

NORTH LINCOLNSHIRE COUNCIL

**POLICY AND RESOURCES
CABINET MEMBER**

**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 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 will present 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 (see Appendix A).
- 2.3 The current forecast is that the amount the council will collect is £81.8m. This is around £0.7m 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 £0.26m should be achieved. A surplus of £0.01m was estimated in January 2014 and this was used in setting the 2014/15 budget. Any variance between the surplus used in the budget and outturn will be carried forward and will be used in the 2015/16 budget.

- 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 There has been an increase in the level of empty property relief granted due to the flooding caused by the tidal surge in December 2013. The figure in the appendix assumes that the relief will continue until the end of the financial year. If businesses reoccupy their sites before year end the amount of relief granted will reduce.
- 2.7 Mandatory reliefs comprise around 98% of all reliefs by value. The forecast is that approximately £0.15m less Mandatory reliefs will be granted. 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 forecast is therefore for an increase in the level of business rates retained by the council of almost £0.17m. This is included in the £0.26m surplus forecast above. 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 six 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 £6,508.

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 known conflicts 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.

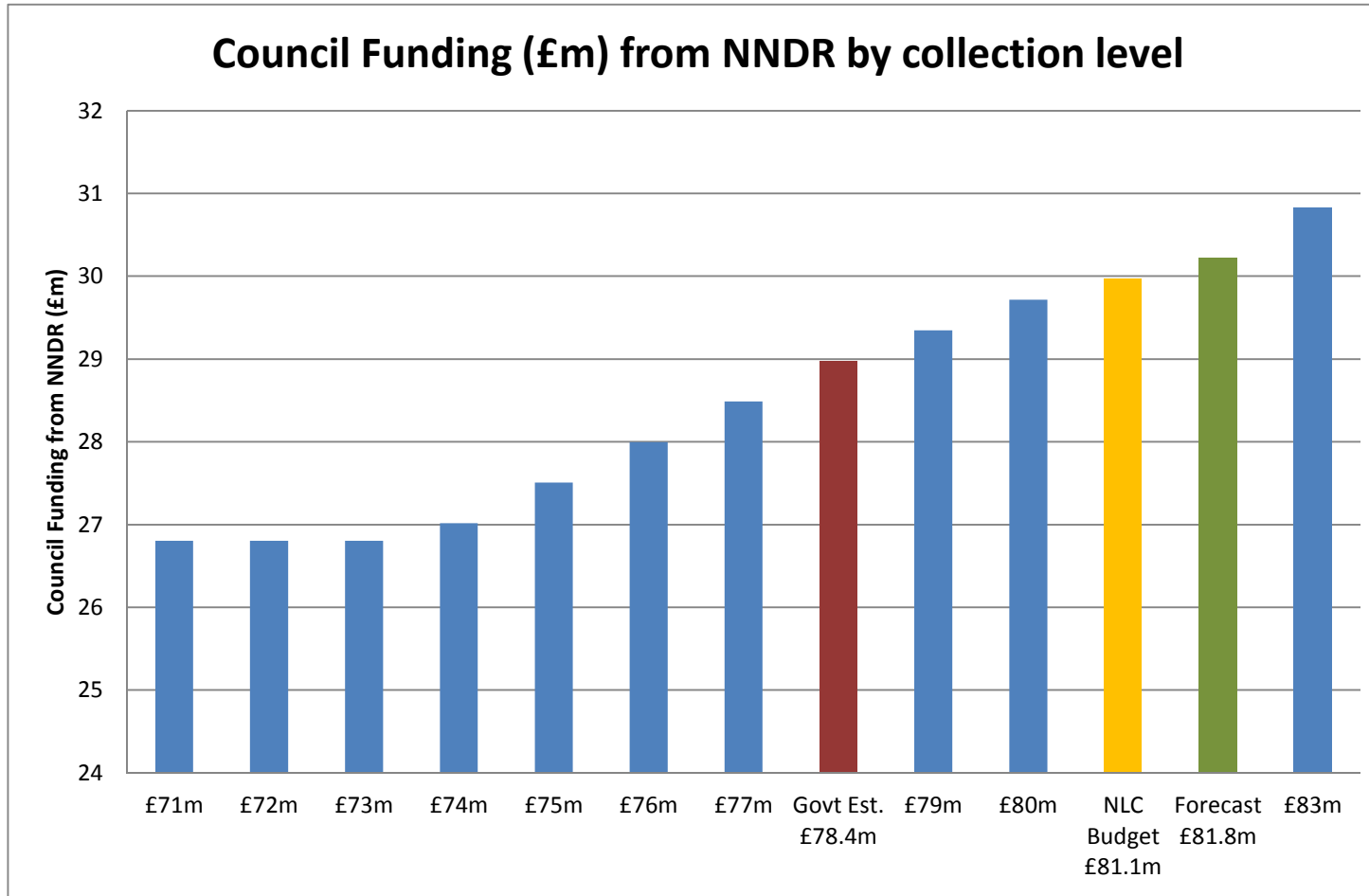
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Background Papers used in the preparation of this report

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

Appendix A



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	1,194,280	-49,381	459,533	441,884	-17,649
Charitable Relief	1,875,690	1,795,191	-80,499	693,068	664,221	-28,847
Community Amateur Sports Clubs	33,337	33,898	561	12,318	12,542	224
Rural premises	26,115	22,438	-3,677	9,649	8,302	-1,347
Partial Occupancy	600,000	116,138	-483,862	221,700	42,971	-178,729
Empty Property	3,223,402	3,433,493	210,091	1,191,047	1,270,392	79,345
Total Mandatory	7,002,206	6,595,438	-406,768	2,587,315	2,440,312	-147,003
Charity Top-up Relief	70,234	71,715	1,481	25,951	26,535	584
Charity Discretionary Relief	77,037	19,123	-57,914	28,465	7,076	-21,389
Community Amateur Sports Clubs	3,719	3,859	140	1,374	1,428	54
Rural premises	22,182	23,219	1,037	8,196	8,591	395
Other Rural premises	5,397	5,494	97	1,994	2,033	39
Total Discretionary	178,568	123,410	-55,158	65,980	45,662	-20,318
Grand Total	<u>7,180,774</u>	<u>6,718,849</u>	<u>-461,925</u>	<u>2,653,295</u>	<u>2,485,974</u>	<u>-167,321</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							
12/13	Voluntary Action North Lincolnshire	169-173 High Street, Scunthorpe	Y	44,250	ND440269863	15	722.55
16/13	Lodge Moor Community Association	The Minster Centre, Minster Road, Scunthorpe	Y	7,300	ND445001165	20	1,272.17
18/13	Sue Ryder Ltd	Unit, 6 Holyrood Drive, Skippingdale Ind Est, Scunthorpe,	Y	26,500	ND445001671	0	1,407.08
19/13	Directions Dance	Directions Dance, 45a, Newdown Road, Bottesford,	N	18,000	ND074400463	85	2,001.58
20/13	Crosby United Junior Football Club	Crosby United Junior Football Club, Foxhills Sports Gnd Scunthorpe	Y	700	ND445001602	20	28.40
21/13	KLASSIC	Klassic Field, Ings Road, Kirton Lindsey,	Y	8,600	ND232000010	15	1,066.58
						TOTAL	6,508.36