



## **BARGOED TOWN CENTRE MANAGEMENT GROUP – 5TH NOVEMBER 2008**

**SUBJECT:       HARDSHIP RELIEF – BUSINESS RATES**

**REPORT BY:    HEAD OF CORPORATE FINANCE**

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### **1.       INTRODUCTION**

- 1.1    The usual remedy where a business believes it is suffering from trade disruption caused by building works in the surrounding area is to seek a reduction in the rateable value of the premises by completing an appeal form issued by the Valuation Office (part of the Inland Revenue). The Valuation Office is responsible for determining the rateable value of all business premises. They will decide whether an appeal is successful and, if so, determine how much reduction to allow, based on the circumstances of each case.
- 1.2    Further to the above, which would be the normal course of action, in exceptional circumstances, the Authority can grant rate relief due to hardship.
- 1.3    The Authority has limited resources to allocate in respect of hardship and there must be a clear and justifiable case, that would then be consistently applied. Hence prior to considering any situation all of the 3 criteria below must be satisfied.
  - (a)    that the ratepayer would suffer real hardship; and
  - (b)    that it is in the wider interests of the community generally (i.e. the Authority's council tax payers) for the relief to be made available. In other words, would the award of relief benefit council tax payers?
  - (c)    Is the business considered to be essential for the local community?

### **2.       BARGOED DEVELOPMENT**

- 2.1    Approaches have been made to the Authority in respect of hardship relief for Traders in Bargoed where a large scale development is potentially adversely affecting businesses.
- 2.2    A letter was sent to Councillors representing the wards in the area identifying criteria that would need to be satisfied and the problem facing the Authority of trying to determine loss of trade due to the 'credit crunch' and loss of trade due to the development.
- 2.3    Andrew Highway was able to provide footfall figures for Bargoed, Blackwood and Caerphilly for the period 31<sup>st</sup> March 2008 to 26<sup>th</sup> May 2008 (period 1 – prior to the development June 08) and the period 2<sup>nd</sup> June 2008 to 18<sup>th</sup> August 2008 (period 2 after the development had commenced). The data for these 2 periods were compared to the data for the same periods in the previous year.

2.4 Below is an analysis of this data.

	<b>Period 1 % change 2007 to 2008</b>	<b>Period 2 % change 2007 to 2008</b>
Bargoed	- 4	- 12
Blackwood	- 5.3	- 4.4
Caerphilly	- 6.4	- 6.4

2.5 From the above it can be demonstrated that footfall was pretty stable or slightly improved in Blackwood and Caerphilly over the 2 periods, but Bargoed is showing a footfall reduction 3 times greater in period 2 than period 1. It could be concluded that this is a consequence of the extensive development in the area.

### **3. PROPOSAL TO SUPPORT HARDSHIP FOR BARGOED TRADERS**

3.1 Based on the analysis of the reduction in footfall and the extent of the development in the town over a period estimated at 5 years, this is the largest regeneration project ever undertaken by the Authority. It is proposed to support Bargoed Traders, in Upper High Street, Hanbury Road and High Street in respect of hardship relief for a period of 1 year commencing 1st April 2008. The support will include:-

- a) Deferral of business rates for 2008/09 for up to 1 year.
- b) A reduction in business rates of 10% for 2008/09 is proposed, if the Trader can evidence a reduction in turnover by more than 5% using the financial year prior to June 2008 compared to the financial year after June 2008 (using nearest Accounting dates i.e. 12 months to March 2008 could be used for previous year).

3.2 A letter from the Trader's Accountants (on letter headed paper and signed by an authorised signatory of the Practice) stating the 2 turnover figures required in b) above, will be sufficient to comply with the requirement to evidence a reduction in turnover. Closure of a business, reduced opening hours, part year trading arrangements will all need to be considered to ensure a consistent basis for company trading prior to and after the development.

### **4. FINANCIAL IMPLICATIONS**

4.1 The total business rates payable in Bargoed for 2008/09 is £512k (excluding non-business i.e. schools). A minimum 10% reduction represents £51k for 2008/09. The Welsh Assembly Government funds 75% of hardship as long as it can be demonstrated that the criteria have been met. Therefore it is estimated that the additional cost to the Authority would be in the region of £12,750. Unspent LAGBI balances could be used to fund this amount.

### **5. DECISION**

5.1 Corporate Management Team agreed to approve 10% hardship relief based on the criteria in the report.