

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **CABINET**

DATE: **TUESDAY, 17 DECEMBER 2013**

REPORT BY: **HEAD OF FINANCE**

SUBJECT: **NEW BUSINESS RATE GRANT SCHEMES**

1.00 PURPOSE OF REPORT

- 1.01 To provide members with the details of two new Welsh Government business rates schemes, 'Open for Business' and 'New Developments', as announced by the Minister for Economy, Science and Transport, designed to bring long-term empty properties back into use and stimulate construction and development in Wales.
- 1.02 For members to formally endorse the implementation of both schemes using discretionary relief powers conferred to the Council under section 47 of the Local Government Finance Act 1988.

2.00 BACKGROUND

- 2.01 The schemes, announced in a recent statement to Welsh Assembly Members, are in response to the recommendations from the Business Rates Task and Finish Group that examined how the business rates system in Wales could be used to encourage economic development.
- 2.02 It is intended that business rate relief under these schemes, fully funded by the Welsh Government, will be available from 1 October 2013 subject to each local authority accepting the terms of the grant offer and administering the schemes in line with the guidance notes issued by the Welsh Government.
- 2.03 The first scheme, 'Open for Business', is focused on bringing long term unoccupied retail properties back into use and especially supporting new businesses in the first year of trading.
- 2.04 The 'Open for Business' scheme will provide 50% rate relief for all eligible retail properties for up to 12 months from the date of occupation. The retail properties will have had to have been unoccupied for a continuous period of 12 months or more and have a rateable value of no more than £45,000.

- 2.04 The second scheme, 'The New Developments Scheme', is designed to incentivise new and speculative development in a bid which could boost construction in Wales and which will exempt from business rates all newly built but vacant commercial property, completed on or after 1st October 2013 and before 1st October 2016 for the first 18 months following completion.
- 2.05 The obligation to pay empty property rates on premises that may not be first occupied for a lengthy period of time is often a significant disincentive against new development and therefore the Welsh Government acknowledge that a longer period of rates exemption would make a positive statement about how the Welsh Government is working with business to encourage investment and employment.
- 2.06 The Regeneration service welcome the introduction of the 'Open for Business' scheme which may go some way to helping to support and sustain town centres especially for those businesses which do not qualify for small business rate relief. The 'New Developments' scheme should also help to incentivise new and speculative development in a bid which could boost construction in the County. Flintshire is currently seeing a high demand for workshop space particularly in the Deeside Enterprise Zone.

3.00 CRITERIA FOR THE 'OPEN FOR BUSINESS' SCHEME

- 3.01 In summary, for commercial properties which have been empty for a continuous period of at least 12 months, the Council can grant 50% rate relief for a period of up to 12 months once the property becomes occupied again, provided that the occupation date is on or after 1st October 2013 and on or before 31st March 2015.
- 3.02 To claim for this relief, eligible properties are those which:
- Have been unoccupied for a continuous period of 12 months or more, and
 - Have a rateable value of £45,000 or less, and
 - Meet certain previous/existing use criteria.
- 3.03 The previous/existing use criteria is defined by the Welsh Government as either :
- When last occupied, the property was in use 'wholly or mainly' for retail purposes, or
 - Where the property has never previously been occupied, it is now in use 'wholly or mainly' for retail purposes.
- 3.04 For the purposes of administering this scheme, a property is used for retail purposes if a trade or business is carried on there which consists wholly or mainly of the provision of goods or services for the personal use of members of the public who visit the property.

- 3.05 The rateable occupier will be required to make an application for the relief within six months after the first date of occupation or before 1st July 2015 if this is earlier.
- 3.06 The 'Open for Business' relief scheme may not always be the most beneficial relief available, especially in the context of the availability of relief under other schemes such as the Small Business Rate Relief scheme. The ratepayer will need to select the relief or business rates related grant that will be of the most benefit to them. To aid this decision, Council officers will provide advice on a case by case basis to ensure that ratepayers always receive the most beneficial relief available to them.
- 3.07 To maximise take up and raise awareness of this scheme, a letter will be dispatched on 18th December to owners/landlords of all empty properties in Flintshire that may qualify for this relief. As at 1st October 2013 there are 560 empty properties that could potentially benefit if they became re-occupied for retail purposes. The Regeneration service will also work through the Council's various town partnerships and business networks to help promote awareness.

4.00 CRITERIA FOR THE 'NEW DEVELOPMENTS' SCHEME

- 4.01 In summary, the Council can award relief under the 'New Developments' scheme for unoccupied completed properties that are 'wholly or mainly' comprised of qualifying new structures (i.e. newly build commercial property), beginning on the 1st October 2013. The relief is for up to 18 months at 100% of the normal charge.
- 4.02 New Developments relief can only be applied if the following criteria are met:
- The property is a wholly or mainly comprised of a new structure 'completed' on or after 1st October 2013 and before 1st October 2016, and
 - The property is unoccupied
- 4.03 For the purposes of this scheme, new structures are considered to be 'completed' when the building or part of the building of which they form part is ready for occupation for the purpose it was constructed unless a completion notice has been served in respect of such a building in which case it would be the date specified in that notice.
- 4.04 To help promote awareness of this scheme, colleagues in the Regeneration service have been briefed on the introduction of this scheme, which may also help to promote new developments across the County, especially in key strategic areas, including the Deeside Enterprise Zone.

5.00 RECOMMENDATIONS

5.01 That members support the implementation of both the 'Open for Business' scheme and 'New Developments' scheme by adopting the scheme resolution as set out in Appendix 1 to this report.

6.00 FINANCIAL IMPLICATIONS

6.01 The Welsh Government will fully reimburse local authorities for any rate relief awards granted under the criteria of these schemes as part of the non domestic rate national collection pool arrangements.

7.00 ANTI POVERTY IMPACT

7.01 None.

8.00 ENVIRONMENTAL IMPACT

8.01 None.

9.00 EQUALITIES IMPACT

9.01 None

10.00 PERSONNEL IMPLICATIONS

10.01 None.

11.00 CONSULTATION REQUIRED

11.01 Although there is no requirement to undertake public consultation on the implementation of the schemes there is a requirement for cabinet to endorse the implementation using discretionary relief powers under section 47 of the Local Government Finance Act 1988.

12.00 CONSULTATION UNDERTAKEN

12.01 None.

13.00 APPENDICES

13.01 None.

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

Welsh Government Policy Announcements on 'Open for Business Scheme' and 'New Developments Scheme'– 1/10/13

Section 47 of the Local Government Finance Act 1988

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