

<b>TITLE OF REPORT – Draft Response to consultation</b>	<b>15 November 2016</b>
<b>Corporate, Policy and Resources Committee For decision</b>	

<b>Linkage to Council Strategy (2015-19)</b>	
<b>Strategic Theme</b>	Leader and Champion
<b>Outcome</b>	
<b>Lead Officer</b>	Chief Finance Officer
<b>Cost: (If applicable)</b>	

### **1.1 Background**

Causeway Coast and Glens Borough Council has been invited to respond to the Finance Committee call for evidence regarding rating policy.

### **1.2 Detail**

Attached is a draft response to the above call for evidence, following October's committee it was decided that an extension be sought and local businesses be consulted. The extension was granted and local businesses have been consulted, the draft response is a summary of the comments received.

Please feel free to comment on the attached draft.

### **1.3 Recommendation**

It is recommended that the draft response is approved and submitted to the Finance committee.

## **Background**

At its meeting on 5 October 2016, the Committee for Finance and Personnel agreed to seek written evidence from key stakeholder groups in respect of the Non-Domestic Rating System in Northern Ireland. As one of its identified strategic priorities, the Committee is keen to identify the issues facing businesses across all sectors in order gain an understanding in advance of any policy proposals.

## **Examples of existing schemes**

Following a review of commercial rating by the Northern Ireland Executive (and subject to the regulations being made) the existing NAV band of 20 per cent relief has been extended to £15,000. This was available from 1 April 2013.

There are three levels of Small Business Rates Relief:

- business properties with an NAV of £2,000 or less will receive a reduction of 50 per cent relief
- business properties with an NAV of more than £2,000 but not more than £5,000 will receive 25 per cent relief
- business properties with an NAV of more than £5,000 but not more than £15,000 will receive a 20 per cent relief

A series of exclusions apply, including unoccupied properties, property used for the display of advertisements, car parks, telecommunications masts, among others.

## **Other schemes include:**

The Back in Business rate support scheme has been created to incentivise business ratepayers to consider empty retail premises when looking for a business property. The scheme provides a 50 per cent rate reduction for up to a year once a retail premise, which has been empty for 12 months or more, becomes occupied. Bringing these empty premises back into use, aims to help revitalise high streets. The Scheme runs until March 2017

Hardship relief for non-domestic property is intended to assist a business recover from a temporary crisis, financial or otherwise, as a result of exceptional circumstances, and therefore some form of recovery plan will generally be required before and application can be considered.

Summary of evidence from business representation groups:

- SBRR is a successful scheme and should be renewed for at least five more years
- Industrial de-rating should reduce to 40- 60% once a business reached a certain size or after year 1 and especially if the company was receiving grants or public funding.
- Some favour for film, animation and recorded studio productions receiving a discount of 40-60% to help them remain competitive and reduce the number of companies taking studio productions to the Republic of Ireland – here such operations are recognized as manufacturing
- In terms of vacant property relief, it was noted that it might be fairer to increase the current 3 month period of exemption (when a property is vacated) to 6 months.
- The 100% exemption enjoyed by places of worship was mentioned. The example of St Anne's Cathedral which employs ten people was cited. Local examples were also cited where a particular church is actively seeking business income. The example cited newly built commercial offices, hire of function rooms, meeting rooms, and yard space, and direct competition sales with local businesses, retail, hotels and business centres.
- It was felt that the traditional model of higher NAV's for town centre is outdated – “The ‘doughnut effect’ has taken the shopping heart out of town centres to regional centres, trade counter retail parks and outskirts of town malls.. footfall has moved and high streets need a break from high NAV's and the out of town shops should pay every bit as much, especially where they enjoy free parking for customers.”

A response was also received from the Diamond Shopping Centre in Coleraine, with specific points on the following:

- In last review of rates the Diamond Centre received a significant reduction in the rates valuation and this has had a positive impact on the letting side of the units – 4 units and 2 x pop up shops in 2016 with prospects to let more
- The 50% reduction on units vacant for more than one year has been instrumental in letting the units also.

The Diamond Centre would be keen to see all of the above remaining 'as is' with no change and would make the following suggestions which would add benefit in regeneration.

It was also suggested by this respondent that a rates start-up break for the first three months would be helpful – this would be in line with the request from potential new tenants to have no costs for the first 3 months of trading.

### **Suggestions from the Federation of Small Businesses**

The Federation has made extensive representation to a range of committees in both Stormont and Westminster. In terms of some of their responses, which are relevant to existing rates issues, the following should be considered:

- Revaluations should be regular and written into legislation – on a three yearly basis
- Long term and permanent reliefs should be “built into the system” instead of considered year to year
- FSB Northern Ireland suggests that a reduction in the NDVR, from 50% to 10% would free up £20 million of relief, while still giving Northern Ireland the most favourable NDVR system in the United Kingdom. The savings generated could help pay for an expansion of the empty shops rates concession as well as an expansion of the Small Business Rates Relief, to help Northern Ireland’s smallest businesses
- FSB would support a feasibility study reducing the charitable relief on properties of over £15,000 of rateable value (the top threshold for SBRR), for example. 33% of those properties are places of worship; it may be impractical to impose a tax. FSB is of the view that a reduction or tapering of relief should be examined.

- Separation of Domestic and Non-domestic rates needs to be considered, with the caveat that they use such powers for economic development be considered.
- District Councils should have the power to grant reliefs to property occupiers in their area. This would enable them to supplement a reduced charitable relief, for example, or to provide full reliefs to amateur sports clubs.