

South Northamptonshire Council

Planning Policy and Regeneration Strategy Committee

25 January 2017

Town Centre Business Rates Incentives

Report of Head of Strategic Planning and the Economy

This report is public

Purpose of report

To update Members on the proposed Town Centre 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 Brackley and Towcester town centres.

1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report and consider any comments that it may wish to make from a strategic planning and economic development perspective for the future consideration of Budget and Financial Strategy Committee and Cabinet.

2.0 Introduction

- 2.1 South Northants Council is committed to ensuring the town centres for both Brackley and Towcester are supported to retain their economic vitality and diversity. The Councils recently adopted Economic Growth Strategy places an emphasis on supporting town and village economies alongside the other measures being taken to attract new employment, maintain the District's low unemployment and releasing land for new economic investment and job creation. Business rates incentives have a role to play as part of the measures taken by South Northants Council to support the economy of each town.
- 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. However, with the localisation of Business Rates, income from Business Rates now impacts directly on the Council's financial position.
- 2.3 In addition to these changes, 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 local ratepayer under a local discount or incentive scheme.

- 2.4 It is to be recommended to Cabinet that a pilot scheme is introduced for Brackley and Towcester town centres which provides an incentive in the form of 50% Business Rates relief for up to two years to new 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 and the properties must have been vacant for at least 6 months.

3.0 Report Details

- 3.1 It is proposed that a two-year pilot scheme is introduced to support Towcester and Brackley Town Centres and their existing businesses by offering a Business Rates Incentive Scheme focused on ensuring properties which become vacant are brought back into use as soon as possible. The aim of the scheme is to help reduce empty properties, to increase the diversity of the town centre offer for our key market towns and to provide an incentive for new or expanding businesses looking to locate in either Brackley or Towcester.
- 3.2 This is part of a package of complementary measures in Towcester and Brackley Town Centres designed to bolster growth and confidence and support existing businesses.
- 3.3 It is proposed that scheme is open to all businesses with a rateable value of £15,000 to £50,000, except those who are specifically excluded in the accompanying eligibility criteria.
- 3.4 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 demimis state aid the business has received and declaring the Town Centre Business Rates Incentive offered will not exceed the de minimis threshold.
- 3.5 The Town Centre Business Rates Incentive Scheme will be promoted by the Business Support Unit through the SNC 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

- 3.6 The Council currently receives income from Business Rates where properties are empty for more than 3 months. After 3 months ratepayers of non-industrial commercial properties are not entitled to any empty business rate reliefs except where the property is a listed building. For empty listed buildings, the ratepayer receives a non-time limited 100% exemption from business rates which means the Council receives no Business Rates in respect of these properties.
- 3.7 When properties become reoccupied there will be Small Business Rate relief available of 100% for properties with a rateable value of £12,000 or below that meet the eligibility criteria. Those with a rateable value between £12,001 and £14,999 will receive tapered relief.
- 3.8 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.

- 3.9 The Town Centre Business Rates Incentives Schemes could award incentives (discounts) thus reducing the level of income generated for the Council from Business Rates. The specific financial implications are detailed at paragraphs 3.11 and 3.13. It is therefore recommended that the pilot scheme is capped. The level is to be determined by the Chief Finance Officer prior to a final recommendation being made to Cabinet.

Brackley Town Centre

- 3.10 As at 11 January 2017 there were 10 empty properties in the proposed designated area for the Brackley Town Centre Business Rates Incentive Scheme. Of these properties, none has a rateable value in excess of £15,000. In the event, they become reoccupied and meet the eligibility criteria they will be entitled to Small Business Rate Relief and will therefore not be eligible for a Brackley Town Centre Business Rates Incentive.
- 3.11 An analysis has been undertaken of all the properties within the designated area which are currently occupied. Based on a proposed cap of a 2017 Rating List rateable value of £50,000, there are currently 28 occupied properties in respect of which an application for a Town Centre Business Rates Incentive could be made. All the properties which could be eligible for an incentive are currently occupied. In the event, they become unoccupied and a successful application is made for a Business Rates Incentive this could be in the range of £2,344.50 up to an overall total of £143,097.50, depending on the properties awarded the incentive.

Towcester Town Centre

- 3.12 As at 11 January 2017 there were 12 empty properties in the proposed designated area for the Towcester Town Centre Business Rates Incentive Scheme. Of these currently unoccupied properties, two have a rateable value of between £15,000 and £50,000 and would be eligible under the proposed scheme. None of the remaining properties have a rateable value of £15,000 or above. In the event, they become reoccupied and meet the eligibility criteria they will be entitled to Small Business Rate Relief. They will therefore not be covered by the Towcester Town Centre Business Rates Incentive Scheme.
- 3.13 An analysis has been undertaken of all the properties within the designated area which are currently occupied. Based on a proposed cap of a 2017 Rating List rateable value of £50,000, there are currently 25 occupied properties in respect of which an application for a Town Centre Business Rates Incentive could be made. In the event, they become unoccupied for at least 6 months and then became reoccupied, a Towcester Town Centre Business Rates Incentive awarded could be in the range of £3,362.50 up to a total amount of £127,019.50, depending on the properties awarded the incentive.

Alternatives considered

- 3.14 In assessing the options officers considered a scheme focussing on supporting the retail and hospitality sector targeted at properties which wouldn't have an entitlement to Small Business Rates 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 could better focus resources elsewhere.

- 3.15 It was considered therefore 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 contents of the report and consider any comments they may wish to make from a strategic planning and economic development perspective for the future consideration of Budget and Financial Strategy Committee and Cabinet.

5.0 Consultation

Internal.

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: The Report could not have been provided, but this would have meant that Members of Planning Policy and Regeneration Strategy Committee would not have been provided directly with information about the proposed Town Centre Business Rates Incentive Scheme.

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 Town Centre Business Rates Incentive being awarded the Council will meet 40% of the amount in accordance with the Business Rates Retention Scheme.

Comments checked by:

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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 3.4 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:

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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:
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8.0 Decision Information

Wards Affected

All

Links to Corporate Plan and Policy Framework

Prudently manage the Council's finances.
Serve the residents and business.
Grow the district

Lead Councillor

Councillor Stephen Clarke
Portfolio Holder for Economic Development, Regeneration and Housing

Document Information

Appendix No	Title
A	Brackley Town Centre Business Rates Incentive Scheme area
B	Towcester Town Centre Business Rates Incentive Scheme area
C	Recommended eligibility criteria
Background Papers	
None	
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