

**HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** National Non Domestic Rating- Changes to Discretionary Policy

**Meeting/Date:** Cabinet – 12 December 2013  
COMT – 2 December 2013

**Executive Portfolio:** Customer Services

**Report by:** Head of Customer Services

**Ward(s) affected:** All

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**Executive Summary:**

Following a consultation process earlier this year the Government announced their intention to provide a temporary “exemption” for newly built and unoccupied non domestic properties from 1 October 2013 until 30 September 2016.

As this is a temporary measure they do not propose to change the exemption regulations, but instead will provide the exemption by reimbursing billing authorities that use their discretionary rate relief powers (under Section 47 of the Local Government Finance 1988) for the local share of the discretionary relief (by using a grant under Section 31 of the Local Government Act 2003).

Through this mechanism, central government will guarantee to reimburse local government (both billing authorities and those major precepting authorities within the rates retention system) for the cost to them under these specific circumstances.

**Recommendation:**

**It is recommended that:**

- **That Cabinet approve the award of 100% (Section 47) Discretionary Rate Relief where the newly built non domestic property meets the full qualifying criteria.**

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## **1. WHAT IS THIS REPORT ABOUT/PURPOSE?**

- 1.1 The purpose of this report is to enable members to make an informed decision on the proposed “exemption” for new built and unoccupied non domestic properties from 1 October 2013 which remain unoccupied beyond the 3 month (or 6 month- for Industrial properties) period which is currently covered by existing regulations.

## **2. WHY IS THIS REPORT NECESSARY/BACKGROUND**

- 2.1 Central Government do not propose to change the existing regulations i.e. “The Non Domestic Rating (Unoccupied Property) (England) Regulations 2008” because they say this is a temporary measure only.
- 2.2 Instead they are asking that local authorities use their discretionary rate relief powers under Section 47 of the Local Government Act 1988, and that requires a change to the Council’s discretionary policy.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 Other options could be to either decline to grant the exemption by way of discretionary rate relief, or vary the level of the relief but this would not help the ratepayers nor encourage developers to complete new non domestic building works. Most importantly, if the council does not grant the relief to the full extent of the Governments intention it will not be 100% reimbursed by way of grant.

## **4. KEY IMPACTS/RISKS? HOW WILL THEY BE ADDRESSED?**

- 4.1 It will be for individual billing authorities to grant relief and to ensure that each application fully meets the qualifying criteria, and obviously the payment of the grant, paid in arrears by the government, will be subject to full external audit. Accordingly there will be an administrative and cost burden to the council which does not appear to have been addressed by central government at this time. The biggest risk is the unlikely outcome that the government does not honour its guarantee of 100% reimbursement.
- 4.2 This position is further complicated by the proposal that the owner can benefit from multiple unoccupied periods between tenants during the 18 month period, and billing authorities must also ensure that the rules on the maximum amount of “state aid” are not breached.

## **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 If agreed, a comprehensive checklist of all the relevant circumstances matching the qualifying criteria will be prepared for each application, awards will be separately identified in the accounts and reimbursement claimed as part of the non domestic rates year end reconciliations (and again subject to external audit). It must also be presumed that government will amend the relevant billing regulations in time for annual billing in March 2014.

## **6. LINK TO THE LEADERSHIP DIRECTION**

- 6.1 This policy change will meet the aim of generating business growth in the district by encouraging developers to build and complete business premises.

## **7. CONSULTATION**

- 7.1 There is no requirement for any consultation exercise on policy changes on discretionary rate relief

## **8. LEGAL IMPLICATIONS**

- 8.1 There is no legal implication other than for the decision to be formally resolved in order to amend the Discretionary Relief policy. The Head of Customer Services already holds Delegated Authority to grant discretionary relief under the Council's policy.

## **9. RESOURCE IMPLICATIONS**

- 9.1 As outlined above there is a significant burden for the business rates team, and in terms of accounting and completing external audit (which may also increase audit fees), it would have certainly been simpler and less of a financial risk had the government amended the appropriate regulations albeit for a temporary period.
- 9.2 The cost of reliefs awarded by the Council will be reimbursed by the government; therefore there is no net cost to the Council.

## **10 REASONS FOR THE RECOMMENDED DECISIONS**

- 10.1 The recommendation will encourage, it is hoped, developers/owners to complete new business premises, at least in the short term.

### **Recommendation:**

Based on the information contained within this report, it is recommended that Cabinet agrees :

**To include 100% discretionary rate relief for qualifying newly built domestic rating properties completed from 1 October 2013 to 30 September 2013, for a maximum period of up to 18 months.**

## **11. LIST OF APPENDICES INCLUDED**

None

## **BACKGROUND PAPERS**

- Summary of consultation responses and Government response- 11 September 2013
- Guidance: Business Rates New Build Empty Property- 11 September 2013

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