

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO COUNCIL

13 NOVEMBER 2013

REPORT OF THE CORPORATE DIRECTOR RESOURCES

BUSINESS RATE RELIEF – OPEN FOR BUSINESS AND NEW DEVELOPMENTS

1. Purpose of Report.

To obtain a resolution to adopt two new business rate relief schemes recently announced by the Welsh Government.

2. Connection to Corporate Improvement Objectives/Other Corporate Priorities

The proposals are linked to the corporate priority of working together to develop the local economy.

3. Background.

3.1 On 1 October the Minister for Economy, Science and Transport announced two new business rates relief schemes which seek to bring long-term empty properties back into use and stimulate construction and development in Wales.

3.2 The first scheme, 'Open for Business', is focussed on bringing long term unoccupied properties back into use and the second, 'The New Developments Scheme', will incentivise new and speculative development by extending the initial rate free period.

4. Current situation / proposal.

4.1 Business rates are charged at the full amount on occupied properties, and for small to medium businesses this can represent a significant cost to the business. In the case of newly completed but unoccupied properties rates are charged at 100% after an initial rate free period following completion. This can deter developers from starting new builds until they have assurance that the property will be occupied.

4.2 "Open for Business" is designed to encourage previously long term empty retail premises to be brought back into use. The scheme will provide 50% rate relief on occupied property to the ratepayer where the following criteria are met:

- Occupation must be of 'retail' premises
- Premises must have been previously vacant for a minimum of 12 months
- Rateable value must be less than £45k

4.3 "Retail" premises will include shops and showrooms but can also include any property that has the potential to be used for retail purposes e.g. café or restaurant.

The maximum period of relief is 12 months and the property must have become occupied after 1 October 2013 and before 31 March 2015. Occupiers will have to complete an application form to be considered for this relief.

- 4.4 The “New Development” scheme proposes that rate reductions of 100% will now be available for newly completed properties completed between 1 October 2013 and 1 October 2016. Where new properties are created out of splitting or merging existing properties rate relief can only be granted where the majority of the ‘new’ unit is made up of newly constructed walls and floors. This will have to be ascertained by visits and production of plans by the ratepayer.
- 4.5 The reduction will apply to empty rates that would normally be payable on unoccupied properties; there is no limit on the size of properties that can qualify, other than to ensure that the “de minimus” threshold for state aid is not exceeded. The entitlement to empty rate relief will last for the first 18 months following completion provided that the property was completed after 1 October 2013 and before 1 October 2016.
- 4.6 If the property becomes occupied rates will be payable in the normal way. However, if the property becomes unoccupied within 18 months of completion further periods of rate relief will be granted.
- 4.7 The Resources and Communities directorates will work together to target properties which could benefit from these new reliefs.

5. Effect upon Policy Framework& Procedure Rules.

None

6. Equality Impact Assessment

No equality issues have been identified.

7. Financial Implications.

The reliefs will be fully funded by the Welsh Government.

8. Recommendation.

- 8.1 That the Council resolves to adopt the two Welsh Government funded reliefs as outlined in Annex 1 with effect from 1 October 2015 and makes these available to business ratepayers of qualifying properties.

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Corporate Director – Resources
23 October 2013**

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Background documents

Welsh Government Announcement - Minister for Economy, Science and Transport - **Business Rates Policy Developments in Wales - 1 October 2013**