

Cherwell District Council

Executive

6 March 2017

Business Rates Incentives Scheme

Report of Head of Strategic Planning and the Economy

This report is public

Purpose of report

To seek approval of the Business Rates Incentives Scheme which details proposals for awarding business rates incentives to bring back into use empty properties and sustain the vitality and diversity of Banbury and Bicester town centres.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To consider any amendments to the proposed draft Business Rates Incentives Scheme and to approve the scheme for adoption.

2.0 Introduction

- 2.1 Cherwell District Council is committed to ensuring the town centres for both Banbury and Bicester are supported to retain their economic vitality and diversity. Business rates incentives have a role to play as part of the measures taken by Cherwell District Council to support the economy of each town. Further, business rates incentives more generally can be used to promote economic growth by helping local companies to expand thus securing high quality and high value jobs.
- 2.2 National Non-Domestic Rates (NNDR) or Business Rates are payable by owners and occupiers of commercial properties in accordance with the Local Government Finance Act 1988. Until April 2013, Business Rates were collected by the Council and passed to Central Government who redistributed them nationally.
- 2.3 With the localisation of Business Rates, the Localism Act 2011 also amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any local ratepayer under a local discount or incentive scheme to complement the strategic priorities and key objectives of the Council.
- 2.4 It is recommended that a pilot scheme is introduced for Banbury and Bicester town centres which provides an incentive in the form of 50% Business Rates relief for up

to two years to new, expanding or relocating businesses occupying vacant premises within designated areas (Appendix A and B). It is proposed that the schemes will come into effect from 1 April 2017 and end on 31 March 2019. The properties must have been vacant for a continuous period of at least 6 months to be eligible for the incentive.

3.0 Report Details

- 3.1 The aim of the scheme is to ensure that properties which are already vacant, or become so, are brought back into use as quickly as possible in order to reduce empty properties and to increase the vibrancy of the town centre offer for our key towns. The Council receives no income from business rates where properties are empty for up to three months. After three months ratepayers of non-industrial properties are not entitled to any empty business rates relief except where the property is a listed building. Empty listed buildings receive an indefinite exemption from business rates so there is no incentive from a business rates perspective for the liable party to bring them back into use.
- 3.2 This proposal is part of a package of complementary measures for Banbury and Bicester Town Centres designed to bolster growth and confidence and support existing businesses and is intended to run alongside the general discretionary power in respect of business rates incentives which is contained in the Discretionary Rate Relief Policy which was agreed by Executive on 6 February 2017 which was formally adopted by Council on 20 February 2017.
- 3.3 At Budget 2016 the Government confirmed the doubling of Small Business Rate Relief (SBRR) from 50% to 100% will be made permanent from 1 April 2017. The £6,000 and £12,000 thresholds will increase to £12,000 and £15,000 respectively. Therefore hereditaments with rateable values of £12,000 or below that meet the eligibility criteria will receive 100% relief and those businesses with rateable values between £12,001 and £14,999 will receive tapered relief. This means that many more businesses will be entitled to small business rate relief from 1 April 2017.
- 3.4 It is proposed that scheme is open to all businesses with a rateable value of £15,000 to £50,000 (i.e. those who won't get either full or tapered Small Business Rate Relief) within the designated areas except those which are specifically excluded in the accompanying eligibility criteria.
- 3.5 European "State Aid" rules apply to any Business Rates relief granted and the Council will require a de minimis declaration to be completed by the business confirming the amounts of de minimis state aid the business has received and declaring the Business Rates Incentive offered will not exceed the de minimis threshold.
- 3.6 The Business Rates Incentives Schemes will be promoted by the Business Support Unit through the CDC website, social media channels and other forms of media. The Economic Growth Team will also promote the scheme through any other suitable means.

Financial summary and implications

- 3.7 Under the proposed scheme, the properties would receive a Business Rates Incentive of 50% of liability for 2017-2018 and 50% for 2018-2019. At the end of

the two-year period (31 March 2019) the Business Rates Incentive will end.

Banbury Town Centre

- 3.8 At the time of writing there were 17 empty properties in the proposed designated area for the Banbury Town Centre Business Rates Incentives Scheme with a rateable value of between £15,000 and £50,000. Of these properties 9 are listed buildings.
- 3.9 In the event that all the properties became reoccupied, and were entitled to a Business Rates Incentive in 2017-2018, the total cost of the incentive would be £123,172.

Bicester Town Centre

- 3.10 As at the time of writing there were 9 empty properties in the proposed designated area for the Bicester Town Centre Business Rates Incentives Scheme with a rateable value of £15,000 to £50,000. Of these properties 4 are listed buildings.
- 3.11 In the event that all the properties became reoccupied, and were entitled to a Business Rates Incentive in 2017-2018, the total cost of the incentive would be £52,000.
- 3.12 The Business Rates Incentives Schemes could award incentives (discounts) thus reducing the level of income generated for the Council from Business Rates. We would, however, receive 50% business rates income in respect of empty listed buildings which have become reoccupied. The specific financial implications are detailed at paragraphs 3.10 and 3.12. It is recommended that the pilot scheme is capped at £100,000 per financial year.

Alternatives considered

- 3.13 In assessing the options, officers considered a scheme focussing on supporting the retail and hospitality sector targeted at properties which won't have an entitlement to Small Business Rate Relief from 1 April 2017. Due to the small number of properties affected, and the fact they could apply for other discretionary reliefs such as hardship relief, it was decided that we recommend focussing resources elsewhere.
- 3.14 It was considered that geographical targeting to restrict the pilot to a limited pre-determined clearly defined area would provide maximum impact on the specific area and support the objective of reducing vacancy rates and encouraging economic growth.

4.0 Conclusions and Reasons for Recommendations

- 4.1 Members are asked to note the detail of this report.
- 4.2 Members are asked to approve the Business Rates Incentives Scheme and the eligibility criteria set out in Appendix C.

5.0 Consultation

Councillor Ken Atack, Lead Member for Financial Management

This is also the subject of a report to the Budget Panning Committee on 28 February and the Committee's decision will be reported verbally.

6.0 Alternative Options and Reasons for Rejection

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Members could choose not to approve the proposed scheme, but Business Rates Incentives have a role to play as part of the measures taken by Cherwell District Council to support the economy of each town.

7.0 Implications

Financial and Resource Implications

7.1 Financial and Resource implications are contained in the main body of the report. In the event of a Business Rates Incentive being awarded the Council will meet 40% of the amount in accordance with the Business Rates Retention Scheme. Given the indicated cap of £100,000 this can be met via the existing business rates volatility reserve.

Comments checked by: George Hill, Interim Corporate Finance Manager, 01295 751731, george.hill@cherwellandsouthnorthants.gov.uk

Legal Implications

7.2 Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the criteria for awarding discretionary rate relief. Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any ratepayer (not just those who can be currently granted discretionary relief) via a local discount scheme.

As indicated in paragraph 3.5 of the report any relief granted must be State Aid compliant. The de minimis threshold referred to is €200,000 from all sources to the recipient as a whole over a period of three years.

Comments checked by: Kevin Lane, Head of Law and Governance, 0300 0030107 kevin.lane@cherwellandsouthnorthants.gov.uk

Risk Management

7.3 The report highlights the need to monitor business rates income against budget to understand the implications of any significant variances. Risk 'S02 – Financial Resilience' is monitored on a regular basis as part of the Council's Corporate Risk Register and will also be monitored through the operational risk register. Any increase in risk will be reviewed and acted upon.

Comments checked by: Edward Bailey, Corporate Performance Manager 01295 221605, Edward.bailey@cherwellandsouthnorthants.gov.uk

Equality and Diversity

7.4 There are no equality and diversity implications arising out of this report.

Comments checked by: Edward Bailey, Corporate Performance Manager 01295 221605, Edward.bailey@cherwellandsouthnorthants.gov.uk

8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All

Links to Corporate Plan and Policy Framework

This links to the Council's priority of Sound Budgets and a Customer Focused Council.

Lead Councillor

Councillor Ken Atack
Lead Member for Financial Management

Document Information

Appendix No	Title
A	Business Rates Incentives Scheme – Banbury designated area
B	Business Rates Incentives Scheme – Bicester designated area
C	Recommended eligibility criteria
Background Papers	
None	
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