



Derby City Council

**Council Cabinet**  
**10 February 2016**

Report of the Cabinet Member for Strategy and  
Policy

**ITEM 14**

## **Revision to the Discretionary Rate Relief Policy**

### **SUMMARY**

- 1.1 Discretionary Rate Relief (DRR) is a means by which Derby City Council (DCC) can use their discretionary powers to reduce the amount of business rates a business has to pay. Generally, there is a direct cost to the Council in awarding DRR and therefore expenditure has been controlled through the operation of a policy for a number of years.
- 1.2 The Autumn Statement announced on 25 November 2015 confirmed Infinity Park Derby as an Enterprise Zone. Businesses basing themselves on Enterprise Zones can access a number of benefits including business rates reliefs.
- 1.3 Business rate relief that is awarded to a business as a direct result on them basing themselves within an Enterprise Zone will be classed as discretionary rate relief and therefore it is up to individual Council's to decide which businesses receive relief and the basis upon which such determinations are made.
- 1.4 As a result, the Council's DRR policy has been updated and a new section, section 19, added to include treatment of businesses located within Enterprise Zones. Minor amendments to the policy have also been made to section 15, retail rate relief and section 17 new build empty property relief to ensure the policy remains up to date and accurate. The revised policy is attached at Appendix 2.

### **RECOMMENDATION**

- 2.1 To approve the revised DRR policy attached at Appendix 2.
- 2.2 To approve the principle that any award of DRR as a direct result of a business basing themselves within Infinity Park or other qualifying Enterprise Zone established within the Council's administrative area so long as the policy remains in effect, is limited to 31 Mar 2020.
- 2.3 To agree that in the event that regulations are enacted extending the date set out in the recommendation contained in paragraph 2.2 to 31 March 2023, or such other date as central government deems appropriate, the date 31 Mar 2020 be deemed automatically extended to the prescribed date so as to comply with such regulations without the need to bring the DRR policy back to Cabinet.

- 2.4 Following completion of an equality impact assessment to report back to Cabinet should any amendments to the policy be required.

<b>REASONS FOR RECOMMENDATION</b>
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- 3.1 To ensure that qualifying businesses can receive DRR.
- 3.2 To provide incentives for businesses to move into or expand within Derby City in turn creating jobs, stimulating economic growth and boosting the business rate base.
- 3.3 To secure that ordinary business as usual operations of the Council are conducted, and can continue to be conducted, in line with central government policy.



Derby City Council

**Council Cabinet**  
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Report of the Chief Executive.

<b>SUPPORTING INFORMATION</b>
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- 4.1 The Autumn statement announced on 25 November 2015 awarded Enhanced Capital Allowances to qualifying businesses in certain development plots and confirmed Infinity Park Derby as an Enterprise Zone. As a result businesses basing themselves there can access a number of benefits, including;
- Up to 100% business rate discount worth up to £275,000 per business over a five year period
  - Government support to ensure that superfast broadband is rolled out throughout the zone, and, if necessary, public funding
  - 100% enhanced capital allowances (tax relief) to businesses making eligible investments in plant and machinery. This benefit is only available in eight Zones in Assisted Areas in the UK, of which Derby is one.
- 4.2 The area covered by Infinity Park Derby has been confirmed by colleagues within the Economic Regeneration team and is set out on the map included at Appendix B of the DRR Policy. Businesses locating within the area edged blue will be able to apply for DRR where as businesses locating within the area edged red will be able to apply for enhanced capital allowances. It is important to note that businesses will not be able to receive both DRR and enhanced capital allowances.
- 4.3 As well as locating within the relevant area of the Enterprise Zone businesses will need to demonstrate how their business supports the vision of Infinity Park Derby and will contribute towards growth in the D2N2 local economy. Only businesses that can demonstrate this will be considered for DRR.

- 4.4 To qualify for DRR businesses have to locate on Infinity Park by 31 March 2018. Those businesses that do may be eligible for DRR of up to 100% of the business rates payable, up to a limit of £55,000 per year (depending upon the Euro exchange rate) ie up to £275,000 over a five year period. At the time of writing this report regulations only allow DRR to be awarded up to 31 March 2020. It has been confirmed by Government that it is their intention to amend the regulations so that DRR for businesses basing themselves in an Enterprise Zone by 31 March 2018 can receive DRR up to 31 March 2023, thereby giving effect to the Government's intention to allow local Councils to offer DRR for a full five year period from the date the business locates in the Enterprise Zone.

The Council's DRR has been written so that DRR can only be awarded where the law allows. Should, as expected, regulations be passed extending the period that DRR can be awarded until 31 March 2023 it is recommended that Members allow this extension without the need to bring the policy back to Cabinet

- 4.5 Awarding DRR is classed as State Aid and therefore subject to State Aid limits. The current State Aid limit is €200,000 over a rolling three year period and any business reaching this limit will have their DRR withdrawn immediately.
- 4.6 As well as revising the Council's DRR policy to include Enterprise Zones, other minor changes are proposed to the Council's DRR policy for reliefs introduced under previous years Autumn Statements. This includes changes to the retail rate relief section, section 15, to take account that this relief finishes on 31 March 2016 and that backdated applications can only be received until 30 September 2016. A further section, section 17, is also being added to allow DRR to be considered for newly built, unoccupied properties. To date no such applications have been received for this type of relief but it is prudent to have a policy should any applications be received.
- 4.7 An equality impact assessment (EIA) for this revision to the DRR policy has not been completed as yet but it is anticipated that there will be no adverse impact. However, an EIA will be completed shortly and if any changes to the policy are required, arising directly from the outcome of that assessment, a revised policy will be brought back to a future Cabinet for consideration, and approval of re-affirmation, as appropriate. .

#### **OTHER OPTIONS CONSIDERED**

- 5.1 Do not amend the policy. Taking this option will mean the Council does not have a basis for awarding DRR to relevant businesses within Infinity Park Derby, Enterprise Zone. Further it will not have a basis for awarding DRR for newly built unoccupied properties.

This could result in reputational damage for the Council; a missed opportunity for delivering economic growth and improving the City's employment prospects and leaving itself open to disputes and challenge. This option is not recommended.

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b>  <b>IT Officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Olu Idowu, Head of Legal Services Toni Nash, Head of Financial Services Diane Sturdy, Acting Head of HR Liz Moore – HR Business Partner Lynda Innocent, Head of ISS  Alan Smith, Head of Economic Regeneration.
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	John Massey 01332 643774 john.massey@derby.gcsx.gov.uk None Appendix 1 – Implications Appendix 2 – Revised DRR Policy Appendix 3 – map of Infinity Park Derby showing area where DRR can be considered

## **Appendix 1**

### **IMPLICATIONS**

#### **Financial and Value for Money**

## **Enterprise Zone**

- 1.1 Any DRR awarded to businesses based at Infinity Park Derby will be funded by reducing the amount of business rates the Council pays over to central Government. In effect this means that Central Government, not Derby City Council, will fund the relief which in turn will be paid over to the Local Enterprise Partnership (LEP).
- 1.2 The Council's software supplier will charge the Council for the business rates software required to administer the Enterprise Zone. Based upon the number of properties expected to be within the Enterprise Zone when fully occupied the charge will be a one-off payment of £4,500 and then an annual maintenance charge of £900. It is hoped that this money will be reimbursed to the Council by the LEP
- 1.3 Awarding DRR is likely to incentivise businesses locating in our Enterprise Zone and in turn will lead to an increase in the business rate base.

## **Newly Built, Unoccupied Properties and Retail Rate Relief**

- 1.4 Awards of DRR for newly built, unoccupied properties and retail rate relief will be reimbursed in full by the Government by way of s31 grant. As a result there is no financial impact on the Council from awarding these reliefs. There is a positive financial impact to businesses within the City.
- 1.5 All other DRR covered by the policy (except retail rate relief and re-occupation relief) do have a direct cost to the Council, which under the current Business Rates Retention scheme is 49% of anything we award.

## **Legal**

- 2.1 The rules governing the award of DRR are contained within the Local Government Finance Act 1988 (as amended) and subsequent Statutory Instruments.
- 2.2 There is a need to revise the existing policy in order to give effect to central government policy and the award of funding to the Council to meet this initiative. The need to undertake an equality impact assessment, and for its impact to be taken account of, if need be by a further mini review, is in line with our corporate commitment.

## **Personnel**

- 3.1 None with this report.

## **IT**

- 4.1 Extra functionality is required to maintain properties within in the Enterprise Zone. The costs associated with this are set out in the financial implications. All other awards of DRR can be managed within existing software.

### **Equalities Impact**

- 5.1 None known at the time of preparation.

### **Health and Safety**

- 6.1 None.

### **Environmental Sustainability**

- 7.1 None.

### **Property and Asset Management**

- 8.1 None.

### **Risk Management**

- 9.1 The policy mitigates the risk of any reputational damage to the Council.

### **Corporate objectives and priorities for change**

- 10.1 Awarding DRR will support the Council's aim to have "A safe, strong and ambitious city to live, for citizens working life. It will indirectly lead to the creation of more jobs and therefore a higher GDP for the city.



Derby City Council

Organisation & Governance  
Finance Department

# **DERBY CITY COUNCIL NATIONAL NON-DOMESTIC RATES POLICY FOR THE AWARD OF DISCRETIONARY RATE RELIEF (DRR)**

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Date Issued	Version	Status	Reason for change
December 2010	1	Approved	Initial policy devised and agreed with colleagues in accountancy
May 2014	1.1	Approved	Revised to include new discretionary reliefs available to businesses from 1 April 2014
February 2015	1.2	Approved	Revised to include new discretionary relief available to businesses from 1 April 2015
February 2016	1.3	Proposed	Revised to include Enterprise Zone, newly built unoccupied properties and changes to retail rate relief

Equality impact assessment record	
Date of assessment	
Summary of actions from EIA	

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## 1. Background

This policy is written in line with the most recent guidance from Government (December 2002) and The Institute of Revenues Rating and Valuation (IRRV) best practice guidance notes.

The policy set out below applies to any application for DRR made from 1<sup>st</sup> April 2015.

Section 47 of the Local Government Finance Act 1988 (as amended by section 69 of the Localism Act 2011) empowers Local Authorities to grant DRR to ratepayers.

Awards of DRR can be made to various categories of ratepayer. These include:

- Charitable organisations;
- Organisations which are not established or conducted for profit whose main objectives are charitable and is either:
  - i. established for philanthropic or religious purposes; or
  - ii. concerned with education, social welfare, science, literature or the fine arts; or
  - iii. occupies the property as a club or society

From 1<sup>st</sup> April 2014 DRR can be awarded in the form of retail rate relief or reoccupation relief. The types of business likely to receive this and the qualifying criteria are set out in sections 15 and 16. Both of these reliefs end on 31<sup>st</sup> March 2016 but backdated awards for the 2015/16 financial year may be considered providing the application is received by 30<sup>th</sup> September 2016.

Business property newly built between 1<sup>st</sup> October 2013 and 30<sup>th</sup> September 2016, that are unoccupied may receive DRR for 18 months. The qualifying criteria are set out in section 17 of this document.

From 1<sup>st</sup> April 2015, the Government have announced an extension to the existing transitional relief scheme for businesses that will face significant increases in their Business Rates bill from 1 April 2015.

The policy and qualifying criteria for awarding transitional relief from 1 April 2015 is set out in part 18 of this document.

The Autumn Statement 2015 confirmed Infinity Park Derby as an Enterprise Zone. Businesses based on the Enterprise Zone by 31<sup>st</sup> March 2018 may receive 100% DRR up to £55,000 in any one year or £275,000 in a five year period subject to regulations being passed extending the period that DRR can be awarded. The qualifying criteria are set out in section 19 of this document.

**DRR cannot be awarded to a billing or precepting authority.**

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## **2. Purpose and Aim**

The purpose of this policy is to specify how Derby City Council (DCC) will operate its DRR scheme and to indicate the factors that will be considered when deciding whether to make an award. We aim to treat all ratepayers equally when administering this policy.

The details set out in parts 3 to 14 of this policy applies to all applications other than those made for retail relief, reoccupation relief, newly built unoccupied property relief, transitional relief and Enterprise Zone relief. These are set out in parts 15, 16, 17, 18 and 19 respectively of this policy.

## **3. Priorities**

The Council will make awards of DRR to ratepayers who meet the qualifying criteria as specified in this policy. The Council will treat all applications on their individual merits, but will seek through the operation of this policy to meet its stated pledges.

These are:

- a safe and pleasant environment for you to live and work
- a strong community where residents feel empowered and businesses are supported to grow
- an ambitious and forward looking city with good prospects for everyone
- a resilient Council, focusing on how we as a Council can deliver our services going forward.

## **4. Applications**

All applications for DRR shall be in writing (including e-mail) either on the relevant application form or in a written format, which provides the information required by the form.

All applicants will need to submit a copy of the previous two years audited accounts for the organisation together with a copy of their constitution/articles of association. New businesses that are unable to produce 2 years accounts should be asked to provide business projections/financial forecasts.

The Council may also request any other reasonable evidence in support of the organisations application.

**If the ratepayer does not provide the required evidence, the Council reserves the right to either treat the application as withdrawn or to consider the application in the absence of the missing evidence. However, the Council may disregard any unsubstantiated statements or draw its own conclusions from other evidence available.**

The Council may verify any information or evidence provided by the ratepayer by contacting third parties, other organisations and the ratepayer, subject to Data Protection.

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## **5. Period of DRR Award**

The Council will usually award DRR from the date on which the original application has been made. However, within statutory limits, the Council reserves the right to:

- backdate the award to the start date of the current financial year;
- backdate the award to the start of the previous financial year (providing the application was received by 30 September of the subsequent financial year)
- backdate the award to another specified date (eg the start date of liability)

Awards for DRR will usually be open ended. However, the Council reserves the right to fix a date at which any award will end.

## **6. Consideration and authorisation of DRR**

A report, written by a member of the Business Rates team with a recommendation, is passed to the Head of Revenues, Benefits & Exchequer Services who will decide whether to grant DRR and at what percentage. Consideration will also be given to decide if an end date for the award is applicable.

In certain cases and before a recommendation is made the accounts accompanying an application may be referred to accountancy for analysis. This will provide for an expert opinion on the organisations financial position and their charitable or not for profit status. Accounts will be referred to accountancy in the following circumstances.

- The latest set of accounts show a profit in excess of £50,000
- The accounts show a profit and the latest set of accounts show an increase in profit of greater than 50% when compared to the previous year.

Following a referral the accountancy team will provide a written opinion as to the organisations charitable or not for profit status.

Appendix A lists the types of organisations that may qualify for DRR, criteria to be taken into account (as well as the general matters to be considered below) and recommended maximum percentage awards of relief.

## **7. Financial matters to be considered when making DRR awards**

When considering applications for DRR emphasis will be placed upon the financial position of the organisation. This will be determined from the accounts provided. Relief will **not** be considered in the following circumstances.

- For charities, when the unrestricted funds surplus from the latest set of accounts is five times higher than the total relief that could be awarded,
- For non-profit making organisations, when the Income and Expenditure surplus from the latest set of accounts is five times higher than the total relief that could be awarded,
- The application is from a national organisation with a local branch.

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The main financial criteria governing the DRR scheme is affordability. The total relief awarded must not exceed the budget assigned. Each year the financial multiplier (currently x5) will be adjusted to ensure that the total relief awarded remains within budget.

In some cases the position of the accounts may not be clear, for example the accounts for a charity do not clearly show what funds are unrestricted. In such cases it may be possible to determine the financial position of the organisation by studying other parts of the accounts. If any doubts remain the case should be referred to the Accountancy team before recommending a decision.

## **8. Other matters to be considered in making DRR awards**

When deciding whether to make awards the Council will consider:

- Whether the application satisfies the legislative requirements and guidance  
the Council cannot award relief to any organisation that does not meet the requirements of section 47 of the Local Government Finance Act 1988 (as amended)
- Whether the Council's ambitions would be served by the award of relief (see section 3) relief is more likely to be awarded to organisations that can show they are helping the Council to achieve its ambitions
- Whether the ratepayer is in direct competition with other ratepayers in the immediate vicinity the Council would not want to give any organisation a competitive advantage by the award of rate relief
- The specific benefit the ratepayer brings to the residents of Derby. The Council wants to ensure that the award of DRR is to the benefit of the wider population of Derby. Any ratepayer whose customer base comes from largely outside the City's boundaries is unlikely to qualify for relief, unless they can show a specific and unequivocal benefit to the residents of the City.

- The cost to the council taxpayer. From 1.4.2013 the cost of granting any discretionary rate relief is 49% (i.e. 49 pence for every £ awarded)
- Whether the ratepayer is a local organisation, or a local branch of a national organisation.

The Council will consider the overall benefit to the Derby community. If the benefit of the rate relief is kept locally, relief is more likely to be awarded than if it goes to the national organisation based elsewhere.

Further, the Council will prioritise help to local organisations whose activities wholly benefit the citizens of Derby. The Council is unlikely to support DRR applications from national organisations or local branches of national organisations that can draw on the resources available to a national organisation.

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If refusal to grant an award of DRR would lead to the organisation suffering financial hardship, the Council should consider other relief's available for example Hardship Relief.

## **9. Applications from Sports Clubs**

The Government issued guidance on the award of DRR for sports clubs in 2002. The Council has incorporated that guidance into this policy document.

Following an application for DRR from a Sports Club, in addition to the factors indicated above we will also consider:

- Any restrictions on membership that may exist; the Council is more likely to award relief where no restrictions exist. However it recognises that there may be legitimate restrictions based upon ability or safety factors (for instance a diving club is unlikely to accept someone as a member who cannot swim)
- The cost of membership, the cost of membership should not be used as a means to restrict membership
- Whether the organisation actively promotes representation from under represented groups in the community
- Whether the facilities are available to users other than members (such as schools or casual use by the public) the Council is more likely to award relief if there are no restrictions, but accepts that there may be valid safety reasons why restrictions should apply
- What training facilities the club makes available to its members;

- Whether the organisation runs a bar or other ancillary activities, the existence of a bar will not preclude a club from DRR. However the existence of any bar will require the Council to further consider.
  - (i) what proportion of the club's members are active sporting members as opposed to 'social' members
  - (ii) whether the bar and ancillary activities are subsidising the club and if so to what extent
  - (iii) the proportion of the club's expenses that are attributable to the bar and ancillary activities
  - (iv) whether the club's bar and ancillary activities are operating in direct competition with other commercial licensed premises in the area
  - (v) whether the bar and ancillary activities are linked to the main purpose of the organisation
- Whether the membership of the club is drawn mainly from the City of Derby, or whether it attracts members from outside the city

The cost of DRR is met in part by the council taxpayers of the city. If the membership was drawn mainly from residents of neighboring Local Authorities, it may be inappropriate for the Council to award DRR.

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## **10. Change of Circumstances**

Any ratepayer who is in receipt of an award of DRR has a duty to notify the Council of any change of circumstances that may affect their entitlement, within 21 days of the change.

If a ratepayer becomes liable for business rates at another property, they shall be required to make a new application for relief on the new property.

## **11. Notification**

The Council aims to inform ratepayers of the outcome of the application within 7 days of the decision.

The Council will notify:

- Those whose application is unsuccessful giving full reasons why, including their right of appeal
- Those whose application is successful including the amount of relief awarded and their revised liability.

## **12. Appeals**

Appeals can be made in two circumstances:



(i) In the light of additional evidence not submitted with the original application. Any such additional information must be in writing and will be passed to the Head of Revenues, Benefits & Exchequer Services for re-consideration.

(ii) If new information is not available a ratepayer may still appeal against the Council's decision to refuse an award of DRR. These appeals must:

- be in writing; and
- specify the reasons why the ratepayer feels the decision is incorrect; and
- be made within **four weeks** of the ratepayer being notified of the Council's decision not to award DRR.

In (ii) the appeal will be referred to the Council's section 151 officer for a decision.

In both cases the Council aims to notify the ratepayer in writing of the outcome within 14 days. If the ratepayer remains dissatisfied then their right of appeal is by way of Judicial Review.

### 13. Reviewing Awards

The Council's renewal policy is underpinned by the principles of risk management. Therefore, whilst all awards will be renewed annually, the need to provide supporting documentation (eg accounts) will depend upon the level of risk.

All organisations will be ranked **HIGH**, **MEDIUM** or **LOW** depending upon the perceived level of risk that there circumstances may change and therefore entitlement to DRR is no longer applicable. The risk categorisation will also be determined by the amount of contribution made by the Council. The final decision regarding ranking will rest with the Business Rates Team Leader (BRTL). The table below shows the type of organisation that will fit into each category. This is not an exhaustive list.

Risk Factor	Type of Organisation
<b>High</b> – Financial accounts to be provided yearly	Sports Clubs with bar facilities etc
<b>Medium</b> – Financial accounts to be provided every 2 years	Village halls, housing associations
<b>Low</b> – Financial accounts	Scout groups, play scheme/groups

to be provided every 3 years	
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All renewal applications will be received by the Business Rates Team Leader (BRTL) for consideration. The BRTL will authorise the continuation of DRR for organisations with no change of circumstance. All applications from organisations which show a significant change in circumstances, ie substantial increase in bar takings, will be referred to the Head of Benefits & Exchequer Services for a decision.

#### **14. Varying or Revoking Awards**

Where a decision has been made to award DRR, and the Council wishes to vary or revoke that award, then in accordance with regulations, the termination must be made at the expiry of a financial year and at least one financial years notice given.

However, when it is clear that the organisation is no longer non-profit making, a decision can be made to terminate the award with immediate effect. This decision will be made by the BRTL in consultation with the Local Taxation Manager

Where this happens, the organisation will be notified within 14 days of the new facts being brought to the Councils attention. The notification will include full reasons together with their right of appeal.

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#### **15. Retail Relief**

From 1st April 2014, the Government have introduced a new DRR, known as “retail relief” which will provide qualifying businesses with relief of up to £1,000 (£1,500 from 1/4/15). This is a temporary measure and relief will only be available for the 2014/15 and 2015/16 financial years. Any award of retail relief will be made after any other relief (mandatory or discretionary) has been applied. Where a ratepayer occupies more than one property, then retail relief can be awarded to each eligible property subject to State Aid de minimis limits\*.

Backdated awards for the 2015/16 financial year may be considered providing the application is received by 30<sup>th</sup> September 2016.

Where a property is the subject of a split or merger, then any retail relief granted on the original property must stop on the date of the split or merger and a new claim made for the new property/properties.

For a property to benefit from retail relief the following criteria must be satisfied;

- The property must be occupied

- The rateable value (RV) be £50,000 or less
- The property must be wholly or mainly used as a shop, restaurant, cafe or drinking establishment
- The property must be reasonably accessible to visiting members of the public.

The following is a list of business types that are to be classed as a shop, restaurant, cafe or drinking establishment and therefore qualify for retail relief

**Business Premises 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/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

**Business Premises 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
- 11
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

**Business Premises that are being used for the sale of food and/ or drink to visiting members of the public:**

- Restaurants
- Takeaways

- Sandwich shops
- Coffee shops
- Pubs
- Bars

The following is a list of business types that are **not** classed as a shop, restaurant, cafe or drinking establishment and therefore **will not** qualify for retail relief

- 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

### **\*State Aid De-Minimis Limits**

Any award of retail relief is likely to be classed as State Aid and must therefore comply with EU law on State Aid. A business can receive State Aid up to the maximum value of 200,000 euros in a rolling three year period.

The onus of proof will lie with the business and they will be asked to make a declaration on state aid when they apply for retail relief.

In the event that an award of retail relief is made before the business is asked to make a declaration, the award will be withdrawn if the declaration is not sent back to the Business Rates team within 28 days of it being requested.

### **Applying for Retail Relief**

Generally applications for retail relief will need to be in writing and on an approved application form. However, the Council reserves the right to determine an award for retail rate relief in another way if it is deemed reasonable and more efficient to do so.

The Council may also request any other reasonable evidence in support of the organisations application.

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If the ratepayer does not provide the required evidence, the Council reserves the right to either treat the application as withdrawn or to consider the application in the absence of the missing evidence. However the Council may disregard any unsubstantiated statements or draw its own conclusions from other evidence available.

The Council may verify any information or evidence provided by the ratepayer by contacting third parties, other organisations and the ratepayer, subject to Data Protection.

### **Period of Retail Relief Award**

Retail relief will be awarded in line with the following;

- Where the business occupies the property from 1<sup>st</sup> April to 31<sup>st</sup> March for the financial year concerned then for the whole of the financial year in which the application is received
- Where the business occupies the property after the 1<sup>st</sup> April or occupation ends before the 31<sup>st</sup> March for the financial year concerned then retail relief will be awarded for the actual dates of occupation in the financial year in which the application is received.

### **Change of Circumstances**

All ratepayers receiving retail relief must notify the Council of any change of circumstances in line with section 10 of these guidelines.

### **Notification**

The Council will notify ratepayers of the outcome of their retail relief application in line with section 11 of these guidelines.

### **Appeals**

Any appeals will be dealt with in line with section 12 of these guidelines.

### **Reviewing Awards**

The Council reserves the right to ask any ratepayer to renew their application for retail relief annually.

## **16. Reoccupation Relief**

As with retail relief (see section 15) reoccupation relief is a temporary measure introduced from 1<sup>st</sup> April 2014 and will enable qualifying businesses to receive a 50% Business Rates discount for 18 months (subject to state aid de minimis limits) if they move into previously empty retail premises between 1<sup>st</sup> April 2014 and 31<sup>st</sup> March 2016.

Reoccupation relief will be paid after any mandatory and discretionary rate reliefs (other than retail rate relief) have been applied.

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As with retail relief, reoccupation relief must comply with EU law on State Aid. The rules are the same as for retail relief and are set out in section 15 above.

Backdated awards for the 2015/16 financial year may be considered providing the application is received by 30th September 2016.

For a business to benefit from reoccupation relief the following criteria must be satisfied:

- The property must be occupied and used for any reason **except** for properties being wholly or mainly used as betting shops, payday loan shops and pawn brokers;
- The property had been empty for 12 or more months immediately before reoccupation.
- When previously in use. The property was used wholly or mainly for retail

In the above list of criteria retail is defined as:

**Business premises 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)

**Business premises 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

**Business premises 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)

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

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

**Splits, merges, and changes to existing business premises**

Where a new hereditament has been created by a split or merger of a business premise(s) the new business premise(s) will be eligible for reoccupation relief where at least half of the floor area of the new business premises is made up of retail hereditaments that have been empty for 12 months or more.

Where a business premise in receipt of reoccupation relief splits or merges to form a new property or properties any new business premises will not be eligible for reoccupation relief

Where a business premise in receipt of reoccupation relief becomes unoccupied for any period of time less than 12 months it will not be eligible for any further reoccupation relief on occupation. However, if a business premise that has previously received reoccupation relief becomes empty for 12 months or more it will be eligible for an additional 18 months reoccupation relief if the criteria are met.

Reoccupation relief runs with the property rather than the ratepayer. This will mean that if a new ratepayer becomes liable for business rates on a property in receipt of reoccupation relief they will continue to benefit for the remaining term, providing the property is not being used as a betting shop, payday loan or pawn brokers.

**Applying for Reoccupation Relief**

This process is the same as set out for retail relief, see section 15 above

## **Change of Circumstances**

All ratepayers receiving reoccupation relief must notify the Council of any change of circumstances in line with section 10 of these guidelines.

## **Notification**

The Council will notify ratepayers of the outcome of their reoccupation relief application in line with section 11 of these guidelines.

## **Appeals**

Any appeals will be dealt with in line with section 12 of these guidelines.

## **Reviewing Awards**

The Council reserves the right to ask any ratepayer to renew their application for reoccupation relief annually.

## **17. Newly Built, Unoccupied Property Relief**

As with retail relief (see section 15) newly built, unoccupied property relief is a temporary measure and applies to all commercial properties that are wholly or mainly newly built between 1<sup>st</sup> October 2013 and 30<sup>th</sup> September 2016. It enables qualifying businesses to receive up to 100% DRR for 18 months (subject to state aid de minimis limits).

Newly built, unoccupied relief will be paid after any mandatory and discretionary rate reliefs have been applied.

As with retail relief, reoccupation relief must comply with EU law on State Aid. The rules are the same as for retail relief and are set out in section 15 above.

Backdated awards for the 2015/16 financial year may be considered providing the application is received by 30th September 2016.

## **Splits, merges, and changes to existing business premises**

Where a hereditament is created as a result of a split or merger of other properties, or where the existing hereditament is altered for example with an extension, the hereditament must be wholly or mainly comprised of new structures completed within the necessary timeframes to benefit from DRR.

## **Change of Ownership**

The relief will run with the property rather than the owner. So if a developer initially owns a hereditament that qualifies for the relief he/she will be able to sell/lease the property with the benefit of the remaining term of the relief, subject to the ratepayer's State Aid de minimis limits.



### **Properties that are unoccupied and occupied within the 18 month period**

DRR will be paid during the 18 months for relevant periods when the property is unoccupied. This is best described by example.

A new shop that is initially unoccupied for 8 months and becomes occupied for 4 months but becomes unoccupied again for 6 months will be treated as follows:

3 months – no rates payable (because of existing empty property rules)

5 months – new build empty property DRR

4 months – property occupied (occupier rates payable in the normal way)

3 months – no rates payable (because of existing empty property rules)

3 months – new build empty property relief

### **Applying for Newly Built, Unoccupied Relief**

This process is the same as set out for retail relief, see section 15 above

### **Change of Circumstances**

All ratepayers receiving newly built, unoccupied relief must notify the Council of any change of circumstances in line with section 10 of these guidelines.

### **Notification**

The Council will notify ratepayers of the outcome of their reoccupation relief application in line with section 11 of these guidelines.

### **Appeals**

Any appeals will be dealt with in line with section 12 of these guidelines.

### **Reviewing Awards**

The Council reserves the right to ask any ratepayer to renew their application for reoccupation relief annually.

## **18. Transitional Relief**

The government announced in the Autumn Statement on 3 December 2014 that it will extend to March 2017 the current transitional relief scheme for properties with a rateable value up to and including £50,000.

As with retail relief and reoccupation relief, awarding transitional relief must comply with EU law on State Aid. The rules are the same as for retail relief and are set out in section 15 above.

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For a business to qualify for transitional relief in 2015/16 and 2016/17 it must

- Be one of the types of business listed in section 15 as likely to qualify for retail rate relief,
- Have a rateable value up to and including £50,000 and would have qualified for transitional relief in 2015/16 or 2016/17 had the existing transitional relief scheme continued in its current format.
- Be a business facing a higher Business Rates bill in 2015/16 .

The amount of relief available under this policy will be the same as a qualifying business would have received had the transitional relief scheme extended into 2015/16 and 2016/17. The transitional relief scheme should be assumed to remain as it is in the current statutory scheme except that:

- a) the cap on increases for small properties (with a rateable value of less than £18,000 in both 2015/16 & 2016/17 should be assumed to be 15% (before the increase for the change in the multiplier) , and
- b) the cap on increases for other properties (up to and including £50,000 rateable value) in both 2015/16 and 2016/17 should be assumed to be 25% (before the increase for the change in the multiplier)

### **Applying for transitional relief in 2015/16 and 2016/17**

This process is the same as set out for retail relief, see section 15 above

### **Change of Circumstances**

All ratepayers receiving transitional relief in 2015/16 and/or 2016/17 must notify the Council of any change of circumstances in line with section 10 of these guidelines.

### **Notification**

The Council will notify ratepayers of the outcome of their transitional relief application in 2015/16 and/or 2016/17 in line with section 11 of these guidelines.

### **Appeals**

Any appeals will be dealt with in line with section 12 of these guidelines.

### **Reviewing Awards**

The Council reserves the right to ask any ratepayer receiving transitional relief in 2015/16 and/or 2016/17 to renew their application annually.

## **19. Enterprise Zone Relief**

The Autumn Statement announced on 25 November 2015 confirmed Infinity Park Derby as an Enterprise Zone. Businesses basing themselves on Enterprise Zones can access a number of benefits including business rates reliefs.

Business rate relief that is awarded to a business as a direct result on them basing themselves within an Enterprise Zone will be classed as discretionary rate relief and therefore it is up to individual Council's to decide which businesses receive relief.

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To qualify for DRR businesses have to locate on Infinity Park (or other qualifying designated Enterprise Zone) by 31 March 2018. Those businesses that do may be eligible for DRR of up to 100% of the business rates payable, up to a limit of £55,000 per year and £275,000 over a five year period. Under current regulations DRR can only be awarded up to 31 March 2020 but it is expected that new regulations will be passed to extend awards of DRR up to 31 March 2023. Should this happen then awards of DRR can potentially be extended up to 31 March 2023 without the need for a new application form to be submitted, although the Council reserves the right to ask for this if it sees fit to do so.

The area covered by Infinity Park Derby is set out on the map included at Appendix B of this policy. Businesses within the area edged blue may be eligible to receive up to 100% DRR (within the area edged red businesses will be able to apply for enhanced capital allowances). It is important to note that businesses will not be able to receive both DRR and enhanced capital allowances.

As well as locating within the relevant area of the Enterprise Zone businesses will need to demonstrate how their business supports the vision of Infinity Park Derby and will contribute towards growth in the D2N2 local economy. Only businesses that can demonstrate this will be considered for DRR.

Tests that may apply include but are not limited to;

- a) increase in workforce
- b) increase in productivity/output
- c) increase in turnover

### **Applying for Enterprise Zone Relief**

This process is the same as set out for retail relief, see section 15 above

### **Change of Circumstances**

All ratepayers receiving newly built, unoccupied relief must notify the Council of any change of circumstances in line with section 10 of these guidelines.

### **Notification**

The Council will notify ratepayers of the outcome of their reoccupation relief application in line with section 11 of these guidelines.

### **Appeals**

Any appeals will be dealt with in line with section 12 of these guidelines.

### **Reviewing Awards**

The Council reserves the right to ask any ratepayer to renew their application for reoccupation relief annually.

### **Appendix A**

Type of Organisation	Mandatory Relief	Criteria	Recommended Discretionary Relief
Registered Charities	80%	Local organisations that are open to all sections of the community, providing support, guidance, ie play schemes, training, youth groups.	Up to 20%
Registered Charities	80%	National organisations with local offices who benefit the Derby area, but also other parts of the country/world.	Up to 20%
Charity Shops	80%	Consideration must be made in these cases that a competitive advantage in the market place is not give if further relief is granted.	Up to 10%
Community Organisations	No	Local organisations that recognise diversity and benefit the residents of Derby.	Up to 100%
Social and Working Men's Clubs	No	Local or national affiliation, access and membership requirements, and social (bar) facilities and financial status are to be considered.	Up to 100%
Sports Clubs	No	Refer to 'Applications from	Up to 100%

		Sports Clubs' in guidance notes.	
Miscellaneous Organisations	No	Purpose, funding, access and membership, social (bar facilities) and relevant financial status are to be considered	Up to 100%
Retail Rate Relief	No	Occupied properties with an RV OF£50,000 or less. Property must be wholly or mainly used as a shop, restaurant, cafe or drinking establishment and be reasonably accessible to visiting members of the public.	Up to 100%
Re-occupation Relief	No	Occupied property used for any reason except for properties being wholly or mainly used as betting shops, payday loan shops and pawn brokers. Property must have been empty for 12 or more months immediately before reoccupation and was previously used for retail	Up to 100%
Newly built, unoccupied relief	No	commercial properties that are wholly or mainly newly built between 1st October 2013 and 30th September 2016.	Up to 100%
Transitional Relief	No	RV up to and including £50,000 and would have qualified for transitional relief in 2015/16 or 2016/17 had the existing transitional relief scheme continued in its current format. Business must be facing a higher Business Rates bill in 2015/16 .	Amount varies. Paid in line with regulations
Enterprise Zone Relief	No	Businesses basing themselves in an Enterprise Zone by 31 Mar 2018.	Up to 100%

## Appendix B

*Map of infinity Park to be inserted.*

