equality Impact Assessment

- 1.7.1 See 'Screening for equality impacts' table at end of report

1.8 Recommendations

- 1.8.1 Members are **REQUESTED** to **RECOMMEND** to Cabinet that:
- 1.8.2 a scheme of new-build empty property relief be adopted as described in the guidance issued by the Department for Communities and Local Government; and

- 1.8.3 a scheme of reoccupation relief be adopted as described in the guidance issued by the Department for Communities and Local Government; and
- 1.8.4 that I be given delegated authority to grant relief in accordance with the adopted scheme(s), subject to any disputed entitlement to relief being referred to the Finance, Innovation and Property Advisory Board.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

contact: Paul Griffin

Nil

Sharon J Shelton
Director of Finance and Transformation

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The decision relates purely to commercial premises.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	The decision relates purely to commercial premises.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		Not applicable.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.