

CABINET

23 October 2013

NEW BUILD EMPTY PROPERTY RATE RELIEF

REPORT OF HEAD OF REVENUES

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RECENT REFERENCES:

None.

EXECUTIVE SUMMARY:

Last year the Government announced that it intended to introduce an 'exemption' from empty property rates on new built commercial property. This would apply to property completed between October 2013 and 30 September 2016, for the first 18 months, up to state aid limits. The purpose of the 'exemption' is to stimulate construction by reducing the risk of paying empty property rates.

Guidance has now been issued. As the scheme is a temporary measure there will be no legislative changes. It is intended that local authorities will use discretionary powers, under Section 47 of the Local Government Finance Act 1988, to award relief in the prescribed circumstances and then be reimbursed in full by the Government for the cost of all such relief awarded up to State Aid de minimis limits.

Properties that will benefit from the relief will be all unoccupied business rates properties that are wholly or mainly comprised of qualifying new structures. 'Structures' means foundations, permanent walls and permanent roofs. 'New' means completed less than 18 months previously, and completed after 1 October 2013 and before 30 September 2016. The policy is for the new build empty property 'exemption' to apply to for the first 18 months following completion which includes the current 3 month period during which empty property rates are not payable (6 months for an industrial property).

It is recommended that the Council awards relief in accordance with guidance issued by the Department for Communities and Local Government and that authority to award the relief is delegated to the Head of Revenues, in consultation with the Portfolio Holder for Finance and Organisational Development.

RECOMMENDATIONS:

- 1 That the Council awards rate relief in respect of empty newly built commercial property in accordance with guidance issued by the Department for Communities and Local Government.
- 2 That the Scheme of Delegation to Officers (as set out in Part 3, Section 6 of the Council's Constitution) be amended to enable the award of rate relief in respect of empty newly built commercial property, under Section 47 of the Local Government Finance Act 1988, to be delegated to the Head of Revenues in consultation with the Portfolio Holder for Finance and Organisational Development.

OTHER CONSIDERATIONS:

1 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 1.1 The proposals accord with the corporate priority of supporting a prosperous economy.

2 RESOURCE IMPLICATIONS:

- 2.1 The Council will be reimbursed, in full, for the cost of relief awarded in respect of new built property up to State Aid de minimis limits.

3 RISK MANAGEMENT ISSUES

- 3.1 The state aid de minimis limit is currently that the total amount of state aid funding received by an organisation generally should not exceed 200,000 euros over a three year period. Some business has a lower limit eg road transport, and others eg agriculture, cannot be supported under the de minimis rules. The limit applies to state aid received from any public body and has to be aggregated. The Government has provided template documentation which has to be used to get appropriate declarations about other aid received by applicants for relief. False declarations could result in prosecution and the aid being reclaimed from the organisation concerned.

- 3.2 The Government has made it clear that the risk of ensuring the limits are not exceeded is to be the responsibility of local authorities. The Government will not re-imburse the Council in any case where the state aid limits have been exceeded.

BACKGROUND DOCUMENTS:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/239343/Business_Rates_-_New_Build_Empty_Property_-_Guidance.pdf

APPENDICES:

None