

BABERGH DISTRICT COUNCIL

FROM: Head of Customer Services

REPORT NUMBER **F151**

TO: STRATEGY COMMITTEE

DATE OF MEETING: 11 January 2007

RATE RELIEF – LOCAL GOVERNMENT FINANCE ACT 1988 AND ASSOCIATED ISSUES

1. **SUMMARY**

The report deals with three issues.

The Council's rural settlement list has been reviewed. No changes are felt to be necessary and it is recommended that the areas defined for 2006/07 remain in force during 2007/08.

It is proposed that the Council's rate relief policy is reviewed during 2007 and to facilitate the review, notice is given to certain categories of ratepayers, terminating any discretionary relief currently granted from 31 March 2008. Subject to the outcome of the review the new scheme would come into effect on 1st April 2008.

Recent changes in the licensing laws have created inconsistencies in the application of the Council's current rate relief policy. Six ratepayers are affected. Action is required to regularise the situation in 2007/08 pending completion of the review mentioned above. This has a minor budget implication of £945.

2. **RECOMMENDATIONS**

- 2.1 That the rural settlement list attached as Appendix A is approved for use in 2007/8.
- 2.2 That, with the exception of post offices, notice is given to all the other ratepayers currently receiving discretionary rate relief, terminating that assistance from 31 March 2008.
- 2.3 That discretionary rate relief is awarded to the six public houses listed in Appendix B up until 31 March 2008.
- 2.4 That the Overview and Scrutiny (Stewardship) Committee be requested to complete a review of the Council's rate relief policy during 2007.

The Committee is able to resolve these matters.

3. **FINANCIAL IMPLICATIONS**

- 3.1 There is no impact upon budgets in relation to the adoption of the rural settlement list for 2007/8, or the policy review proposed during 2007.
- 3.2 Addressing the inconsistency, which would otherwise occur in 2007/8, in relation to the size ratepayers affected by changes in the licensing laws, it is estimated, will cost an additional £945 during 2007/08 which is 25% of the rate relief granted.

4. **RISK MANAGEMENT**

- 4.1 There are no significant corporate or operational risks associated with the recommendations.

5. **KEY INFORMATION**

Rural Settlement List

- 5.1 The Council is required to conduct an annual review of the rural settlement list it uses for the purposes of awarding mandatory and discretionary rate relief, under sections 42A(1), 43 and 47 of the Local Government Finance Act 1988, to confirm that the list remains appropriate for the coming financial year.
- 5.2 The criteria for inclusion on the list is effectively self regulating, as it requires a population of less than 3,000 and specific designation as a “rural area” to potentially qualify as a “rural settlement”. The Council can, however, sub-divide and amalgamate rural areas, when determining “rural settlements”.
- 5.3 The rural settlements defined in that list still have estimated populations of less than 3,000 and the topography of those areas remains unchanged. There is no prospect of this situation changing prior to 31 March 2007.

Policy Review

- 5.4 The Council’s rate relief policy was last reviewed in February 2005.
- 5.5 Since then the Government has made a number of detailed legislative changes. Although any issues arising from those changes have been addressed and resolved, a rationalisation of the overall scheme is necessary to ensure that the Council is consistent in the support it offers and the range of ratepayers or organisations covered by any rate relief scheme.
- 5.6 A new Council will take office in May 2007. Consequently it is suggested that the summer of 2007 is an ideal point in time to review and consolidate the Council’s rate relief policy. That work would then inform the Council’s service and financial planning process for 2008/09.
- 5.7 However any variation in relief requires a year’s notice prior to the commencement of the year to which it relates. Consequently notice given after the 31st March 2007 will not take effect until 31 March 2009.
- 5.8 In order to give the Council a quicker, more flexible approach to the proposed review it is therefore suggested that with the exception of post offices, notice is now given to all other ratepayers receiving discretionary rate relief, terminating that support from 31st March 2008. This is purely a protective measure and does not mean that relief will definitely cease on that date. The new policy agreed and approved during 2007 would be effective from 1 April 2008.
- 5.9 Post Offices are excluded, simply to reflect the Council’s current stance on keeping that facility available, as far as possible, in local communities.

The Licensing Act 2003 – Rate Relief

- 5.10 Public houses receive rate relief where the rateable value is below certain limits and possesses a full “on licence”. In that context, they can often be a social gathering point for rural communities which is the reason rate relief is currently granted.
- 5.11 As the result of changes in the licensing laws, community centres, restaurants, clubs, village halls and some schools now possess an identical licence to a public house.
- 5.12 Where that conflict occurs in a rural settlement the public house concerned is no longer eligible for rate relief, despite the fact that the “competing” premises are not accessed in the same way (membership of the organisation is inevitably linked to access) and may themselves receive rate relief for an entirely different reason.
- 5.13 The DCLG are aware of the anomaly but, at the present time there is no clear intention to address the issue. Resolving that conflict, is therefore a key driver for the recommendation that the Overview and Scrutiny Committee (Stewardship) review the Council’s rate relief policy during the summer of 2007.
- 5.14 The Overview and Scrutiny Committee (Community Services) work programme for 2007 already includes the issue of developing sustainable communities and a maintaining a vibrant local economy. A review of rate relief will support and complement that work
- 5.15 Action is however required in the short term to avoid injustice and any distortion of the present situation pending completion of the work, by both committees, on what is a significant issue for the district.
- 5.16 For that reason it is proposed that for the six premises shown in Appendix B discretionary rate relief is granted for 2007/08 to maintain existing levels of support. However, in line with the proposal mentioned previously, the ratepayers concerned are also given notice that this will apply for one year only and will cease on 31 March 2008, when revised arrangements may or may not take effect. This will assist them with the transition to what may be a different rate relief environment in 2008/9 and in the meantime maintain the Council’s commitment to support rural communities.
- 5.17 Although this represents an additional £945 in the cost of rate relief for 2007/08 as the situation stands, fluctuations of that amount can occur in normal business. Consequently budgetary provision is not an immediate issue of concern.

6. APPENDICES

- (a) Rural Settlement List
- (b) List of Public Houses

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BABERGH DISTRICT COUNCIL

VILLAGE SHOPS – RATE RELIEF

RURAL SETTLEMENT LIST

In accordance with Section 42A of the Local Government Finance Act 1988 (as amended by Schedule 1 of the Local Government and Rating Act 1997) the Council hereby gives notice of the rural settlements it intends to use, as from 1 April 2007, for the purposes of mandatory and discretionary rate relief, under Section 43 (6B) and Section 47 (3A) of the Local Government Finance Act 1988.

Those rural settlements are defined as:

The civil parishes of Acton, Aldham, Alpheton, Arwarton, Assington, Belstead, Bentley, Bildeston, Boxford, Boxted.

Brantham: That part of the civil parish of Brantham lying north of O.S. Reference TM 105335.

Brantham, Cattawade:
That part of the civil parish of Brantham lying south of O.S. Reference TM 105335.

The civil parishes of Bures St Mary, Brent Eleigh, Brettenham, Burstall, Capel St Mary, Chattisham, Chelmondiston, Chelsworth, Chilton.

Cockfield, Great Green:
That part of the civil parish of Cockfield lying north east of O.S. Reference TL 910540.

Cockfield, Cross Green
That part of the civil parish of Cockfield lying north south west of O.S. Reference TL 910540.

Cockfield, Stow's Hill
That part of the civil parish of Cockfield lying south of O.S. Reference TL 910540.

The civil parishes of Copdock & Washbrook, Little Cornard.

East Bergholt, East End:
That part of the civil parish of East Bergholt lying east of O.S. Reference TM 090350.

East Bergholt:
That part of the civil parish of East Bergholt lying west of O.S. Reference TM 090350.

The civil parishes of Edwardstone, Elmsett, Freston, Groton, Harkstead, Hartest, Higham, Hintlesham, Hitcham, Holbrook, Holton St Mary, Kersey, Kettlebaston, Lavenham, Lawshall.

Lower Layham:

That part of the civil parish of Layham lying on the south west of O.S. Reference TM 033405.

Upper Layham:

That part of the civil parish of Layham lying on the north east of O.S. Reference TM 033405.

Harrow Street, Leavenheath:

That part of the civil parish of Leavenheath lying on the north east of O.S. Reference TL 950370.

Honey Tye, Leavenheath:

That part of the civil parish of Leavenheath lying on the south of O.S. Reference TL 950370.

The civil parish of Lindsey.

Long Melford, Bridge Street:

Those parts of the civil parishes of Alpheton, Lavenham and Long Melford lying within a mile radius of O.S. Reference TL 879491.

The civil parishes of Milden, Monks Eleigh, Nayland with Wissington, Nedging with Naughton, Newton.

Polstead, Bower House Tye:

That part of the civil parish of Polstead lying on the north west of O.S. Reference TL 990400.

Polstead, Polstead Heath:

That part of the civil parish of Polstead lying on the north east of O.S. Reference TL 990390.

Polstead: That part of the civil parish of Polstead lying on the south of O.S. Reference TL 990390.

The civil parishes of Preston St Mary, Raydon, Semer, Shelley, Shimpling, Somerton, Sproughton, Stanstead, Stratford St Mary, Stutton.

Shotley, Shotley Gate:

The civil parish of Shotley but excluding that part served solely by the B1456 and lying beyond and including Over Hall, Shotley.

Shotley: That part of the civil parish of Shotley served solely by the B1456 including and lying beyond Over Hall, Shotley.

Stoke-by-Nayland:

The civil parish of Stoke by Nayland but excluding that part known as Thorington Street, which is defined as lying East of O.S. Reference TM00.

Stoke-by-Nayland, Thorington Street:

The hamlet of Thorington Street, Stoke by Nayland being that part of Stoke by Nayland lying East of O.S. Reference TM00.

Tattingstone White Horse:

That part of the civil parish of Tattingstone lying on the north of O.S. Reference TM 137375.

Tattingstone: That part of the civil parish of Tattingstone lying on the south of O.S. Reference TM 137375.

The civil parishes of Thorpe Morieux, Great Waldingfield, Little Waldingfield, Wattisham, Great Wenham, Little Wenham, Whatfield, Wherstead and Woolverstone.

Appendix B

Public Houses affected by The Licensing Act 2003 (Consequential Amendment)(Non-Domestic Rating)(Public Houses in England) Order 2006

2006/2007				
Public House	Relief Granted	Mandatory Relief(£'s)	Discretionary Relief(£'s)	Total(£'s)
The Crown, Cattawade	100 Discretionary	0	4,352.79	4352.79
Three Horseshoes, Bures	50 / 50	1,169.10	1,169.10	2338.2
White Horse, Capel St Mary	100 Discretionary	0	4,180.77	4180.77
Royal Oak, East End, East Bergholt	50 / 50	1,082.50	1,082.50	2165
White Horse, Hitcham	50 / 50	1,163.69	1,163.69	2327.375
Six Bells, Preston St Mary	50 / 50	364.97	£364.97	729.94
	Total	3,780.26	12,313.82	16094.08
	Babergh Cost 25% of discretionary Govt. contribution(75%)	0.00	3,078.45	9,235.37
	Estimated cost of replacing mandatory relief with discretionary relief.		945.07	2835.19
			4023.52	12070.56