

Agenda Item No:	<b>11</b>	
Committee:	<b>Council</b>	
Date:	<b>23 February 2017</b>	
Report Title:	<b>Rate Relief Policy amendment</b>	

## Cover sheet:

### **1 Purpose / Summary**

- To agree Cabinet's recommendation that Council approves amendment of the Council's Rate Relief Policy to take account of initiatives introduced by the Government to further ease the burden on Business Ratepayers; which require an amendment to the Council's rate relief policy.

### **2 Key issues**

- Business Rates, also called "National Non-Domestic Rates" or NNDR are levied on all Commercial properties. Their basis is set by Government legislation.
- Councils can grant Discretionary Relief to ratepayers who have charitable aims, or provide certain facilities that benefit the community. There is also a provision within legislation to allow Council's to grant relief in any situation they choose provided it is in the interests of the Council Tax payer.
- The basis of Business Rates is the "Rateable Value", which is revised by the Government every five years by "re-valuation" and is based on the rental value of properties. The Government always ensure a zero impact of a re-valuation nationally by adjusting the rate in the pound (known as the "Multiplier"); however locally there are always "gainers" and "losers".
- In order to restrict the impact of the re-valuation on business a Transitional Relief scheme was introduced by Central Government to last 5 years (2010 to 2015). The scheme was self-financing nationally and meant that a cap was placed on increases and decreases in bills above a certain percentage. This percentage increased year on year so that over time the full rates bill was being paid. The cost of this scheme was borne by the Government.
- The re-valuation that was due in April 2015 has been postponed until April 2017.
- From 1 April 2017 the Government is introducing measures to help rural businesses through the extension of rural rate relief for certain types of property. As the Council already offers additional discretionary relief in these cases, it will have no effect.
- In addition, the Government is introducing a flat £1,500 reduction from rates for some local newspapers.
- There is no adverse financial impact to the Council as relief granted under these provisions will be fully funded by Central Government through a grant under Section 31 of the Local Government Finance Act 2003.

### 3 Recommendations

- That this report is noted and Council agree Cabinet's recommendation that Council revise the Rate Relief Policy to include the provisions indicated in the guidance below and that the new Policy shown in Appendix A is adopted with effect from 1 April 2017.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	N/A
<b>Portfolio Holder(s)</b>	Councillor Chris Seaton - Portfolio Holder for Finance
<b>Report Originator(s)</b>	Geoff Kent – Head of Customer Services
<b>Contact Officer(s)</b>	Rob Bridge - Corporate Director and Chief Finance Officer Geoff Kent – Head of Customer Services
<b>Background Paper(s)</b>	N/a

## Report:

### **1 An introduction to Business Rates**

- 1.1 Business Rates are charged in respect of all commercial properties. They are collected by District and Unitary Councils, with income shared between Central Government (50%), District Councils (40%), County Councils (9%) and Fire Authorities (1%).
- 1.2 They are calculated by multiplying the “Rateable Value” (a calculation of the market rental of the property, based upon the type and location of it) by the “Multiplier” which is a nominal figure set by the Government annually.
- 1.3 Rateable Values are revised every five years by “revaluation”. This allows for changes in the rental market. This took place in 2005 and 2010. The subsequent revaluation was delayed by the Government and now takes effect from 1 April 2017.
- 1.4 To prevent large changes in rate bills following revaluation, Transitional Relief applies. This phases in large increases (or reductions) in bills over five years to soften the effects of these changes. This Relief is self-funding, in that the gainers effectively subsidise the losers each time.
- 1.5 Small businesses receive Small Business Rate Relief (SBRR). It is only available where a ratepayer only uses one property or a main property plus other small properties with Rateable Values of no more than £2,600 (from 1 April 2017 this increases to £2,800); so that the total Rateable Value of all properties is under £18,000 (from 1 April 2017 this increases to £20,000).
- 1.6 For SBRR, ratepayers get 100% relief for properties with a rateable value of £6,000 (£12,000 from 1 April 2017) or less. No rates are generally payable this year on properties with a rateable value of £6,000 or less and those with a rateable value of £12,000 from 1 April 2017. The rate of relief will gradually decrease from 100% to 0% for properties with a rateable value between £6,001 and £12,000 (between £12,000 and £15,000 from 1 April 2017).
- 1.7 Mandatory Relief is granted to charities registered with the Charities Commission. This is 80% of the Rates bill.
- 1.8 Councils can award Discretionary Relief. For charities, this can be up to 20% (so no Rates are due where 80% Mandatory Relief has already been granted) or up to 100% for other ratepayers, subject to requirements as set out in the Council’s Rate Relief policy.
- 1.9 From time to time, the Government makes changes to Business Rates that introduce temporary reductions from Business Rates. Examples of these that took effect from April 2014 (Report to Cabinet "Rate Relief Policy" presented to 26 February 2014 meeting refers) included new help for newly completed properties, reoccupied previously empty properties and some retail premises
- 1.10 These temporary changes are not made by changing legislation, but by local authorities amending their Rate Relief policies to take account of these changes.
- 1.11 Further changes to the Council's Rate Relief policy now required, as highlighted in section 2 of this report are set out below.

## **2 Changes required to the Rate Relief Policy**

- 2.1 The Government has announced two changes to rate relief that will come into effect from 1 April 2017.
- 2.2 The first covers certain rural businesses. Currently certain rural Shops and Petrol Filling Stations attract 50% mandatory rate relief. In his Autumn Statement on 23 November 2016, the Chancellor of the Exchequer announced that rural rate relief will double from 50% to 100% from 1 April 2017.
- 2.3 The Government intends to introduce primary legislation to make Councils grant 100% rural rate relief in certain circumstances from 1 April 2018. However in the meantime, it expects Councils to amend their Rate Relief policies to grant 100% rural rate relief to eligible ratepayers from 1 April 2017.
- 2.4 The effect of this change is to create a new discretionary relief as part of the Council's Rate Relief Policy as appended to this report. The sections highlighted in yellow in the Policy show the new relevant sections: page 8 for certain Post Offices and General Stores, and Page 9 for certain Public Houses and Petrol Filling Stations.
- 2.5 However the Council already grants 100% relief in these cases (50% mandatory and 50% discretionary), so there is no change to these ratepayers overall.
- 2.6 The second change also comes into effect on 1 April 2017. This was announced in the Government's Budget on 16 March 2016. This affects the offices of local newspapers. The Government stated that it was committed to supporting local newspapers as they adapt to new technology and changing circumstances. In these cases, relief of a flat rate £1,500 reduction in Rates will be given to the offices of local newspapers subject to certain qualifying conditions.
- 2.7 The effect of this change is to create a new discretionary relief as part of the Council's Rate Relief Policy as appended to this report. The sections highlighted in yellow in the Policy show the new relevant sections: page 10 for the class of relief and page 14 for eligibility criteria.

## **3 Costs to the Council**

- 3.1 The Government will reimburse Councils for relief granted in section 2 above.

Appendix A

# Rate Relief Policy

Policy updated 23 February 2017  
Effective from 1 April 2017



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## Introduction

This document is our Rate Relief Policy. It tells you:-

- The types of Rate Relief available,
- The qualifying conditions for relief,
- Where to get help and information.

It refers to National Non-Domestic Rates, which is shortened to “NNDR”. NNDR is also called “Business Rates”.

These are payable in respect of all non-domestic properties.

For more information please see [www.gov.uk/introduction-to-business-rates/overview](http://www.gov.uk/introduction-to-business-rates/overview)

## Aims and objectives

This policy serves two purposes:-

- For customers – it explains our approach to debt collection, including how to avoid further recovery action and what to do if you have problems paying.
- For staff – the approach we will take in raising and creating debts, how we will collect them and how to respond to customers who cannot pay or customers who will not pay their debts.

## How this policy can help you

It can help you save money off your NNDR bill.

If you have any questions about NNDR, please contact us:-

The quickest way to get further information is to log-onto our website for help and advice (you can also pay your NNDR this way, quickly and easily as well):-

### **fenland.gov.uk**

Other help and advice:-

Ring us on 01842 756568

Email us at [ndr@angliarevenues.gov.uk](mailto:ndr@angliarevenues.gov.uk)

***The one thing anyone with a debt should not do is to ignore it.***

## **Types of relief available**

The table below shows the types of reliefs available:-

- Mandatory – relief set by the Government. Once you prove that you are a registered charity to us, we will award this relief.
- Discretionary – relief set by Fenland District Council. We will award this if you complete an application form and provide certain further information.

## **Is my business a charity?**

To find out more about which businesses are charities, how to set up a charity and other useful information about charities:-

**[charitycommission.gov.uk](http://charitycommission.gov.uk)**



## Fenland District Council – Discretionary Rate Relief categories

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
CV	<p><b>VILLAGE HALLS</b></p> <p>These are a community facility that is available to the public in a particular area for community-related recreational activities.</p> <p>Village Halls are often charitable because they held on trust to be used for purposes set out by the Recreational Charities Act 1958.</p> <p>Note that to qualify for Mandatory Relief, the Village Hall itself must be a registered charity, otherwise we can only grant discretionary relief.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	50%	50%
CY	<p><b>YOUTH ORGANISATIONS</b></p> <p>These are organisations that have been set up to cater for people under 18 years old, for the purpose of providing recreation.</p> <p>In all cases, most or all of the people using the facility must be aged under 18 years old.</p> <p>We will need evidence of the size of membership and age distribution.</p>	Registered Charities	80%	20%	100%
		Not Registered Charities	0%	100%	100%
CS	<p><b>SPORTING CLUBS AND ASSOCIATIONS</b></p> <p>These are organisations that have been set up to for the purpose of providing recreation.</p> <p>They need to be open to the wider community.</p> <p>They are generally sports clubs such as football clubs, etc.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	50%	50%
CM	<p><b>MUSEUMS</b></p> <p>A museum is an institution that cares for (conserves) a collection of artifacts</p>	Registered Charities	80%	20%	100%
		Not	0%	50%	50%

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
	and other objects of scientific, artistic, cultural, or historical importance and makes them available for public viewing through exhibits that may be permanent or temporary.  The general public must benefit from the museum.	Registered Charities			
CW	<b>VILLAGE ASSOCIATION OR COMMITTEES</b>  A local Association or Committee that has been set up to provide recreational facilities for a local community.  This is normally specific to a village or small rural settlement.	Registered Charities  Not Registered Charities	80%  0%	0%  50%	80%  50%
CB	<b>CITIZENS ADVICE BUREAU</b>  These are always registered charities to be considered as a "CAB".	Registered Charity	80%	20%	100%
CC	<b>REGISTERED CHARITIES</b>  There are some charities that the Council offers discretionary relief to, to top up the 80% mandatory relief given.  They are specific charities that provide a voluntary service to the public without charge either locally, nationally or internationally  They can also provide a service to the public without charge which directly contributes to the economic development of the area and/or which contributes to the achievement of the Fenland District Council Corporate Plan.  These charities are:-  (a) Samaritans, St John Ambulance, Red Cross, WRVS, St Raphael Club etc.  (b) Richmond Fellowship Workschemes (QEST), Papworth Trust etc.	Registered Charity	80%	20%	100%
CD	<b>OTHER REGISTERED CHARITIES NOT INCLUDED ELSEWHERE</b>  These are all other registered charities not already covered specifically.	Registered Charities	80%	0%	80%
CP	<b>PLAY GROUPS</b>	Registered Charities	80%	0%	80%

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
	<p>Preschools generally fall into two categories, preschool playgroups and nursery schools. Preschool playgroups accept children aged between two and five, and are short sessions where children stay and play with other children their age.</p> <p>Nursery classes and schools (not to be confused with day nurseries) take children aged 3 and 4 years old, usually for the year before they start the first school year. They are sometimes attached to a primary school. Both types intend to provide a grounding for the child to start school, offering a range of structured educational experiences based on learning through play.</p>	Not Registered Charities	0%	50%	50%
CT	<p><b>THEATRES</b></p> <p>Places where broadly defined, performances of plays and musicals, ballets, operas and various other forms take place.</p>	Registered Charities	80%	20%	100%
		Not Registered Charities	0%	50%	50%
CE	<p><b>CHARITABLE ORGANISATIONS</b></p> <p>Organisations that carry out charitable work in the community. This can include food banks, shops that may exist solely to collect goods for donating money taken to charity, etc.</p> <p>This list is not exhaustive; the business will need to demonstrate that it is charitable in nature and non-profit making.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	50%	50%
CX	<p><b>CHRISTMAS LIGHTING COMMITTEES</b></p> <p>These are specifically premises used for storing Christmas lighting equipment.</p>	Registered Charities	80%	0%	80%
		Not Registered Charities	0%	80%	80%
CR	<p><b>COMMUNITY AMATEUR SPORTS CLUBS</b></p> <p>These must be registered as thus with HMRC, which publishes a list of these on its website.</p> <p>The Council will grant this relief only to organisations specifically registered with HMRC.</p>	Registered Charities	80%	0%	80%

## Fenland District Council – Discretionary Rural Rate Relief categories

These reliefs only apply to rural areas where there are small populations. The areas are specified. These reliefs are not available for properties that are in towns; i.e. Chatteris, March, Whittlesey and Wisbech.

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
1	<b>Rural Rate Relief</b>  This applies for one property in the settlement only, that is the sole Post Office or sole combined Post Office/ General store.	Rateable Value under £8,500	100%	Nil	100%
2	<b>Rural Rate Relief</b>  This applies for one property in the settlement only, that is the sole Post Office or sole combined Post Office/ General store.	Rateable Value between £8,500 and £16,500	Nil	50%	50%
3	<b>Rural Rate Relief</b>  This applies for one property in the settlement only that is the sole General store.	Rateable Value under £8,500	50%	50%	100%
4	<b>Rural Rate Relief</b>  This applies for one property in the settlement only that is the sole General store.	Rateable Value between £8,500 and £16,500	Nil	50%	50%
5	<b>Rural Rate Relief</b>  This applies to all examples of the below that are in each settlement.  Food Stores (wholly or mainly selling food on a retail basis, excluding confectionary and excluding supply of food in the course of catering).	Rateable Value under £8,500 and that that qualify for Mandatory Relief	50%	50%	100%
6	<b>Rural Rate Relief</b>  This applies to all examples of the below that are in each settlement.  Other General Stores or Food Stores (includes confectionists and takeaways).	Rateable Value under £8,500	Nil	50%	50%

Our Code	Type of organisation	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
7	<b>Rural Rate Relief</b>  This applies to all examples of the below that are in each settlement.  Other General Stores or Food Stores	Rateable Value between £8,500 and £16,500	Nil	30%	30%
8	<b>Rural Rate Relief</b>  This applies for one property in the settlement only, that is the sole Public House	Rateable Value under £12,500	100%	Nil	100%
9	<b>Rural Rate Relief</b>  This applies for one property in the settlement only, that is the sole Petrol Filling Station	Rateable Value under £12,500	100%	Nil	100%
10	<b>Rural Rate Relief</b>  This applies to all examples of the below that are in each settlement.  Farm Diversification Enterprise	Rateable Value under £8,500	50%	50%	100%
11	<b>Rural Rate Relief</b>  Other businesses in a Rural Settlement	Rateable Value under £16,500	Nil	100%	100%

Note: For the types of Rural Rate Relief listed above, where a property falls into more than one category, they will be entitled to the highest relief amount shown for any of the qualifying categories.

## Fenland District Council – Additional Rate Relief categories

These are additional circumstances where we can grant Discretionary Rate Relief that have been prescribed by the Government to take effect as indicated.

Type	Type of property	Criteria	Relief Granted		
			Mandatory Relief	Discretionary Relief	Total
NCE	<p><b>Newly completed empty properties</b></p> <p>Properties that are newly built and completed between 1 October 2013 and 30 September 2016 will be exempt from empty property rates for up to 18 months subject to state aid limits. It should be noted that large new developments such as Supermarkets, will not qualify for this relief.</p>	<p>For up to 18 months for properties completed between 1 October 2013 and 30 September 2016 inclusive</p> <p>Subject to State Aid limit (see note)</p>	Nil	100%	100%
ERP	<p><b>Certain former Retail properties occupied after being empty for at least one year</b></p> <p>The Government has prescribed the former use of the properties covered by this relief – see page 11 of this policy.</p>	<p>For up to 18 months for properties re-occupied effective between 1 April 2014 and 31 March 2016 inclusive.</p> <p>Subject to State Aid limit (see note)</p>	Nil	50%	50%
TCD	<p><b>Certain Retail properties with a rateable value not exceeding £50,000</b></p> <p>The Government has prescribed the use of the properties covered by this relief – see page 12 of this policy.</p>	<p>For up to 2 years, effective between 1 April 2014 and 31 March 2016 inclusive.</p> <p>Subject to State Aid limit (see note)</p>	Nil	£1,000	£1,000
RLN	<p><b>Relief for local newspapers</b></p> <p>The Government has issued guidance on the operation of this relief – see page 14 of this policy</p>	<p>For 2 years, effective between 1 April 2017 and 31 March 2019 inclusive.</p> <p>Subject to State Aid limit (see note)</p>	Nil	Calculated in accordance with the guidance on page 14 of this policy	£1,500

## State Aid conditions

State Aid conditions apply to these reliefs. These are European Union regulations that regulate state funded aid to businesses. It is the Government's view that these reliefs constitute state aid. State aid can be given provided that it does not exceed €200,000 in any three year period (about £165,000 overall or £55,000 per year).

In deciding if State Aid limits apply, we need to bear in mind ratepayers who have more than one property, whether in Fenland or elsewhere. This will obviously mean that national retail chains will not qualify for these reliefs. In each case, Officers will need to satisfy themselves of these limits and therefore ratepayers will need to complete a "De Minimis declaration" (see Annex D) to enable this.

# Types of Property deemed as “Retail” in respect of their last use before they were unoccupied

The Government advises that these categories of properties can be classed as “retail” for the purposes of Rate Relief type “ERP” that are **certain former Retail properties occupied after being empty for at least one year**

In relation to a premises’ previous use for the purposes of Reoccupation Relief we consider retail to mean:-

*Hereditaments that were used for the sale of goods to visiting members of the public:*

- Shops (e.g. florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagent, hardware store, supermarket, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

*Hereditaments that were being used for the provision of the following services principally to visiting members of the public:*

- Hair and beauty services (such as: hair dressers, 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

*Hereditaments 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)

*Hereditaments that were being used for the sale of food and/ or drink to visiting members of the public:*

- Restaurants and Takeaways
- Sandwich shops and Coffee shops
- Pubs
- Bars



# Types of Property deemed as “Retail” in order that the discount of up to £1,000 may be granted

The Government advises that these categories of properties can be classed as “retail” for the purposes of Rate Relief type “TCD” that are **certain Retail properties with a rateable value not exceeding £50,000**

These are these types of properties:-

*Hereditaments that were 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, 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 show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

*Hereditaments that were being used for the provision of the following services principally to visiting members of the public:*

- Hair and beauty services (such as: hair dressers, 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 or Car hire

*Hereditaments that were being used for the sale of food and/ or drink to visiting members of the public:*

- Restaurants and Takeaways
- Sandwich shops and Coffee shops
- Pubs and Bars

**They are NOT these types of properties that are excluded from eligibility for this relief:-**

*Hereditaments 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)

# Relief for local newspapers

## Qualifying properties:

- Properties that are office space occupied by local newspapers. This is up to a maximum of one discount per newspaper title and per hereditament, up to state aid limits. It will apply for two years from 1 April 2017.

## Government guidance for administration of this relief:

- The relief is to be specifically for local newspapers and by that we mean what would be considered to be a “traditional local newspaper.” The relief will not be available to magazines.
- The hereditament must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.
- The amount of relief is limited to a maximum of one discount:
  - per newspaper title (e.g. per newspaper name), and
  - per hereditament
- The total amount of government-funded relief available for each newspaper title and hereditament for 2017-18 and 2018-19 under this scheme is £1,500. The amount does not vary with rateable value.
- The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis. The following formula should be used to determine the amount of relief to be granted for a particular hereditament:

Amount of relief to be granted = £1500 x A/B

Where:

A is the number of days in the financial year that the hereditament is eligible for relief; and

B is the number of days in the financial year.

## Further information

Please contact us if you have any questions about this policy, or NNDR in general.

Here are the ways to contact us.

### **fenland.gov.uk**

Our website is always open! Check this out first; it will often save you a phone-call or visit.

#### **E-mail us**

[nndr@angliarevenues.gov.uk](mailto:nndr@angliarevenues.gov.uk)

National Non-Domestic Rates queries

#### **Phone us**

01842 756568

We are open 24 hours a day, every day for payments by Debit Card.

We are open to help answer queries on Mondays to Fridays (except Public Holidays) between 9am and 4pm.

#### **Visit us**

We have Fenland @ your service Shops in March, Whittlesey and Wisbech and at the Community Hub in Chatteris.

Please see **fenland.gov.uk** for details of where we are, and our opening hours.

#### **Write to us**

Fenland District Council, Fenland Hall, County Road, March,  
Cambs, PE15 8NQ