

NORTH LINCOLNSHIRE COUNCIL

**CABINET MEMBER
POLICY AND RESOURCES**

**NATIONAL NON-DOMESTIC RATE RELIEF APPLICATIONS AND MONITORING
2013/14**

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 To decide the level of discretionary National Non-Domestic Rate (NNDR) relief to be awarded to ratepayers in North Lincolnshire. New rate relief applications for the years 2013/14 and 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 presents the current level of reliefs granted compared to the budget.

2. BACKGROUND INFORMATION

- 2.1 From April 2013 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 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 Government estimated that the council would collect £78.4m in Business rates. The Council assumption built into the 2013/14 budget was that the council would collect £81.1m and would retain almost £1m of the increase (see Appendix A).
- 2.3 The current forecast is that the amount the council will collect is £84.1m. This is around £3m above the level assumed as part of the budget setting process. If this level of collection is maintained at the financial year end a surplus of £1.0m should be achieved on the Council's share, which must be applied in setting the 2014/15 budget. Included in the forecast surplus is £0.16m of Business Rates relating to renewable energy.
- 2.4 The scheme under which NNDR reliefs were funded also changed in April 2013. Before this date the Government funded 100% of the mandatory reliefs. The government also funded 75% of

discretionary reliefs and 25% of top-up relief. From April councils now fund a proportion of both mandatory and discretionary reliefs. For the level of collection 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 £0.47m less reliefs will be granted. The forecast is therefore for an increase in the level of business rates retained by the council of approximately £0.17m. This is included in the £1.0m surplus forecast above. The current forecast, excluding the proposals in this report, is that the level of discretionary relief will be below that originally estimated. Potentially increasing business rates retention by £0.02m. The details are shown in Appendix B.
- 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 2012/13 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 C, shows three new applications.
- 3.2 Option 1 – Award the recommended level of discretionary relief, shown on the attached schedule, appendix C. 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 £3,865.

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 2013/14 on business rate collection and reliefs.

DIRECTOR OF POLICY AND RESOURCES

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Date: 14th January 2014

Background Papers used in the preparation of this report

Local Government Finance Act 1988

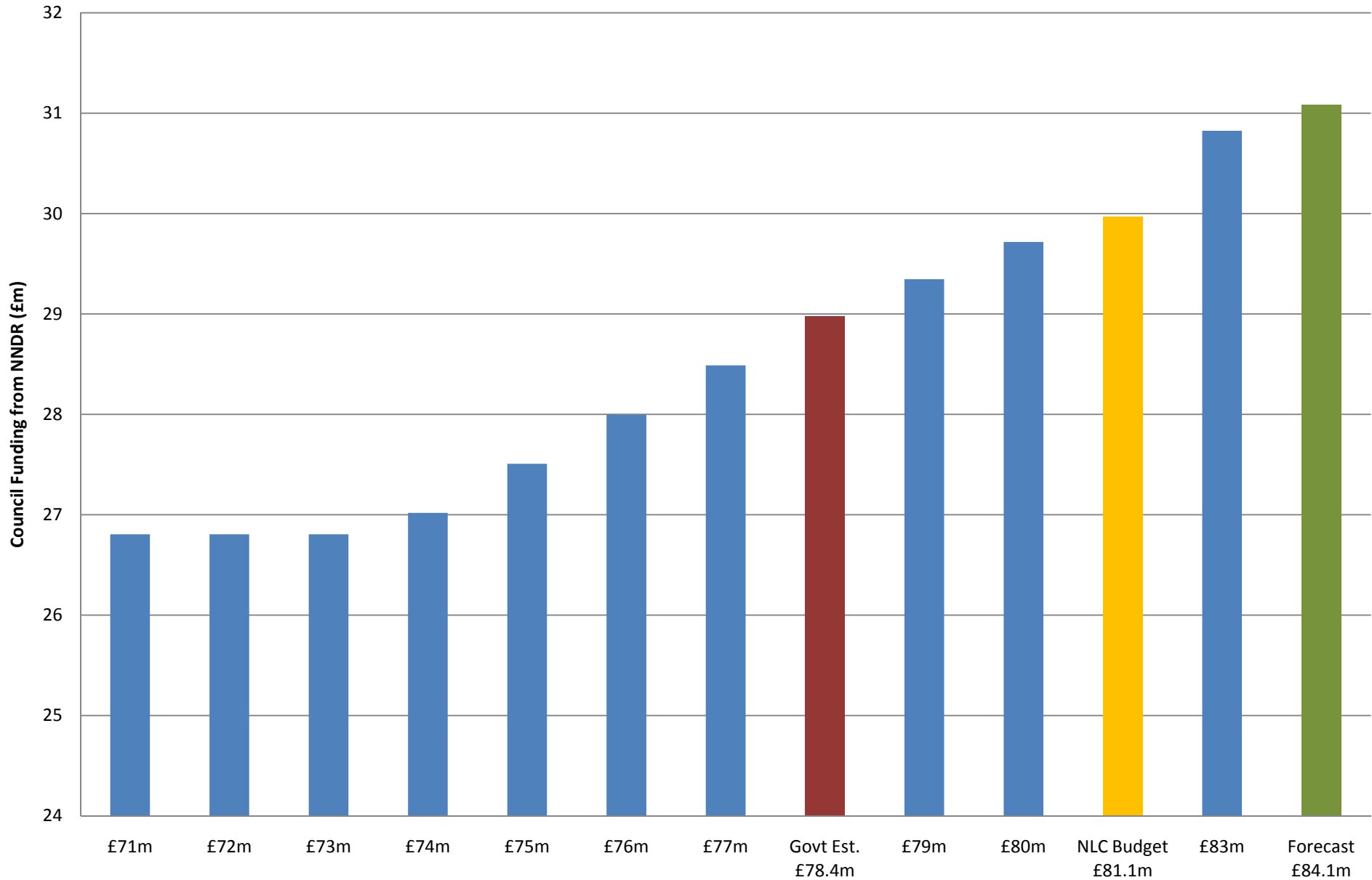
Application Forms

Cabinet Member Report 25 May 2012

Local Government and Rating Act 1997

Appendix A

Council Funding (£m) from NNDR by collection level



Appendix B

2013/14	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	1,243,661	1,110,500	-133,161	459,533	410,330	-49,203
Charitable Relief	1,875,690	1,824,566	-51,124	693,068	674,178	-18,890
Community Amateur Sports Clubs	33,337	33,837	500	12,318	12,503	185
Rural premises	26,115	23,385	-2,730	9,649	8,640	-1,009
Partial Occupancy	600,000	111,915	-488,085	221,700	41,353	-180,347
Empty Property	3,223,402	3,432,554	209,152	1,191,047	1,268,329	77,282
Total Mandatory	7,002,205	6,536,757	-465,448	2,587,315	2,415,332	-171,983
Charity Top-up Relief	70,234	68,698	-1,536	25,951	25,383	-568
Charity Discretionary Relief	77,037	20,159	-56,878	28,465	7,449	-21,016
Community Amateur Sports Clubs	3,719	3,843	124	1,374	1,420	46
Rural premises	22,182	23,182	1,000	8,196	8,565	369
Other Rural premises	5,397	1,784	-3,613	1,994	659	-1,335
Total Discretionary	178,569	117,666	-60,903	65,980	43,477	-22,503
Grand Total	<u>7,180,774</u>	<u>6,654,423</u>	<u>-526,351</u>	<u>2,653,295</u>	<u>2,458,809</u>	<u>-194,486</u>

Appendix C

App No.	Ratepayer	Property Address	Mandatory Charity 80% Rural 50%	R V £	PR N	Suggested Relief %	Amount borne by NLC £
<u>APPLICATIONS</u>							
CHARITY/NON PROFIT							
13/13		Playing Field & Prens Newport Drive, Winterton,	Playing Field & Prem - Newport Drive, Winterton, Scunthorpe, DN15 9RG	Y Y	21,250 21,250	ND400809000 ND400809000	20 20
	RURAL	Winterton Playing Fields Assoc					
15/13	& Mrs J Harrison	Mr Public House Thornton Road Wootton		N	12,500	ND4110090120	55 1,175
TOTAL							3,865