

**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 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 latest forecast of the level of Business Rates Collection and its impact on council finances. In addition the report will present the current level of reliefs granted compared to the budget.

**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 the government estimate 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 council would collect £79.5m, after making a provision for past appeals. This figure is lower than previously estimated due to an increase in the estimated provision for appeals and changes announced in the Autumn Statement. The Government has announced it will provide grant to offset the Autumn Statement changes. After this grant has been taken into account it is estimated that the council will retain £2.3m more than the Government's baseline funding assumption.
- 2.3 The current forecast is that the amount the council will collect is £79.6m. This is around £132k above the level assumed as part of the budget setting process.
- 2.4 The council now funds a proportion of both mandatory and discretionary reliefs. For the level of collection assumed in the budget the council will fund 49% of all reliefs.

- 2.5 This means that the level of NNDR reliefs has a 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, for which temporary discretionary reliefs were created in April in order to access 100% government relief for these categories of business rate payers.
- 2.7 Mandatory reliefs comprise around 98% of all reliefs by value. The forecast is that approximately £276k less reliefs will be granted. The forecast is therefore for an increase in the level of business rates retained by the council of almost £135k. The current forecast, excluding the proposals in this report, is that the level of discretionary relief will be slightly above that originally estimated. Potentially decreasing business rates retention by £3k. The details are shown in Appendix A.
- 2.8 The Policy Committee agreed the legal position and administrative practices for dealing with rate relief 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 2013/14 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 three new applications for rate 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 £3,074.

## **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 conflict of interests 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 latest position for 2014/15 on business rate collection and reliefs.

DIRECTOR OF POLICY AND RESOURCES

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Date: 10<sup>th</sup> June 2014

### **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

2014/15	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	1,135,027	1,211,395	76,368	556,163	593,584	37,421
Charitable Relief	1,901,337	1,983,492	82,155	931,655	971,911	40,256
Community Amateur Sports Clubs	34,964	35,234	270	17,132	17,265	133
Rural premises	24,983	21,019	-3,964	12,242	10,299	-1,943
Partial Occupancy	400,000	32,975	-367,025	196,000	16,158	-179,842
Empty Property	2,706,148	2,641,765	-64,383	1,326,013	1,294,465	-31,548
<b>Total Mandatory</b>	<b>6,202,459</b>	<b>5,925,880</b>	<b>-276,579</b>	<b>3039205</b>	<b>2,903,682</b>	<b>-135,523</b>
Charity Top-up Relief	70,733	77,845	7,112	34,659	38,144	3,485
Charity Discretionary Relief	75,236	74,325	-911	36,866	36,419	-447
Hardship Relief	0	0	0	0	0	0
Community Amateur Sports Clubs	4,017	4,017	0	1,968	1,968	0
Rural premises	22,704	20,826	-1,878	11,125	10,205	-920
Other Rural premises	2,710	4,662	1,952	1,328	2,284	956
<b>Total Discretionary</b>	<b>175,400</b>	<b>181,675</b>	<b>6,275</b>	<b>85946</b>	<b>89,020</b>	<b>3,074</b>
Grand Total	<b><u>6,377,859</u></b>	<b><u>6,107,555</u></b>	<b><u>-270,304</u></b>	<b><u>3,125,151</u></b>	<b><u>2,992,702</u></b>	<b><u>-132,449</u></b>

## Appendix B

### HARDSHIP RELIEF

Item Number	Ratepayer	Address	Property Description	RV £	2014/15 Rates £	Relief Applied for £	Suggested Relief %	Potential Amount to be borne by NLC £
1	Key Country Foods	Plot 10 Billet Lane Scunthorpe	Factory	213,000	102,666	102,666	Nil	50,306
2	Smartsub	62 High Street Scunthorpe	Shop	41,500	19,003	19,003	Nil	9,311

#### 1 – Key Country Foods Ltd

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 350 permanent and 150 agency staff.

The ratepayer has recently lost orders with the Coop and Tesco supermarkets; processing of bacon has fallen from 600 to 400 tons of bacon per week. This has resulted in the loss of agency staff jobs with the possibility of permanent staff becoming redundant.

### 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.

2 – Smartsb Ltd

Smartsb Ltd continues to trade and the business rate payments are currently up to date.

The premise is used as a sandwich shop employing 2 full time and 4 part time staff.

The ratepayer's accounts show a loss and a small profit in the last two financial years.

## **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 shops that close due to poor trade, there are no extenuating circumstances.
- The ratepayer has recently received assistance from the Council in the form of £1,000 retail rate relief.

## **CHARITY/NON PROFIT**

<b>App No.</b>	<b>Ratepayer</b>	<b>Property Address</b>	<b>Mandatory Charity 80% Rural 50%</b>	<b>R V £</b>	<b>PR N</b>	<b>Suggested Relief %</b>	<b>Amount borne by NLC £</b>
7/14	Alzheimers Society	Unit 21 Dunlop Way Scunthorpe	80%	8,100	ND440281243	5%	1,227.87