

RATES RETHINK CONSULTATION – BELFAST CITY COUNCIL DRAFT RESPONSE

Belfast City Council welcomes the consultation document “Reforming the Rating System #Rates – Rethink Spurring Economic Growth”. It considers many of the issues that have interested the Council in the delivery of its services. Each individual question is answered as the consultation request however the following general comments on rate reform we believe are worthy of attention as you take the process forward.

Belfast City Council supports the majority of the proposed reforms and believes they will help the regeneration and revitalisation of Belfast. There are some aspects of the proposals which will inhibit this process and they are highlighted in the following paragraphs. However these negatives are vastly outweighed by the positives.

Commercial Rates Reform - Reform of the Small Business Rate Relief (SBRR)

In general Belfast City Council supports the replacement of SBRR to support the strategic development of businesses but would prefer if this was targeted to new start-ups and expanding SME's. However the Council recognises the importance of the retail and hospitality sectors to the economy and the range of small businesses which it is proposed will be classified as retail or hospitality. In addition potential exists to consider how the scheme should be targeted towards those sectors expected to deliver higher economic growth and productivity returns, as a means of maximising the economic benefit of the SBRR scheme.

Investment in Small Business

Question	BCC Response
Do you agree that retail should be the subject of any SBRR Replacement scheme?	<p>Yes, any scheme should be available to all who satisfy the criteria. Any scheme should emphasise the need to stimulate retail activity and there should be an incentive which is linked to other rating matters to encourage participation in a vibrant small business community. Additionally whilst retail is a key sector within the city consideration should be given as to how SBRR can be used as a tool to maximise economic growth.</p> <p>It is the Council's view that any replacement scheme should have a focus on new start-ups and expanding SME's providing relief for a defined period. Consideration should also be given to targeting key growth sectors expected to significantly contribute towards economic growth of the city such as knowledge economy, creative industries, business and financial services etc.</p>
Do you agree that hospitality should be the subject of any SBRR Replacement scheme?	<p>Yes, any scheme should be available to all who satisfy the criteria. The hospitality industry is an important element of small business activity and should be actively encouraged to participate in a retail community. It is particularly important that this sector is supported because it has a wider role in relation to the revitalisation of the high street. It is the Council's view that any replacement scheme should have a focus on new start-ups and expanding SME's providing relief for a defined period. As above whilst hospitality is a key sector within the city consideration should also be given to targeting key sectors expected to significantly contribute towards economic growth of the city such as knowledge economy, creative industries, business and financial services etc.</p>
Will the policy proposal address	Yes, any measure that enables businesses to survive and

the issue of helping to regenerate our towns and cities?	prosper in the current period of uncertainty should be applauded. As stated above, small business rate relief scheme should be treated as an investment in the sector and should be looked at in conjunction with other incentives to maintain employment and stimulate business activity particularly in the high street. Small businesses also have a major role to play in maintaining a vibrant street scene. However as stated previously whilst the retail and hospitality sectors are key sectors consideration should be given to supporting sectoral growth for those industries expected to contribute most significantly to economic growth and productivity improvements. While small businesses play a vital role in our towns and cities, City Centre Regeneration requires major developments which would fall outside the scope of this relief. This requires a combined central and local government package of measure to support regeneration. This type of relief should be subject to proven business cases, which prohibits relief where displacement of existing ratepayers occurs. Sectors to target could include hotel developments, Grade A office space development and the redevelopment of vacant properties or derelict land.
What uses should be considered retail and hospitality (and what should be excluded)?	All uses should benefit from the scheme and we agree with the listings in Annex A. We believe they are comprehensive and with the proper application of the power should play a major role in encouraging small business activity.
Do you agree with the proposed conditions for entitlement	Yes if these are the sole range of criteria rules available. As a living wage employer the Council would particularly support the reference to accreditation with the Living Wage Foundation. There is also an opportunity to expand the parameters of the scheme and base it on ability to pay and thus helping those businesses which do not have any easy path to success.
Should the balance of available relief be targeted at lower value or higher value properties?	It is difficult for the Council to respond to this question without analysis of the impact of relief proposals on the small business community in the City.

Small Business Empowerment Zones

The Council support the targeting of specific zones and the focusing of regeneration activity to support the economy, stimulate job creation and boost growth in the rate base. The innovative idea of small business empowerment zones would therefore be supported in principle by the Council as would the use of pilot areas to test the business case for such zones. The Council is not however in a position to comment on the specific proposals in the consultation as the financial implications in relation to the potential level of losses of rates income and whether local government will be reimbursed for additional reliefs provided thought the scheme is unknown.

Question	BCC Response
Do you agree with piloting empowerment zones in these two areas?	See above
Do you agree with the special measures proposed for the	See above

zones?	
Are there other ways in which the rating system should be used to help business in these areas?	Yes, other features of the rating system; such as hardship relief and empty rate exclusions should be available to assist in the development of the empowerment zones.
What partnership arrangements should be out in place in order to maximise the potential benefits of this proposal?	It is important that business organisations are in partnership with local authority in which the empowerment zone is located. These schemes should be part of the normal consultation process which encourages regeneration of any particular area.
What criteria should be used to judge the success of this proposal?	It should be judged by the number of created and sustainable businesses within the empowerment zone.

Revitalising our High Streets

Question	BCC Response
Do you agree that the rating system should be used to incentivise behaviour?	<p>Belfast City Council views the rating system as part of the tools which can help incentivise city centre development. As stated previously the rating system could be utilised to foster entrepreneurship and accelerate the growth of key sectors. While we would support the proposal for converted properties, we also believe that revitalising our high streets requires the targeting of key developments such as hotels and Grade A office space as aligned to local needs and the development of the private rented sector in the City Centre.</p> <p>Additionally to support economic growth potential exists to utilise the rates system to incentivise investment including FDI activity. We would view the 100% exemption for three years as being excessive and that partial relief should apply. As in the issue with Empowerment Zones clarity needs to be given as to how this relief will be financed i.e. will this be a loss of income to local government? The economic impact of the proposed Empowerment Zones should be analysed on completion of the pilots to determine the impact of such an approach at a citywide level.</p>
Do you agree that this proposal will help demand for these properties?	We have no evidence to comment on this proposal either way; however we are certain that investment in the street scene is an essential element of revitalising the high street. We believe that any scheme that encourages the use of vacant property should be supported. We recognise that the high street is changing and that it is reverting back to a mixed approach of retail, other business sector uses and residential needs to be recognised. However it is important that any conversions to residential use blend into the street scene and do not create a pattern of occupation that appears to be disjointed.

Do you agree with limiting the incentive to the first occupier?	No. We believe that relief should be transferrable within the three year period in order to create stability and maintain a viable street scene.
What criteria should be used to judge the success of this proposal?	The criteria should be vacancy rates and sustainability and economic growth.

Charity Shops

Question	BCC Response
Should charity shops be asked to pay a relatively small contribution to rates revenue?	BCC believes that charity shops should make a small contribution to rates revenue. An amount of 20% as in Britain would be reasonable.
Should exemption be capped at £25,000 NAV? Do you agree with the proposal to make commercial landlords liable for rates on short term Do you agree that this proposal will help demand for these properties?	Yes.

Empty Property Rates

Question	BCC Response
Are there reasons as to why vacant property locally should be treated differently to other regions?	Yes, the Belfast is going through a significant period of change that is likely to last several years. During this period of change there will be new and altered buildings which will be available on the market. During the marketing period landlords should still be able to benefit from the 100% relief for the initial period of vacancy in order to support any efforts to find tenants. Removal of this relief is not supported by the Council and would damage efforts to achieve timely lettings.
Should a 75% charge apply here?	BCC would support a 75% charge as outlined, provided this was applied after the first 3 months of 100% relief. This 25% relief level would reflect local market conditions by providing a more favourable level of relief than Britain e.g. England Nil, Scotland 10%.
Are there other reasons why empty factories should not incur a vacant rating charge?	A full review of all excluded properties should take place. The Council believe that all properties, including empty factories, should pay a charge after the initial three month 100% vacancy relief period.

Mines

Question	BCC Response
What are the implications for the mining sector of removing this relief?	No comment.

Halls of Residence

Question	BCC Response
Do you agree that the current Halls of Residence exemption currently treats some students more favourably than others?	Yes. The Council's response to the earlier consultation on this issue highlighted the Council's belief that the current exemption is unfair to the students who reside in the general private sector in Belfast because those students are charged rates in with their rent and the large majority of them do not have access to rate rebate. It is therefore reasonable to put forward the equitable argument for removing the exemption from rating for premises used as student accommodation which is provided by certain educational establishments.
Do you agree with the Department's assessment of this issue, following the earlier consultation this year?	Yes the Council supports removal of the exemption. As stated in the Council's previous response, the Council believes that the current exemption is also unfair to all residents in Belfast that a proportion of occupiers make no contribution to local services irrespective of their personal financial circumstances. The removal of the exemption would also increase the overall tax base for the Council to help offset the additional costs incurred by the Council in providing services to new student accommodation developments in the City.

Hardship Relief

Question	BCC Response
Do you consider that hardship relief is necessary?	Yes we do consider that hardship relief is necessary.
If so, what changes are needed?	There needs to be increased signposting of the scheme to increase its awareness.
What criteria should be used?	There needs to be a reconsideration of the definition of exceptional circumstances to take account of local impact.
Please provide views on how this can be done without duplicating the coverage provided by insurance?	Insurance is event driven, hardship has a much wider criteria. Any hardship scheme should always have regard to any likely income from alternative sources, these will include; insurance awards, damages awarded by any court, and any other source of "one off" revenue. Any hardship decision should be built around a clear data and circumstance evidence.

Do you think hardship support should be administered differently?	Must have local authority input into the decision making.

Sports and Recreation Relief

Question	BCC Response
Do you agree that spectator stands that do not generate income should be treated as part of the sport and recreation assessment?	Yes, and therefore entitled to relief.
Do you think that the present “de minimis” criteria creates an unfair advantage to some clubs?	Yes and we think that these anomalies should be removed

Domestic Rates Reform: The Rates Cap - Political Response

Question	BCC Response
Do you agree that the capped system of domestic rates is unfair to the vast majority of ratepayers?	
Do respondents consider that sufficient mitigations are in place to assist low income households (particularly asset rich income poor pensioners) that will be affected by this policy?	
Do you think that additional safeguards need to be implemented in order to mitigate hardship caused by the proposal to lift the cap in respect of the regional rate element of the bill?	<p>There are other issues that require consideration in relation to the rates cap:</p> <ol style="list-style-type: none"> 1. Why is the proposal to lift the cap in respect of the regional rate element only, and 2. Why does the current proposal allocate all additional income raised through this levy to central government rather than apportion on a pro rate basis to central and local government in keeping with other income raised through the rating process?

Early Payment Discount

Question	BCC Response
Do you agree with the Department's assessment that the Early Payment Discount is unnecessary and unaffordable?	Yes.
Do you agree that the policy should be phased out, before its removal?	No, the policy should be abolished with immediate effect.

Landlord Allowance

Question	BCC Response
Do you agree with the proposal to reduce landlord allowances to 5%?	The Council would not favour removing the allowance but would support a reduction to 5%.
What impact do you think this will have?	There is no information available as whether a reduced allowance figure would be adequate to compensate landlords. Some landlords will make tenants liable and collection will be more difficult.
Do you agree that the cut in allowance should be applied universally across all sectors?	The information available is inadequate for the Council to come to a view on this.

Energy Efficient New Homes

Question	BCC Response
Do you agree with the proposal to provide a rates incentive for newly built energy efficient homes?	Yes.
What are your views on an appropriate standard, reliable assessment and safeguards?	There are now statutory measurement of the energy efficiency in dwellings. These rules should be sufficient to make any scheme viable.
Do you agree with limiting the incentive to the first occupier?	Yes.
What criteria should be used to judge the success of such a measure?	The criteria should be the number of new low carbon and zero carbon homes developed.