

<b>SUBJECT:</b>	<b>Discretionary Rate Relief and Local Council Tax Discounts</b>	
<b>REPORT OF:</b>	<b>Officer Management Team-</b>	<b>Director of Resources</b>
	<b>Prepared by-</b>	<b>Head of Customer Services</b>

## 1. Purpose of Report

- 1.1 The purpose of this report is to enable Cabinet to approve the criteria for additional discounts and reliefs in respect of flooding, retail relief, new build relief and reoccupation relief as recommended in guidance provided by Department of Communities and Local Government. The report also requests that authority is delegated to Head of Customer Services to administer these reliefs and discounts where the relevant criteria are met.

## 2. Links to Council Policy Objectives

- 2.1 The Government has introduced these reliefs to enable Councils to support the community that has been affected by flooding. This contributes to the objective of creating strong and cohesive communities. In addition, supporting local businesses contributes to the objective of creating a thriving economy.

## 3. Background

- 3.1 Government has announced a number of schemes intended to support businesses by reducing their business rates liability. These are to be administered as discretionary awards under section 47 of the Local Government Finance Act (LGFA) 1988 for which the authority will be fully reimbursed.
- 3.2 The Government has also announced that discounts will be granted to Council Tax payers affected by flooding. This is to be administered under the local authority's power to grant Council Tax discounts as they see fit, under section 13a of the Local Government Finance Act 1992.

## 4. Flooding

### Business Rates

- 4.1 Government has announced a scheme to support businesses adversely affected by flooding between 1 December 2013 and 31 March 2014. The proposal is that 100% Business Rate Relief is granted for 3 months regardless of the length of time that flooding occurred. This is to be administered as a discretionary relief under section 47 of LGFA 88 for which the authority will be fully reimbursed.
- 4.2 The qualifying criteria for the Business Rates relief is defined as:
- The hereditament has been flooded in whole or in part as a result of adverse weather conditions and not from the failure of a water main, internal water system or the failure of a sewerage system; and
  - Business activity undertaken must have been affected on that day as a result of the flooding.

The scheme does not cover any hereditament which is unoccupied at the time of flooding.

#### Properties affected

- 4.3 Information gathered so far indicates that there have been very few properties affected to the extent that relief would be due and the cost is unlikely to exceed £2000.
- 4.4 As previously stated Government has agreed that local authorities will be reimbursed for these reliefs and discounts. It is anticipated that this will be done via end of year returns to Government.

#### Council Tax

- 4.5 Local authorities have the discretion to grant Council Tax discounts as they see fit and they can decide which properties receive the discount and the duration of that relief. This power is under Section 13a of Local Government Finance Act 92.
- 4.6 Department for Communities and Local Government guidance states that funding will be provided to enable local authorities to offer 3 months discount to those domestic properties affected by flooding.
- 4.7 It is up to local authorities to determine the relevant criteria for awarding these discounts. Guidance states that householders whose house (not to include outbuildings) has been flooded by this winter's severe weather may request a discount from local authorities.
- 4.8 Criteria that could be considered as appropriate for granting a discount are suggested as:
- Where water has entered the property due to:
    - Heavy rainfall;
    - A river overflowing or banks being breached;
    - Groundwater;
    - Or anything else including any combination of these factors.
  - This does not include burst water mains or flooding from the sewage system unless as a result of one of the above.
- 4.9 A discount will only be granted where in normal circumstances the damage would be enough to constitute an insurance claim even where the occupant is not insured.

#### Properties affected

- 4.10 There are approximately 4 properties affected and awarding the discount to these properties for 3 months would cost £1537.30. However the Government has agreed that local authorities will be fully reimbursed for these discounts.

## 5. Retail Relief

5.1 Government has announced a scheme to support businesses who occupy retail premises with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16. This is to be administered as a discretionary relief under section 47 of LGFA 88 for which the authority will be fully reimbursed.

5.2 The relief is £1000 per annum.

### Criteria for qualifying for Retail Relief

5.3 Properties that will benefit from these reliefs will be occupied hereditaments with a RV of £50,000 or less that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

5.4 Shops, restaurants, café and drinking establishment are defined as:

- **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, chemist, newsagents, hardware store, supermarkets etc.
  - Charity shops
  - Opticians
  - Post offices
  - Furnishing shops/display rooms (such as carpet shops, double glazing, garage doors etc.)
  - Car/caravan show rooms
  - Second hand car lots
  - Markets
  - Petrol stations
  - Garden centres
  - Art galleries (where art is for sale/hire)
- **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)
  - Shoe repairs/key cutting
  - Travel agents
  - Ticket offices
  - Dry cleaners
  - Launderettes
  - PC/TV/ domestic appliance repair
  - Funeral directors
  - Photo processing
  - DVD/video rentals
  - Tool hire
  - Car hire
  - 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

5.5 Properties that are NOT included are:

- **Hereditaments that are being used for the provision of the following services to visiting members of the public;**
  - Financial Services
  - Other services such as estate agents and employment agencies
  - Medical services Professional Services such as solicitors, accountants, insurance agents
  - Hereditaments that are not reasonably accessible to visiting members of the public.

5.6 The lists above are not exhaustive and any application from a business that is not included in the above lists will be considered at the discretion of Head of Customer Services.

#### Properties affected

5.7 It is estimated that a maximum of 450 properties are affected. Some of these will not be eligible as the award is subject to de minimus state aid levels which amount to €200,000. Therefore if a property is occupied by a large chain there is a possibility that they will not be entitled as they have exceeded this amount across the country.

5.8 The maximum amount likely to be awarded at South Bucks District Council is £450,000 but this will be reimbursed by Government.

## **6. Unoccupied New Builds**

6.1 A temporary measure has been introduced to allow unoccupied new build non-domestic properties to be exempt from unoccupied property rates for up to 18 months (up to state aid limits). This applies where the property comes on to the list between 1 October 2013 to 30 September 2016.

6.2 The 18 month period includes the initial 3 or 6 month exemption that empty properties are currently entitled to and properties may, if unoccupied, be exempt from Business Rates for an extra 15 or 12 months.

6.3 It is intended that the properties that will benefit from the relief will be all unoccupied non domestic hereditaments that are wholly or mainly comprised of new structures.

6.4 'Structures' means:

- Foundation and/or
- Permanent walls and/or
- Permanent roofs.

- 6.5 At South Bucks District Council we have very few new properties that come into the list so this is not likely to have a large impact on us. However the Government will fully reimburse any amounts that are awarded.

## 7. Re-Occupation Relief

- 7.1 Central Government intends to introduce a 50% relief from business rates for new occupations of previously empty retail premises. This relief will last for 18 months and will be available from 1st April 2014 until 31st March 2016.
- 7.2 Full guidance is yet to be released but it is expected that there will be no restrictions based on the type or size of business which takes on the property.
- 7.3 The previously empty retail premises will need to be unoccupied for at least twelve months and will include premises which are used for retail premises.
- 7.4 Numbers of properties affected are expected to be small. This is to be administered as a discretionary relief under section 47 of LGFA 88 for which the authority will be fully reimbursed.

## 8. Discretionary Rate Relief Policy

- 8.1 South Bucks District Council follows a process for awards of Discretionary Rate Relief where decisions are made by Cabinet. The reliefs in this report are in addition to those currently made under this policy.
- 8.2 However Cabinet should note that there is an intention to update the Discretionary Rate Relief Policy during the financial year 2014/15. A report will be presented to Cabinet later in the year.

## 9. Recommendations

- 9.1 The Cabinet approves the following recommendations to grant Discretionary Rate Relief under section 47 of LGFA 88 in the following circumstances:
- 100% relief is granted to properties affected by flooding for a period of three months in accordance with the criteria in paragraph 5;
  - Relief of up to £1000 is granted to retail properties that meet the criteria in paragraphs 10-13 subject to an application being received;
  - Unoccupied new build properties are granted relief to enable exemption from unoccupied property rates for a period of up to 18 months in accordance with the criteria in paragraphs 16 to 19; and
  - 50% relief is awarded for new occupations of previously empty retail properties in accordance with criteria recommended by Central Government.
- 9.2 The Cabinet agrees to delegate authority to Head of Customer Services to award Discretionary Rates Relief where the application meets the criteria as approved above.
- 9.3 The Cabinet approves the criteria applicable to award a Council Tax discount under S13A of the Local Government Finance Act 1992 to properties affected by flooding.
- 9.4 The Cabinet agrees to delegate authority to Head of Customer Services to award discounts where the application meets the approved criteria.

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<b>Background Papers:</b>	None

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