AGENDA ITEM NO. 8(7)

POLICY AND RESOURCES SCRUTINY COMMITTEE - 4TH OCTOBER 2011

SUBJECT: NATIONAL NON-DOMESTIC RATES LIABILITY 2005-2010

REPORT BY: DEPUTY CHIEF EXECUTIVE

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1. PURPOSE OF REPORT

1.1 To inform CMT of the present position as regards the council's liability for National Non-Domestic Rates (NNDR).

2. LINKS TO STRATEGY

2.1 The contents of this report have positive implications on the Council's MTFP.

3. THE REPORT

3.1 Apart from properties that are exempt from Business Rates, each non-domestic property has a rateable value which is normally set by the Valuation Office Agency (VOA). The rateable value broadly represents the yearly rent the property could have been let for on the open market on a particular date. For the revaluation that came into effect on 1st April 2010, this date was set as 1st April 2008. The valuation officer may alter the value if the circumstances of the property have changed. The ratepayer can also appeal against the value shown in the list if they believe it is wrong.

3.2 Corporate Property Officers have been working with GVA Grimley (GVA), a specialist private sector consultant in rating matters, for nearly two years, to reduce the council's liability for national non-domestic rates (NNDR). As a result of that work, a **capital refund of £1.84m** covering the years 2005-2010 is now expected, along with projected revenue savings totalling **£1.52m** for the financial years 2011/12 to 2014/15.

The total saving amounts to £3.36m, netting to £3.09m after deducting external professional costs of £270k.

Capital refunds have already been received in 2009/10 and 2010/11 for Leisure and Schools. Revenue savings have been taken from the budget for 2011/12 for Schools and Leisure Centres.

3.3 This level of achievement is extremely unlikely to be repeated in future years, but it represents an exceptionally good outcome, and officers consider that the partnership with GVA should be maintained, especially as GVA is working on a conditional fee arrangement ("no win – no fee").

3.4 There are two main areas for savings:
[1] Where an assessment appears to be incorrect, and
[2] Where an occupation is, or should be, exempt from liability under the Local Government Finance Act 1988.

3.5 The tables below summarise the present position:

Key Areas of Savings	Capital Refund	Summary Projected Revenue Savings 2011-2015
Tredomen Campus	£667,000	£802,000
Schools	£617,000	£357,000
Other Properties	£302,000	£231,000
Rating List Exemptions	£207,000	£133,000
Estimated gross interest	£48,000	
Totals	£1,841,000	£1,523,000
Gross total	£3,364,000	
Less external fees	£271,000	
Nett total	**£3,093,000**	

Projected Annual Revenue Savings 2011-2015 (detail) *				
2011/12 Savings	2012/13 Savings	2013/14 Savings	2014/15 Savings	
£359,000	£376,000	£388,000	£400,000	
* Future inflation assumed at 2.5%			**Total for period £1,523,000**	

3.6 One of the major areas to be addressed was the liability in respect of the office complex at Tredomen Business Park where liabilities in respect of “The Business & Technology Centre”, “The Innovation & Technology Centre”, “Ty Penallta” and “Ty Tredomen” have been merged into one assessment known as “Tredomen Campus” with estimated savings of £1.469m being made up of a cash refund of £667k and projected total revenue savings of £802k during 2010-2015.

4. FINANCIAL IMPLICATIONS

4.1 The 2005-10 saving represents a cash ‘windfall’ to the council of some £1.84m. Refunds for Schools and Leisure have been received in 2009/10 and 2010/11. These have been accounted for in the authority’s Outturn statements for these years.

4.2 External professional costs of £270k are payable. These have been paid in 2010/11 from capital refunds.

4.3 Revenue budget savings have already been taken in respect of Schools and Leisure Centres, it is proposed that the revenue savings for the Tredomen campus be used to create a building maintenance budget for Ty Penallta, currently no such individual budget exists.

5. PERSONNEL IMPLICATIONS

5.1 There are no direct personnel implications arising from the report.

6. CONSULTATIONS

6.1 Not applicable - report for information only.

7. RECOMMENDATIONS

7.1 That CMT note the report, and future NNDR savings be built into the Council's MTFP and, in particular, a revenue budget item be created for the maintenance of Ty Penallta.

7.2 It is also recommended that any surplus resulting from 7.1 be invested into the Asset Management Capital Strategy to balance the operating shortfall reported to Cabinet at its meeting on the 19th July 2011.

8. REASONS FOR THE RECOMMENDATIONS

8.1 That CMT is aware of the present position as regards the council's liability for National Non-Domestic Rates.

9. STATUTORY POWER

9.1 Not applicable, report for information only.

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Background Papers:
Reports prepared by GVA Grimley, as specialist rating consultant