



Subject:	Briefing Note on Business Rates consultation
Date:	27 September 2019
Reporting Officer:	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources
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1.0	Purpose of Report
	To provide members with a briefing note in relation to the Business Rate Public consultation to be undertaken by the Department of Finance
2.0	Main report
	<p>The Department of Finance have announced plans to undertake a full and comprehensive review of business rates in Northern Ireland. This review was launched on 16 September with responses due by 11 November (8 weeks). A similar review was undertaken by Kenneth Barclay in Scotland over a period of one year (2016-17) which produced 30 recommendations.</p> <p>The consultation questions for which DoF are looking responses are listed below:</p> <ol style="list-style-type: none">1) <u>How can revenues from district and regional rates be raised in a way that is fair and equitable and without placing an unacceptable burden on business ratepayers?</u>2) <u>What ways can be found to widen the tax base that could facilitate a lower level of business rates?</u>3) <u>How can a fair distribution between district rates and regional rates be sustained?</u>4) <u>How can a fair distribution between non-domestic and domestic rates be sustained?</u>5) <u>What reliefs and supports are necessary and might be introduced, changed or ended, targeted in line with Executive priorities and recognising ability to pay?</u>

6) What alternative tax options should be considered to complement or partially replace property based non-domestic rates to allow for lower levels of revenue from business rates?

These are very wide and significant questions and will require careful consideration before providing a detailed response. However, as the consultation period ends on 11 November, this response would need to go to Strategic Policy and Resources committee on 25 October (4 weeks) for ratification at November's Council.

In order to ensure a full and proper response is provided to the consultation it would be reasonable to request an extension to the deadline.

Attached to this briefing note are

Business Rates Public Consultation factsheet
2019 Review of Business Rates Terms of Reference
SP&R report on Reforming the Rating system 20 January 2017
Appendix 2 to January 2017 SP&R Report - Draft Council responses to consultation

Background Information

Belfast City Council currently gets revenue income from Fees & Charges, Grants and Rates (both domestic and non-domestic).

The District Rate makes up 44% of the Rates bill, with the rest, 56%, being the regional rate.

Approximately 78% of our income comes from the District Rate, of which 64% comes from Non-domestic (Business) Rates, and 36% from Domestic Rates.

SP&R committee in January 2017 had agreed a response to the then "Reforming the Rating System, Rates: Rethink, Spurring Economic Growth", a summary of the council's position is listed below.

1) Investment in Small Business

Policy Proposal

- Replace existing SBRR Scheme
- Target retail and Hospitality
- Proposed criteria attached as Annex A
- £22m commitment
- Should double average awards
- Two options for allocating relief, one slightly favours lower NAV's

Existing Council Position

- Support current SBRR replacement
- New scheme should have focus on New Strat-Ups and Expanding SME's

2) Small Business Empowerment Zones

Policy Proposal

- Two Pilot Zones
 - Lower Falls
 - Lower Newtownards Road
- Zone reliefs to be in place for 3 years.
- Automatic 50% relief within Zone regardless of NAV (unless already receiving higher)
- Back in Business Scheme (occupation of vacant properties) enhanced. 75% Yr1 Relief and 50% years 2 and 3.

Existing Council Position

- New proposal. No existing position.

3) Revitalising our High Streets

Policy Proposal

- Based on LOTS and Town Centre Living.
- 100% rates exemption for converted property.
- Exemption not transferrable.

Existing Council Position

- Support revitalising High Streets, but City Centre Regeneration requires more than conversion intervention.
- Targeted business case based relief for new city centre developments required e.g. Grade A Office, Accommodation and Hotels

4) Charity Shops

Policy Proposals

- Charity shops should pay 20% rates (currently exempt).
- Upper threshold for relief £25k (same as SBRR Replacement Proposals)

Existing Council Position

- Charity shops should pay some rates.

5) Non-Domestic Empty Property Relief

Policy Proposals

- End current 3 month 100% vacancy exemption.
- Reduce the current relief from 50% to 25%.

Existing Council Position

- Support retention of the 3 month 100% exemption to encourage City Centre Regeneration.
- Support reducing relief from 50% to 25% after 3 months to more align with Britain. N.B. Relief would still be more favourable than Britain. (England Nil after 3 months, Scotland 10% after 3 months)

	<p>6) <u>Mines</u></p> <ul style="list-style-type: none"> • Not applicable <p>7) <u>Halls of Residence</u></p> <p>Policy Proposal</p> <ul style="list-style-type: none"> • Remove existing 100% exemption for University Halls of Residence <p>Existing Council Position</p> <ul style="list-style-type: none"> • Strong support for removal of exemption. • New student accommodation in Belfast is an important outcome of the City Centre Regeneration Strategy and Growing the Rate Base. • Current exemption unfair on those students in private accommodation who pay rates and citizens who pay for services which will be required for new accommodation. <p>8) <u>Hardship Relief</u></p> <p>Policy Proposal</p> <ul style="list-style-type: none"> • Review Definition of the Scheme. • Widen the decision making beyond LPS. <p>Existing Council Position</p> <ul style="list-style-type: none"> • No current position. <p>9) <u>Sports & Recreation Relief</u></p> <p>Policy Proposal</p> <ul style="list-style-type: none"> • Include spectator stands that do not generate income in sports and recreation assessment. • Non sporting areas currently disregarded if less than 20%. Proposal to review “de minimus” to remove Golf Club anomaly i.e. Golf Course and Club House combines. <p>Existing Council Position</p> <ul style="list-style-type: none"> • No existing position, but general principle of fairness would support reviewing the de minimus.
4.0	Appendices – Documents Attached
	<p>Business Rates Public Consultation factsheet 2019 Review of Business Rates Terms of Reference SP&R report on Reforming the Rating system 20 January 2017 Appendix 2 to January 2017 SP&R Report - Draft Council responses to consultation</p>