




Haringey Council

Report for:	Cabinet 25 th June 2014	Item Number:	
Title:	National Non-Domestic (NNDR) Rate Relief Award		
Report Authorised by:	Zina Etheridge – Deputy Chief Executive 		
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Ward(s) affected: All	Report for Key Decisions: Key		

1. Describe the issue under consideration

- 1.1 Implementation of the NNDR Retail Relief and Reoccupation Relief will allow Haringey Council to support its local retail businesses to adapt to the changing environment through the award of these relief types over the years 2014-15 and 2015-16. Actual costs to the council of any relief that falls within the criteria stated in the DCLG Business Rates Retail Relief and Reoccupation Relief Guidance (issued by Central Government in January 2014) will be reimbursed through the business rates retention scheme.
- 1.2 The retail sector is changing, particularly as internet shopping increases, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences. Many businesses in Haringey have also experienced a drop in footfall during the recession.
- 1.3 This relief will support town centres by providing a financial reduction to a business rate bill for a maximum of two years in order to support businesses as they adapt and help to encourage business longevity within the borough.

2. Cabinet Member introduction



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2.1 The introduction of NNDR Rate Relief will benefit the retail community within Haringey. The retail sector is changing, particularly due to internet shopping, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The relief will help support town centres by providing a financial reduction to a business rate bill for a maximum of two years. The cost of the relief will be met by Government and therefore should be fully supported.

3. Recommendations

3.1 Agree and adopt the Business Rates Retail Relief and Reoccupation Relief Policy for the financial years 2014-15 and 2015-16 only.

4. Alternative options considered

4.1 Haringey Council wants to support local retail businesses within Haringey to respond to the changing environment. It is also clear within the Government's guidance that there is an expectation that councils will grant these relief types where applicable. Additionally central government is reimbursing the actual costs for the local element of relief where it has been awarded to applicable properties within the guidance. Therefore the Council has not considered the option not to apply this relief.

5. Background information

5.1 Within the Autumn Statement announced in December 2013, the Government stated that it wished to provide support to Town Centres. This support is to be provided specifically to retail businesses for the years 2014-15 and 2015-16, to allow business premises to respond to the changing way that people shop, particularly in relation to the trend to shop online.

5.2 Two types of relief have been introduced. These are: Retail Relief and Reoccupation Relief

5.3 Retail Relief: The Government will provide business rates relief up to a maximum of £1,000 per annum, for the years 2014-15 and 2015-16, to specific occupied retail properties where their rateable value is £50,000 or less and the premises are being used wholly or mainly for specific trades as specified by guidance.

5.4 The Government has advised that this relief is only to be provided for the two years 2014-15 and 2015-16, to allow retail businesses to adapt to the changing way that people shop. There will not be any changes to legislation. Where Councils use their discretionary rate relief powers, as introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant this business rates retail relief, central government will reimburse the actual cost of the



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local share of the discretionary relief that falls within the criteria as set out in the Business Rates Retail Relief Guidance.

5.5 Properties that may benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. The Government considers shops, restaurants, cafes and drinking establishments to mean:

5.5.1 Hereditaments that are 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/ Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

5.5.2 Hereditaments that are being used for the provision of the following services 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

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

- Restaurants



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- Takeaways
- Sandwich shops
- Coffee shops
- Pubs and bars

5.6 The list below sets out the types of uses that government does not consider to be retail use for the purpose of this relief.

5.6.1 Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office
- Hereditaments that are not reasonably accessible to visiting members of the public

5.7 Reoccupation Relief: The Government will provide a 50% business rates discount for 18 months for businesses moving into previously empty retail premises between 1 April 2014 and 31 March 2016, up to State Aid De Minimis limits.

5.7.1 Properties that may benefit from the relief will be occupied hereditaments that:

- when previously in use, were wholly or mainly used for retail and were empty for 12 months or more immediately before their reoccupation and,
- become reoccupied between 1 April 2014 and 31 March 2016.

5.8 The property types will mirror those set out above for the Retail Relief scheme but without an upper rateable value limit for the hereditament in respect of either the previous or reoccupied use. However, State Aid De Minimis limits may limit the amount of relief given.

6. Comments of the Chief Finance Officer and financial implications

6.1 The scheme will be operational for the years 2014-15 and 2015-16 and is fully funded by Central Government for these two years and therefore has no financial implications for the Council.

6.2 Central Government will fully reimburse councils for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act



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2003). Therefore 100% of the relief granted as retail rate relief and 100% of the 50% award in respect of re-occupation relief will be met by government funding.

- 6.3 The guidance gives councils clear advice on how to calculate each relief type which will be calculated and assessed on a daily basis, and the relief will be applied against the net bill after all other reliefs.
- 6.4 The total value of the retail relief is anticipated to be in the region of £2.1 million for each of the years 2014/15 and 2015/16 and covers approximately 2,400 properties.
- 6.5 It has not at this time of preparing the report been possible to establish the number of properties and the value of awards in respect of re-occupation relief. Requests for this relief type will be determined on an application basis. By way of illustration there are currently 52 properties that have been vacant for more than 12 months and if all were to become occupied, the maximum total relief applicable would equal approximately £280,000.
- 6.6 Reoccupation Relief will be available for 18 months from the first day the hereditament becomes occupied as long as the first day falls between 1 April 2014 and 31 March 2016, subject to the hereditament remaining continuously occupied.
- 6.7 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
- 6.8 Under this scheme the relief available for each property is 50% of the business rates liability after any mandatory or other discretionary reliefs (other than retail relief) have been applied, up to State Aid De Minimis limits. The relief should be calculated ignoring any prior year adjustments in liabilities which fall to be liable on the day.

7. Assistant Director of Corporate Governance Comments and legal implications

- 7.1 Section 47 of the Local Government Finance Act 1988 was amended by the Localism Act in 2011 to allow, in certain circumstances, billing authorities to reduce chargeable amounts of NNDR. In so doing the billing authority must take account of any Government guidance.
- 7.2 The Government Guidance 'Business Rate Relief Guidance' sets out a list of hereditaments that may qualify for relief, and the costs of which will be reimbursed by the Government. The relevant hereditaments are set out in paragraph 5.5. above. However the guidance states that the list is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide for authorities as to the types of uses that government considers for this purpose to be retail.



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Authorities need to determine for themselves whether particular properties not listed are broadly similar in nature to those listed and, if so, to consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above would not be eligible for the relief.

7.3 As the grant of the relief is discretionary, authorities may choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the authority's wider objectives for the local area.

7.4 Where a local authority has a discretion it can adopt a policy or guidelines to indicate how it proposes to exercise that discretion. This will assist the Council to demonstrate that it is acting fairly and properly. However the Council must not act in a way that would fetter its duty to properly exercise its discretion. A policy that effectively eliminates the authority's consideration of an application or of a class of applicants will be liable to challenge in the courts. Case law has established that a policy must not be sued as a rigidly applied constraint which prevents the proper consideration of any exceptional circumstances of a case. Each case must therefore be considered on its own merits.

8. Equalities and Community Cohesion Comments

8.1 The Council's equality impact assessment screening tool has been completed. A full equality impact assessment is not required.

9. Head of Procurement Comments

Not applicable

10. Policy Implication

10.1 The NNDR Rate Relief policy includes the award process, entitlement criteria, ways to appeal and calculation.

10.2 The Scheme will be administered by the Revenues, Benefits and Customer Services section.

11. Reasons for Decision



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11.1 The exercising of Haringey's' discretionary powers to award retail business relief will support local retailers and Haringey's' commerce generally and will not attract any cost to the council.

12. Use of Appendices

12.1 Appendix A - NNDR Rate Relief Policy

13. Local Government (Access to Information) Act 1985

Not applicable