

NORTH LINCOLNSHIRE COUNCIL

**POLICY AND RESOURCES
CABINET MEMBER**

NATIONAL NON-DOMESTIC RATE RELIEF APPLICATIONS AND MONITORING

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To decide the level of National Non-Domestic Rate (NNDR) relief to be awarded to ratepayers in North Lincolnshire. New rate relief applications for the years 2014/15 and 2015/16 have been received, and the recommended level of discretionary relief awarded is based on set criteria.
- 1.2 To inform the Cabinet Member of:
- the actual level of collectable business rates for 2014/15 compared to the budget
 - the budgeted level of collectable business rates for 2015/16
 - the current level of reliefs granted compared to the budget and the impact on the councils finances.

2. BACKGROUND INFORMATION

- 2.1 The council can now retain a portion of the business rates it collects. The amount retained is made up of the baseline funding allocated to the council each year and a portion of any gain or loss in collection. If business rates increase above government estimates the council will retain 37%. A safety net mechanism ensures that the council will, at worst retain 92.5% of its baseline funding if business rates fall but will be responsible for 49% of any loss in collection below the government's estimate until this safety net is reached.
- 2.2 The assumption built into the 2014/15 budget was that the collectable business rates for the area would be £83.0m, after making a provision for past appeals. The actual amount of collectable business rates was £84.9m.
- 2.3 The amount of collectable business rates assumed in the 2015/16 budget is £89.5m. This increase is largely due to growth in the total rateable value of businesses in the area.
- 2.4 The council now funds a proportion of both mandatory and discretionary reliefs. For the level of collectable business rates assumed in the budget the council will fund 37% of all reliefs.

- 2.5 This means that the level of NNDR reliefs has a much larger impact on the council's finances than before. The levels of all mandatory and discretionary reliefs will now be reported periodically to inform the cabinet member of the forecast impact on the budget.
- 2.6 The reliefs reported in future will include some that were previously not reported. These include Small Business Reliefs and Partial and Empty Property Reliefs.
- 2.7 Mandatory reliefs comprise around 98% of all reliefs by value. The forecast is that approximately £75k more relief will be granted. This is offset by a reduction in the level of discretionary reliefs being granted of approximately £61k. The net reduction in collectable business rates for 2015/16 is therefore approximately £14k. The details are shown in Appendix A.
- 2.8 The Policy Committee agreed the legal position and administrative practices for dealing with rate reliefs on 22 January 1996. The latest amendment to the criteria was at the Policy and Resources Cabinet Member briefing on 25 May 2012.
- 2.9 The ratepayers in receipt of rate relief in 2014/15 have had their applications reviewed. New and existing applicants continue to return forms fully completed.

3. OPTIONS FOR CONSIDERATION

- 3.1 The attached schedule, appendix B, shows 5 new applications for rate relief and 7 reviews where the recommended level of relief for 2015/16 differs from the current relief.
- 3.2 Option 1 – Award the recommended level of discretionary relief, shown on the attached schedule, appendix B. Also included is the cost to the Council and where applicable the previous level of relief for each applicant.
- 3.3 Option 2 – Consider a level of discretionary relief different to that recommended. All application forms will be available at this meeting for inspection. This will enable the Cabinet Member to review in detail, if required, any suggestions set out in the schedule.

4. ANALYSIS OF OPTIONS

- 4.1 Approved criteria are used to score all applications for discretionary relief and to recommend the appropriate level of rate relief. To continue using these criteria will ensure fairness in awarding relief for new applicants. The cabinet member has the option to consider each case on its merits and change the level of relief from that recommended in this report.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

5.1 Financial

If the decision is to award the recommended level of discretionary relief in each case, it is estimated the additional cost to the council will be £10,316.17.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

6.1 An Integrated Impact Assessment is not required. Applications are considered and encouraged from eligible organisations

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

7.1 No consultation is required.

7.2 There are no conflicts of interest to declare.

8. RECOMMENDATIONS

8.1 To award the level of rate relief to each applicant as set out in the attached schedule to this report.

8.2 To note the outturn position for 2014/15 on business rate collection.

DIRECTOR OF POLICY AND RESOURCES

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Background Papers used in the preparation of this report

Local Government Finance Act 1988
Application Forms
Cabinet Member Report 25 May 2012
Local Government and Rating Act 1997

Appendix A

2015/16	Reliefs			Cost to NLC		
	Budgeted Level of Reliefs	Actual Level of Reliefs	Increase/Decrease(-)	Estimated Cost of Reliefs (Budget)	Estimated Cost of Reliefs (Current)	Increase/Decrease(-)
Small Business Relief	942,987	963,698	20,711	348,400	356,050	7,650
Charitable Relief	2,258,782	2,265,429	6,647	834,530	836,990	2,460
Community Amateur Sports Clubs	36,748	37,281	533	13,580	13,770	190
Rural premises	23,302	22,259	-1,043	8,610	8,220	-390
Partial Occupancy	40,000	7,411	-32,589	14,780	2,740	-12,040
Empty Property	1,768,452	1,849,126	80,674	653,370	683,180	29,810
Total Mandatory	5,070,271	5,145,204	74,933	1,873,270	1,900,950	27,680
Charity Top-up Relief	79,239	65,154	-14,085	29,280	24,070	-5,210
Charity Discretionary Relief	91,807	47,280	-44,527	33,920	17,470	-16,450
Hardship Relief	0	0	0	0	0	0
Community Amateur Sports Clubs	4,287	3,228	-1,059	1,580	1,190	-390
Rural premises	20,989	20,897	-92	7,750	7,720	-30
Other Rural premises	2,248	878	-1,370	830	320	-510
Total Discretionary	198,570	137,437	-61,133	73,360	50,770	-22,590
Grand Total	<u>5,268,841</u>	<u>5,282,641</u>	<u>13,800</u>	<u>1,946,630</u>	<u>1,951,720</u>	<u>5,090</u>

Appendix B

App No.	Ratepayer	Property Address	Mandatory Charity 80% Rural 50%	R V £	PR N	Suggested Relief %	Amount borne by NLC £
<u>NEW APPLICATIONS</u>							
CHARITY/NON PROFIT							
28/14	Bottesford Town Football Club	Birch Park Sports Hall Ontario Road Bottesford	N	42,000	ND074909060	50	4,713.03
29/14	The Odyssey Cancer Care Center Ltd	Nightingale House, Westfield Road Barton On Humber	N	10,250	ND057101000	85	2,778.28
1/15	Wrawby Under 5s Association	At St Marys CE Primary School, Vicarage Avenue, Wrawby	Y	6,900	ND432109055	15	1,367.60
						TOTAL	8,858.91

App No.	Ratepayer	Property Address	Mandatory Charity 80% Rural 50%	R V £	PR N	Suggested Relief % (2014/15 relief %)	Amount variation borne by NLC £
<u>2015/16</u>							
<u>REVIEWS</u>							
CHARITY/NON PROFIT							
R84/15	Crosby Community Association	105-107 Frodingham Road Scunthorpe	Y	9,300	ND445000861	15 (20)	-112.33
R93/15	Messingham Scout Group	West View Messingham	Y	1,200	ND264859010	20 (15)	14.49
R101/15	Barton Play Childcare Unit	Flixborough Road Burton on Stather	Y	3,750	ND110109002	15 (10)	45.29
R107/15	Scunthorpe Sports Club	Herriot Way, Scotter Rd Scunthorpe	Y	15,000	ND440277349	20 (15)	181.18
R108/15	Humberside Federation of W I's	10 Queen Street Brigg	Y	20,250	ND445000885	10 (20)	-108.71
R109/15	Lindsey Lodge	Burringham Road Scunthorpe	Y	114,000	ND100209340	15 (10)	1,376.95
R116/15	Queen St. School Preservation Trust	Queen Street Barton on Humber	Y	5,000	ND055759010	15 (10)	60.39
						TOTAL	1,457.26

HARDSHIP

Item Number	Address	Property Description	RV £	2009/11 Rates £	Relief Applied for £	Suggested Relief %	Potential Amount to be borne by NLC £
1	Woodhouse Belton	Livery Stables	5,400	839.83	839.83	100	310.77

OFFICERS RECOMMENDATION

It is the recommendation of the Council's officers that in this particular case relief is granted in full for the following reasons:-

- The council currently award 100% small business rate relief. Therefore the debt is not accruing and awarding relief will clear the balance on this account. No further recovery action will be taken against this vulnerable person; the other alternative is to write off the debt.
- The ratepayer is not receiving any commercial benefit from the premises and has no intention of running a business.
- It will be difficult to sell the premise as a separate concern due to its location adjacent to their dwelling.

Item Number	Ratepayer	Address	Property Description	RV £	2014/15 Rates £	Relief Applied for £	Suggested Relief %	Potential Amount to be borne by NLC £
2	Key Country Foods	Plot 10 Billet Lane Scunthorpe	Factory	213,000	105,009	up to 105,009	Nil	max. 38,853

Key Country Foods Ltd continues to trade and the business rate payments are currently up to date.

The premise is used as a bacon slicing factory employing 335 permanent and 150 agency staff.

The ratepayer has recently lost orders with the Coop and Tesco supermarkets; processing of bacon has fallen from over 500 to 300 tons of bacon per week. This has resulted in the loss of permanent and agency staff jobs. The latest accounts show the company operating at a loss.

The ratepayer has requested rate relief to reduce costs which they state is essential to attract more business and sustain the Scunthorpe site. They are a national company based in North Yorkshire and have recently invested £2.5m in specialist equipment at the Scunthorpe plant.

Key Country Foods Ltd applied for hardship relief in June 2014. The officer's recommendation was accepted and the application was rejected. Since the last application production and the number of employees have fallen, but the officer's recommendation remains the same.

OFFICERS RECOMMENDATION

It is the recommendation of the Council's officers that in this particular case relief is not granted for the following reasons:-

- In comparison to other supply businesses that are having difficulties due to poor trade, there are no extenuating circumstances.
- There is a potential for turnover to improve with new contracts.
- The premise will be available for a new business to operate, providing rate income, if this business closes.