



<b>Subject:</b>	Land and Property Services 2019 Review of Business Rates
<b>Date:</b>	25 October 2019
<b>Reporting Officer:</b>	Ronan Cregan, Deputy Chief Executive and Director of Finance and Resources
<b>Contact Officers:</b>	Trevor Wallace, Head of Finance

<b>Restricted Reports</b>	
<b>Is this report restricted?</b>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<b>If Yes, when will the report become unrestricted?</b>	
<b>After Committee Decision</b>	<input type="checkbox"/>
<b>After Council Decision</b>	<input type="checkbox"/>
<b>Some time in the future</b>	<input type="checkbox"/>
<b>Never</b>	<input type="checkbox"/>

<b>Call-in</b>	
<b>Is the decision eligible for Call-in?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

<b>1.0</b>	<b>Purpose of Report</b>
1.1	This report provides a draft high level response to the Land & Property Services (LPS) consultation on the Review of Business Rates.
<b>2.0</b>	<b>Recommendations</b>
2.1	The Committee is asked to: <ul style="list-style-type: none"><li>• Approve the draft high level response for submission to LPS (Appendix 1); and</li><li>• Note the ongoing engagement with LPS in relation to detailed development to changes to rating policy. SP&amp;R Committee will be kept fully informed of the ongoing engagement.</li></ul>

<b>3.0</b>	<b>Key Issues</b>
3.1	<p><u>Background Information</u></p> <p>Business rates is the primary source of income for the Council. Belfast City Council currently gets revenue income from Fees &amp; 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.</p>
3.2	<p><u>2019 Review of Business Rates</u></p> <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>
3.3	<p>The consultation questions contained in the consultation are:</p> <ul style="list-style-type: none"> <li>• 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?</li> <li>• What ways can be found to widen the tax base that could facilitate a lower level of business rates?</li> <li>• How can a fair distribution between district rates and regional rates be sustained?</li> <li>• How can a fair distribution between non-domestic and domestic rates be sustained?</li> <li>• What reliefs and supports are necessary and might be introduced, changed or ended, targeted in line with Executive priorities and recognising ability to pay?</li> <li>• 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?</li> </ul>
3.4	

3.5	<p>These are very wide and significant questions and will require careful consideration before providing a detailed response. As the consultation period ends on 11 November, there will not be time to give the considered response necessary.</p>
3.6	<p><u>Draft Belfast City Council Response</u></p> <p>Given the short turnaround time of the consultation and the complexity of rating policy, the draft response is therefore high level with a commitment to continue working with LPS in providing a more detailed response.</p> <p>The following is a summary of our high level response:</p> <ol style="list-style-type: none"> <li>1. Consideration of local authorities being given the power to introduce reliefs to reflect the specific circumstances of their locality and local economy.</li> <li>2. How the rating system can be aligned to support growing the economy.</li> <li>3. How the rating system can be used to support city centre living such as relief for build-to-rent properties and purpose built student accommodation.</li> <li>4. Eliminating any form of tax avoidance or evasion.</li> <li>5. Improving the collection and administration of rates.</li> <li>6. The use of technology to maximise the collectable rate.</li> <li>7. How the rating system can integrate the ability to pay and individual business circumstances as part of rates assessments.</li> <li>8. Possibility of introducing new revenue raising powers such as: <ul style="list-style-type: none"> <li>- vacant site levy</li> <li>- derelict land levy</li> <li>- internet transaction levy</li> <li>- green policy related levies</li> <li>- tourism tax</li> </ul> </li> <li>9. Conducting a fundamental review of reliefs, exemptions, and exclusions.</li> <li>10. Introducing a business growth accelerator.</li> <li>11. Reviewing the effectiveness of the rates hardship scheme.</li> <li>12. How the rating system aligned to support specific sectors such as innovation, retail, and hospitality.</li> </ol>
3.7	<p>It is recommended that SP&amp;R Committee agree to the submission of this high level response that will allow officers to continue developing more detailed response to the review of business rates. Officers are aware of the significant policy implications to the</p>

3.8	<p>potential changes to business rates and will keep SP&amp;R Committee fully involved in the development of a more detailed response.</p> <p><u>Resources Implications</u></p> <p>There are no resource implications contained within this report.</p> <p><u>Equality or Good Relations Implications/Rural Needs Assessment</u></p> <p>There are no equality implications contained within this report.</p>
4.0	<b>Appendices – Documents Attached</b>
	Appendix 1 – Draft BCC response to LPS 2019 Review of Business Rates.