

Impact of the Localisation of Business Rates



Introductions

- Mark Amson. Business Rates Manager
- Leeds City Council

- Aim: Finance staff are more familiar with rating issues that will impact on the local share retained by Council's. Again, with the intention that they are better able to engage with those in their Council's who can influence assessing and collecting rates

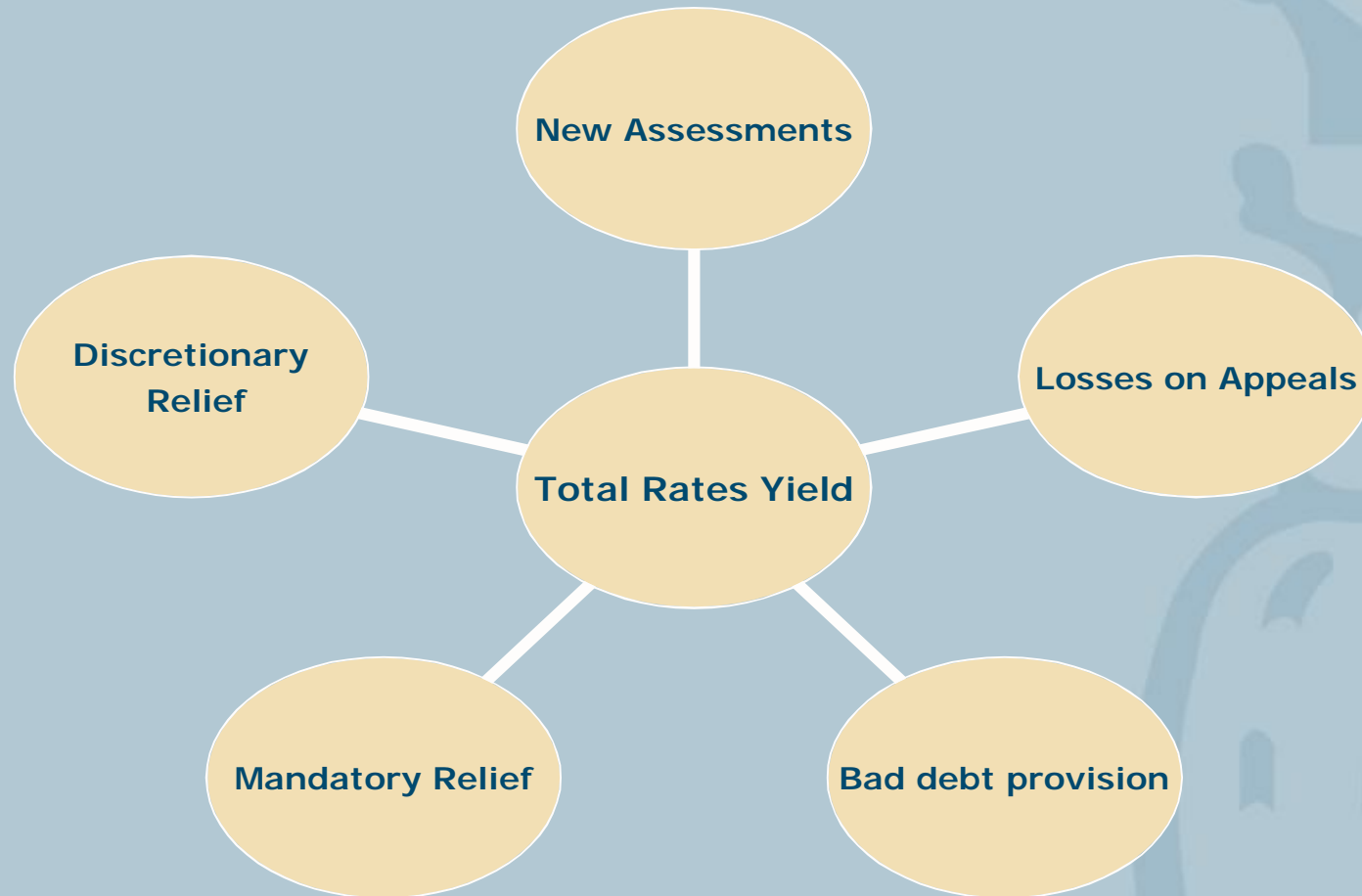
Rates retention process

- Notification of NNDR & spending baselines (December 2012) – determines top up or tariff
- Calculate yield over next financial year (NNDR1 completed end January 2013)
- Incorporate into budget
- Agree schedules of payments
- Submit final return (NNDR3)

Consequences

- If the forecast of total income is too high there may be a shortfall in the budget
- If the forecast is too low unnecessary cuts may have be made

Forecasting Business Rate Income



Leeds NNDR1

□ Gross Yield	£427 million
□ Mandatory reliefs	£51 million
□ Discretionary relief	£0.5 million
□ New assessments	£7.8 million
□ Losses on appeals	£19.4 million
□ Bad debt provision	£4.9 million
□ Baseline (49%)	£170 million
□ Expected local share	£175million
□ Expected additional revenue	£5 million

Mandatory Rate Relief

- Small Business Rate relief
- Partly occupied Relief
- Charitable Relief – increase in Academies, empty rate avoidance?
- Empty Property relief – increase in avoidance, economic situation

Discretionary rate relief

- Funding now 50/50 rather than 75/25
- Review or continue?
- Local discounts – ignore or use to stimulate growth?

New assessments

- Planning applications
- Local knowledge
- Match with LLPG

But

- Will they actually be built?
- What will the rateable value be?
- Will they be occupied?

Trinity shopping centre

- 1 million square foot retail development opened March 2013
- Reported as 90% let by January 2013

But

- Approximately one-third was not new and already rated
- £ per square metre varied from £134 to £2000
- No information as to which areas let, start dates etc

Losses on appeals

- Historic losses may be spread over 5 years
- How to calculate?
- Historical trends
- Details from Valuation Office of outstanding appeals
- Known large appeals – office oversupply etc
- Deemed appeals
- Impact of Trinity

Bad debt provision

- Need to actually collect the money
- Review recovery procedures – increased use of insolvency action against persistent offenders?
- Write off policy

Any Questions?

