

## **HAMBLETON DISTRICT COUNCIL**

**Report To:** Cabinet  
15 July 2014

**Subject:** BUSINESS RATE RE-OCCUPATION RELIEF POLICY

**All Wards**  
**Portfolio Holder for Support Services: Councillor N Knapton**

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### **1.0 PURPOSE AND BACKGROUND:**

- 1.1 Central Government wants to encourage thriving and diverse town centres and see the number of vacant shops decrease. The introduction of a new Business Rates Re-occupation Relief Scheme is intended to encourage re-occupation of shops that have been empty for a long period of time and reward businesses that take up occupation of empty premises.
- 1.2 The Government announced in the Autumn Statement that it would provide a 50% Business Rates discount for 18 months for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016. This reduction in Business Rates is permissible under State Aid regulations and further information is included in the attached policy.

### **2.0 LINK TO CORPORATE PRIORITIES:**

- 2.1 The intention of the policy is to encourage empty property back into use which supports the Council's aim to encourage local economic growth through improving business occupancy levels across the district.

### **3.0 FINANCIAL IMPLICATIONS AND EFFICIENCIES:**

- 3.1 There are no financial implications of introducing this policy because Central Government will fully reimburse Local Authorities for the local share of the discretionary relief which they discount to businesses. Government will do this using a grant under section 31 of the Local Government Act 2003. The Business Rates Re-occupation Relief policy will ensure consistency of award for rate relief across the district.

### **4.0 LEGAL IMPLICATIONS:**

- 4.1 The Localism Act (under section 47 of the Local Government Finance Act 1988, as amended), has been amended to introduce this change under the discretionary powers which means each Local Authority needs to develop a policy which provides details of the operation and delivery of the relief. The policy attached at Annex 'A' provides those details.
- 4.2 The policy will ensure that the consideration and decision-making processes which will be applied to all applications are transparent and fair.

### **5.0 EQUALITY AND DIVERSITY**

- 5.1 There are no equality and diversity issues.

**6.0 RECOMMENDATIONS:**

6.1 That Cabinet approves and recommends to Council:-

- (1) approval of the attached policy; and
- (2) delegated authority be given to the Director of Support Services and Deputy Chief Executive to administer the Business Rates Re-occupation Relief Policy.

JUSTIN IVES

**Background papers:** None

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**BUSINESS RATES RE-OCCUPATION RELIEF POLICY****1.0 INTRODUCTION:**

1.1 The Government announced in the Autumn Statement on 5 December 2013 that it would provide a 50% business rates discount for 18 months for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016, up to State Aid De Minimis limits.

**2.0 WHICH PROPERTIES WILL BENEFIT FROM THE RELIEF?**

2.1 Properties that will benefit from the relief will be occupied properties that:

- When previously in use, were wholly or mainly used for retail as set out in the explanation below.
- Were empty for 12 months or more immediately before their reoccupation
- Become re-occupied between 1 April 2014 and 31 March 2016
- Are being used for any use (i.e. not just retail use) except use as betting shops, pay day loan shops, and pawn brokers.

2.2 There is no rateable value limit for the property in respect of either the previous or re-occupied use. However, State Aid De Minimis limits may limit the amount of relief given.

**3.0 WHAT IS RETAIL USE FOR THE PURPOSE OF THIS POLICY?**

3.1 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 showrooms

Second hand car lots

Markets

Petrol stations

Garden centres

Art galleries (where art is for sale/hire)

3.2 Properties that were being used for the provision of the following services principally 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 e.g. for theatre

Dry cleaners

Launderettes

PC/ TV/ domestic appliance repair

Funeral Directors

Photo processing

DVD/ video rentals

Tool hire

Car hire

- 3.3 Properties that were being used for the provision of the following services principally to visiting members of the public:

Financial services (e.g. banks, building societies, bureaux de change, payday loan shops, betting shops, pawn brokers)

Other services (e.g. estate agents, letting agents, employment agencies)

- 3.4 Properties that were being used for the sale of food and/ or drink to visiting members of the public:

Restaurants

Takeaways

Sandwich shops

Coffee shops

Pubs

Bars

- 3.5 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. It is intended to be a guide as to the types of uses that Government considers for this purpose to be retail. Hambleton District Council will determine for themselves whether particular properties not listed are broadly similar in nature to those above and, if so, to consider them to be retail.

#### **4.0 HOW MUCH RELIEF WILL BE AVAILABLE?**

- 4.1 Relief will be available for 18 months from the first day the property becomes occupied as long as the first day falls between 1 April 2014 and 31 March 2016, subject to the property remaining continuously occupied.

- 4.2 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis

- 4.3 Under this scheme the relief available for each property is 50% of the business rates liability after any mandatory or other discretionary reliefs (other than retail relief) have been applied, up to State Aid De Minimis limits.

#### **5.0 STATE AID:**

- 5.1 State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. However Re-occupation Relief will be State Aid compliant where it is provided in accordance with the De Minimis Regulations (1407/2013)<sup>2</sup>.

- 5.2 The De Minimis Regulations allow an undertaking to receive up to €200,000 of De Minimis aid in a three year period (consisting of the current financial year and the two previous financial years). Businesses will be alerted to the implications of State Aid regulations and will be expected to inform the Authority if the limit is exceeded.

#### **6.0 SPLITS, MERGERS AND CHANGES TO EXISTING HEREDITAMENTS**

- 6.1 Where a new hereditament has been created by a split or merger of hereditament(s), the new hereditament will be eligible for the Re-occupation Relief where at least half of the floor area of the new hereditament is made up of retail hereditaments that have been empty for 12 months or more (subject to the conditions above).

- 6.2 Where a hereditament in receipt of Re-occupation Relief splits or merges to form new hereditaments, the new hereditaments will not be eligible for the remaining term of Re-occupation Relief.
- 6.3 Where a hereditament in receipt of Re-occupation Relief becomes unoccupied for any period of time less than 12 months it will not be eligible for any further Re-occupation Relief on occupation. However, if a hereditament that has previously received Re-occupation Relief becomes empty for 12 months or more it will be eligible for an additional 18 months Re-occupation Relief if the criteria are met.

#### **7.0 CHANGE OF RATEPAYER:**

- 7.1 The relief will run with the property rather than the ratepayer. So if a property is in receipt of Re-occupation Relief and a new ratepayer becomes liable for the property they will benefit from the remaining term of the relief, subject to the new ratepayer's State Aid de minimis limits.

#### **8.0 APPLYING FOR RELIEF**

- 8.1 Applications will only be considered where an application form provided by Hambleton District Council is received from the ratepayer or, where the ratepayer is an organisation, a person properly authorised to make an application on behalf of the organisation. Each application will be considered on its individual merits. The Council shall request such supporting evidence as it considers necessary to enable the Council to make a decision.

#### **9.0 REVIEW PROCESS**

- 9.1 There is no statutory right of appeal against a decision made by the Council regarding discretionary rate relief. However, the Council will review a decision were the ratepayer is dissatisfied with the outcome and makes a formal written request and provides
- a) Additional supporting evidence that is relevant to the application that was not available at the time the decision was made.
  - b) There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was taken.

A request for review must be made within one calendar month of the date of notification of the original decision. Reviews will be considered by an officer independent of the original decision maker.