

WREKIN COUNCIL

RESOURCES AND ASSETS CORPORATE BOARD 17 FEBRUARY 1998

SCHEME PROVIDING FOR RELIEF FROM NATIONAL NON-DOMESTIC RATES IN RURAL SETTLEMENTS (VILLAGE SHOP RATE RELIEF SCHEME)

REPORT OF THE HEAD OF FINANCE

SUMMARY REPORT

As from 1st April 1998 a new business rate relief scheme will come into effect which provides for certain rural businesses to be awarded relief from paying business rates. The attached report provides information with regard to the background and the legislation in respect of the scheme.

Certain areas in the Wrekin district have been designated (by legislation) as either rural or partly rural. The authority has to define rural settlements within these rural areas. Each settlement must have a population of less than 3,000. The authority is then required to publish a rural settlement list, defining the rural settlements within its boundaries. (See Appendix A).

The rate relief that can be awarded falls into two categories; mandatory and discretionary relief.

Mandatory relief can be awarded to any sole post office and/or general store within a rural settlement, provided that the property has a rateable value of less than £5,000. Mandatory relief is limited to 50% of the rates payable.

Discretionary relief can be awarded to any business property within a rural settlement provided that the rateable value of the property is less than £10,000 and the business concerned is beneficial to the local community. The authority must also take into account the interests of the Council Tax payers of the area when considering an application. Discretionary relief can be awarded up to 100% of the rates payable.

Members should be aware that there is a cost implication to the authority of granting discretionary relief. 25% of any discretionary relief awarded must be funded by the authority.

In accordance with Government guidelines criteria for awarding discretionary relief have been drawn up.

Members are required to:-

- Approve the rural settlement list
- Approve the suggested guidelines for awarding discretionary relief
- Approve the suggested delegation of decision making in respect of applications for relief

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REPORT OF THE HEAD OF FINANCE

1 PURPOSE

- 1.1 To seek approval for the proposed guidelines for granting of discretionary relief in respect of the National Non-Domestic Rate (NDR) relief scheme for hereditaments in rural areas.
- 1.2 To seek approval for the delegation of decision making in respect of the discretionary relief to the Head of Finance or his nominated staff.

2. BACKGROUND

- 2.1 The Local Government and Rating Act 1997 received Royal assent in March 1997. This Act contains provisions related to the introduction of a new rate relief scheme for hereditaments in rural settlements.
- 2.2 Regulations which are required to bring the provisions of the Act fully into force have now been made. The relevant regulations are: The Local Government and Rating Act 1997 (Commencement No.2) Order 1997 (No. 2751), The Non-Domestic Rating (Rural Settlements) (England) Order 1997 (No. 2792), The Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the West Midlands) Order 1997 (No. 620) and The Council Tax and Non-Domestic Rating (Demand Notices)(England)(Amendment)(Rural Rate Relief) Regulations 1998 (No. 47)

3 RURAL SETTLEMENTS

3.1 Legislation

The Local Government and Rating Act 1997 provides that rural settlements will be those which:-

- 3.1.1 appear to the relevant billing authority to have a population of no more than 3,000 on 31 December before the financial year in question; and
- 3.1.2 in that financial year, are wholly or partially within an area designated by the Secretary of State by order as a rural area.
- 3.1.3 The Regulations adopt, in general, those areas designated as rural for the purposes of the Right to Acquire scheme for housing association tenants for the purposes of the village shop rate relief scheme. The designated areas contain only settlements of 3,000 people or less.
- 3.1.4 These areas are designated for the West Midlands by The Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the West Midlands) Order 1997 No. 620. Where parishes contain a mix of rural and non-rural areas the boundaries within these parishes are defined by maps.

- 3.1.5 For the NNDR relief scheme the regulations designate the whole parish in these “mixed” parishes. Billing authorities will then have to designate those settlements within those parishes which have a population of up to 3,000 to which the relief scheme will apply.
- 3.1.6 Provided a settlement is partly within a designated rural area a business within the settlement but outside of the rural area will be eligible for relief.
- 3.1.7 All settlements within a parish designated as being entirely within a rural area have a population of not more than 3,000. Parishes within the Wrekin area that have been designated as entirely rural are:-

Chetwynd Aston & Woodcote	Chetwynd
Edgmond	Ercall Magna
Eyton Upon The Weald Moors	Kynnersley
Lawley & Overdale	Little Wenlock
Preston Upon The Weald Moors	Rodington
The Gorge	Tibberton & Cherrington
Waters Upton	Wrockwardine

- 3.1.8 Parishes within the Wrekin area that have been designated as partly rural are:-

Church Aston	Hadley
Lilleshall & Donnington	

- 3.1.9 In accordance with the Regulations, Wrekin Council published a draft rural settlement list, taking into account all the aforementioned criteria. A copy of this list is attached at Appendix A.
- 3.1.10 In compiling the Rural Settlements List for the Wrekin District care has been taken to ensure that boundaries of settlements have been drawn as widely as possible. This ensures that the maximum number of rural hereditaments are at least able to apply for relief. However, care has also been taken not to draw boundaries so widely as to prejudice the awarding of mandatory relief to sole post offices and/or general stores within the settlements.

4 MANDATORY AND DISCRETIONARY RELIEF

- 4.1 Mandatory Relief will apply to any sole post office and/or sole general store in a qualifying settlement. The rateable value threshold is £5000. Mandatory relief is limited to 50% of the rates payable for the relevant year.
 - 4.1.1 A Post Office is defined as a hereditament, or part of a hereditament, used for the purposes of the Post Office (within the meaning of the Post Office Act 1953).
 - 4.1.2 A General Store is defined as a hereditament, or part of a hereditament, used in a trade or business consisting wholly or mainly of the sale by retail of both food for human consumption (excluding confectionery) and general household goods.
- 4.2 The legislation has determined that there will be a discretionary element to the relief scheme. This provides that Billing Authorities may decide to grant relief, provided that a property is in a qualifying settlement and is used for purposes which are of benefit to the local community and it is reasonable for the billing authority to make such a decision having regard to the interests of persons liable to pay council tax set by it. The rateable value threshold for discretionary relief is £10,000.
- 4.3 Discretionary relief may be granted up to 100% of rates payable for the relevant year. The relief may be applied to properties which fall outside the definition of sole rural post offices or general stores. It may also be awarded to top up mandatory relief to 100% of rates payable for a relevant year.

5 FUNDING OF MANDATORY AND DISCRETIONARY RELIEF

- 5.1 The full cost of awarding 50% mandatory relief will be offset against payments to the NNDR pool.
- 5.2 The billing authority will fund 25% of any discretionary relief granted.
- 5.3 Assuming during 1998/99 that all cases likely to qualify for the 50% mandatory relief are also granted 50% discretionary relief this is likely to result in a total cost in the order of £2,500 to the authority. As indicated above this figure represents 25% of the discretionary element.

6 WREKIN AREA - ELIGIBILITY FOR MANDATORY RELIEF

- 6.1 In view of the intention of the then Government to introduce the village shop rate relief scheme, at the General Purposes Sub Committee meeting of 10 July 1996, it was agreed that applications for Relief under Section 49 (hardship provisions) of the Local Government Finance Act 1988 from village stores and post offices would be received favourably.
- 6.2 Full Rate relief has been granted in accordance with this decision in relation to the following properties:-

<u>Property</u>	<u>Rateable Value</u>
The Stores, High Ercall	£2,000
Toll Gate House, High Ercall	£ 325
Village Stores, Edgmond	£1,675
16, Shrewsbury Road, Edgmond	£ 780
The Stores, Tibberton	£3,450
19, Tibberton	£1,275
Anville Stores, Hillside, Lilleshall	£1,600
Post Office, Village Hall, Rodington	£ 500
Shop at Lion Inn, Waters Upton	£1,025

Ratepayers at the above properties will be eligible to apply for mandatory relief under the new scheme. A decision has to be taken as to whether discretionary relief will also be granted to sole post offices and/or village stores.

7 DISCRETIONARY RELIEF GUIDELINES

- 7.1 Wrekin Council should establish guidelines for dealing with applications for discretionary relief for businesses applying for discretionary rate relief in rural areas. It is suggested that the following should apply.
- 7.2 Guidelines:-
- 7.2.1 Entitlement to relief will only be considered by application on a standard application form.
- 7.2.2 Each case will be dealt with individually and decided on its merits.
- 7.2.3 Every decision with regard to relief shall refer to the legislation which provides that "discretionary relief may be granted provided that a property is in a qualifying settlement and it is used for purposes which are of benefit to the local community and it is reasonable for the billing authority to make such a decision having regard to the interests of persons liable to pay council tax set by it."
- 7.2.4 In the case of sole post offices and/or village stores discretionary relief of 50% will be used to top up the mandatory relief, provided that there is not another post office or village store which is easily accessible to the residents of the local community.

- 7.2.5 Every applicant for discretionary relief must state how, in their opinion, the business benefits the local community.
- 7.2.6 The following should be taken into account when deciding whether discretionary relief should be awarded to any other rural business:-
- 7.2.6.1 Whether the business concerned employs a significant number of employees who are resident in the rural settlement in which the business is located.
 - 7.2.6.2 How many suppliers of the service there are in the appropriate rural settlement
 - 7.2.6.3 Whether there are any other suppliers of the service concerned which are easily accessible to residents within the rural settlement.
 - 7.2.6.4 In determining an application, the Authority should give some consideration to the financial viability of the business concerned, thereby having regard to the interests of the council taxpayers in general balanced by the detrimental effect on the rural community should the business have to close if relief were not granted.

8 DELEGATION OF DECISION MAKING

- 8.1 Members should decide whether entitlement to mandatory and discretionary relief will be determined by the Policy Board or whether the decision making can be delegated to officers.
- 8.2 With regard to 8.1 Members should be aware that applications in respect of charitable relief (both mandatory and discretionary) are currently determined by officers.

9 RECOMMENDATIONS

- 9.1 That the proposed guidelines for the granting of mandatory and discretionary relief for rural businesses be approved.
- 9.2 That members delegate the determination of applications to appropriate officers.
- 9.3 That members approve the draft rural settlement list

REPORT PREPARED BY
TELEPHONE NUMBER

John Evans, Revenues Manager
01952 203006