

ANGUS COUNCIL

FINANCE AND INFORMATION TECHNOLOGY COMMITTEE - 1 MAY 2001
POLICY AND RESOURCES COMMITTEE - 8 MAY 2001

FOOT AND MOUTH DISEASE - HARDSHIP RATES RELIEF

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report outlines the hardship rates relief package announced by the Scottish Executive. The report advises of the additional assistance the Council can offer hard pressed ratepayers and also recommends that authority to grant hardship relief is delegated to an Executive Sub-Committee of Finance and Information Technology.

1. RECOMMENDATION(S)

It is recommended that the Committee:-

1. Note the contents of the hardship rates relief package announced by the Scottish Executive.
2. Note that an explanatory leaflet was included with all the new years rates bills recently issued.
3. Delegate authority to grant hardship rates relief to an Executive Sub-Committee of Finance and Information Technology.
4. Note that reports detailing the relief granted will be prepared.
5. Note the additional Council assistance available to ratepayers.

2. BACKGROUND

The Scottish Executive announced a package of measures to address the serious problems being faced by Scotland's rural businesses. Angus is one of seventeen Councils designated for assistance.

Included in the measures is a hardship rates relief package estimated at £3.5m. This reflects the Executives contribution of 95% of the cost of hardship relief in respect businesses with rateable values up to £12,000.

The Council will therefore be required to fund 5% of the cost of any hardship award.

The normal hardship provision will apply for businesses with rateable values above £12,000 and the Council will require to fund 25% of any hardship award.

The Scottish Executive envisages that the scheme will run initially for three months with the position being reviewed in the light of events.

A circular has been issued by the Executive covering the operational aspects of the hardship rates relief package which is attached as Appendix 1 to this report.

As legislation requires individual applications to be made it is imperative that these applications are dealt with as swiftly as possible.

The application process will require to be simple but rigorous as the guidance details the need to guard against fraudulent claims.

The Council can further assist those who are likely to be eligible for the relief by:-

- (a) deferring rates payments in appropriate circumstances.
- (b) granting relief for premises which are temporarily not in full use as a direct result of the foot and mouth outbreak.
- (c) advising businesses to apply to the Assessor for a temporary reduction in their rateable value. It should be noted that this may not lead to a reduction in the rates bill in all cases as there could be a consequential reduction in any transitional rates relief awarded as a result of the last revaluation.

In order to publicise the assistance available an explanatory leaflet containing a contact address and telephone number was included with all the rates bills which were recently issued and is attached as Appendix 2 to this report.

It would be normal practice to seek approval from Committee before awarding any hardship relief. The six week Committee cycle does not readily lend itself to quickly providing the available assistance. Delegating authority to grant hardship relief to an Executive Sub-Committee of Finance and Information Technology would markedly speed up the process.

3. FINANCIAL IMPLICATIONS

In Angus there are currently circa 4,800 properties paying non-domestic rates. This relates to all properties regardless of rateable value. The overall financial implications of granting hardship rates relief to businesses is dependent on the number of applications received within the two categories. The scheme is intended to operate for an initial period of three months, although it maybe extended for a period of up to six months. At this time therefore it is not possible to place a reliable figure on the amount of relief which will require to be funded by the Council. It is proposed that events are monitored and once the position clarifies a report will be brought forward to this Committee updating the situation.

It should be noted that no specific provision exists within the 2001/02 Revenue Budget to meet the cost to the Council of granting hardship relief. This cost will require to be funded from General Fund balances.

4. CONSULTATION

The Chief Executive and the Director of Law and Administration have been consulted in the preparation of this report.

5. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising as a result of this report.

NOTE

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973, (other than any containing confidential or exempt information), were relied on to any material extent in preparing the above Report.

DAVID SAWERS
DIRECTOR OF FINANCE

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SCOTTISH EXECUTIVE

Executive Secretariat
Local Government Finance

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Finance Circular No. 1/2001

Chief Executives, Scottish Local Authorities

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Telephone: 0131-244 7003

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Http://www.scotland.gov.uk

Your ref:

Our ref: ZCB 4/2/2001

10 April 2001

Dear Sir/Madam

NON-DOMESTIC RATING AND HARDSHIP RELIEF FOR BUSINESSES AFFECTED BY FOOT AND MOUTH DISEASE: GUIDANCE FOR LOCAL AUTHORITIES IN SCOTLAND

1. On 28 March, the Scottish Executive announced a range of measures to assist businesses affected by the outbreak of foot and mouth disease (FMD). These included a number of measures through the non-domestic rates system:

- Increased central government contribution from 75% to 95% of the cost of giving hardship rate relief to small businesses seriously affected by FMD in the 17 local authority areas in Scotland which are wholly or mainly rural (list attached - Annex 1).
- The option for local authorities to consider deferring existing rate payments of affected businesses.

2. This note provides guidance to local authorities on the implementation of these measures. The terms of the scheme will be kept under review.

Hardship Relief

Background

3. As indicated above, the Scottish Executive has announced proposals for funding hardship relief that is granted by local authorities in rural areas. Businesses suffering hardship as a result of FMD may qualify for this relief. Central government usually funds 75% of the cost of this relief, with the local authority funding the remaining 25%. The additional funding announced on 28 March will increase the central government contribution from 75% to 95% of the cost of giving rate relief to small businesses suffering hardship as a result of FMD in rural local authority areas in Scotland. This will help local authorities to provide rate relief to these businesses.

4. The additional funding will be available for properties with rateable values of up to and including £12,000, in the 17 local authorities in Scotland. This will embrace 81% of the 91,800 total of business properties in these authorities. It will be available initially for a 3-month period from 1 April 2001. 100% rate relief would be worth £1,410 over three months for a property of £12,000 rateable value, of which £1,057.50 (75%) will be centrally funded under existing arrangements and £282 (20%) will be provided by the new funding in areas that are subject to these special provisions. The remaining £70.50 (5%) would need to be funded by local authorities. This is the maximum level of relief to which the additional funding will apply.

5. The additional funding of hardship relief in these areas will be provided through a redetermination of RSG in the Local Government Finance (Scotland) Order 2002. Authorities will need to make claims for this grant to the Scottish Executive by 30 September 2001, giving details of the rate relief given in respect of FMD. The Scottish Executive will inform local authorities of the methods of claiming grant and the information needed in support of claims. Authorities should maintain a full record of the relief they provide to ratepayers affected by FMD.

Granting Hardship Relief

6. Authorities will already have in place procedures for the consideration of hardship relief. These procedures and the funding arrangements for cases unrelated to the foot and mouth outbreak are not affected as a result of these proposals.

7. Applications for relief arising from the foot and mouth outbreak will need to be dealt with as swiftly as possible. In considering applications authorities will wish to bear in mind the following factors:

- The additional funding is there to support relief from genuine hardship. It is not intended to be a scheme of compensation for lost income. It should therefore be confined to the worst affected businesses.
- **The application process should be simple but robust to guard against fraudulent claims.** Clearly authorities will need to ensure that relief is directed to deserving cases suffering genuine hardship as a result of the foot and mouth outbreak but the process must be kept as simple and streamlined as possible to enable decisions to be made quickly.
- **The type of business concerned.** The type of businesses suffering hardship in rural areas will vary between authorities. Clearly businesses in the agricultural, tourism and related sectors are likely to have been worst affected. But there is no restriction on eligibility by sector. Authorities should use their judgement taking into account circumstances in their area.
- **The effects on the business concerned.**
- **Relief should only be given for the period during which genuine hardship is felt.** Authorities should be clear in awarding relief that it will be granted only for the period for which the outbreak is expected to result in hardship for the business concerned.

8. Larger properties with rateable values above £12,000 and those in other areas will also be eligible for the relief if the business is suffering hardship as a result of the foot and mouth outbreak, provided the council funds the usual 25% of the cost of providing that relief.

Deferment of Rates Payments

9. We would encourage local authorities to consider applications for hardship relief as soon as possible. However, it is possible that it may take a little time for applications to be fully considered. As a first step, pending a firm decision on the award of hardship relief, authorities may consider whether to offer the ratepayer the opportunity to defer or restructure the payment of their rates bill.

10. This may also be considered of course where the ratepayer is not granted hardship relief, but where restructuring of payments may be helpful in overcoming any short-term difficulties in meeting their financial commitments.

11. We are aware that a number of authorities are concerned that where a significant number of hardship cases arise, and payments are deferred, this could have a significant impact on their cash flow and their ability to make contributions to the non-domestic rates pool. Any council which anticipates finding itself in this position should contact Martin Bolt at the Scottish Executive (details below).

12. By the end of April local authorities are due to advise the Scottish Executive of the provisional amount (PCA) they expect to contribute to the pool in 2001-02. If there is a downward recalculation thereafter to the extent that any council expects to collect less than 97% of their PCA, the Scottish Executive will recalculate their contribution into the pool.

Application to the Assessors for a Temporary Reduction in Rateable Value Due to a Material Change in Circumstances

13. Ratepayers can appeal to the Assessor because subsequent to Revaluation 2000 there has been some change affecting the property and/or its locality, which reduces its value. Appeals can also be made for a temporary reduction in rateable value to reflect circumstances affecting that rateable value. This may include loss of trade or business as a result of the FMD outbreak. Such appeals are unlikely to be settled until the full duration of difficulties resulting from FMD is known. Contact details for the Scottish Assessors are attached at Annex 2.

Rating of Unoccupied Property

14. We are aware that some businesses, such as agricultural markets which cannot conduct their business at present, have applied for relief for unoccupied property. All unoccupied property is exempt from rates for the first 3 months it is unoccupied. Thereafter the business is liable to pay half the rates which would have been payable if the property had been occupied (though some specified types of property are exempt from the half rate). Authorities are reminded that they can treat properties not in active use as unoccupied even if plant, machinery or equipment remain which would otherwise mean that the property would be treated as occupied and liable to rates.

15. Where property is partly unoccupied for a short time the local authority can have the rateable value of a property apportioned by the Assessor. Rates are then paid only on the value apportioned to the occupied part. Half rates would normally be charged on the unoccupied part after 3 months (although again exemption from the half rate is available to prescribed classes of property).

Further Information

16. Further information on foot and mouth disease is available on the Scottish Executive website at
www.scotland.gov.uk/agri/footandmouth
17. Enquiries on the content of this guidance should be addressed to

Hilary Tristram on 0131 244 7003	(hilary.tristram@scotland.gsi.gov.uk)
Martin Bolt on 0131 244 7006	(martin.bolt@scotland.gsi.gov.uk)
Irene Muir on 0131 244 7007	(irene.muir@scotland.gsi.gov.uk)
18. Copies of this Circular are enclosed for the Director of Finance and the Head of Revenues.

Yours faithfully

Hilary Tristram

HILARY TRISTRAM

Local Authorities

Aberdeenshire
Angus
Argyll & Bute
Dumfries & Galloway
East Ayrshire
East Lothian
Highland
Moray
North Ayrshire
Orkney Islands
Perth & Kinross
Scottish Borders
Shetland Islands
South Ayrshire
South Lanarkshire
Stirling
Western Isles

CONTACT DETAILS FOR SCOTTISH ASSESSORS

ANNEX 2

Valuation Joint Board or Council Area	Local Authority	Office Address	Phone Number	Fax Number	E-mail Address
The Ayrshire Valuation Joint Board	East Ayrshire Council North Ayrshire Council South Ayrshire Council	9 Wellington Square Ayr KA7 1HL	01292 612221	01292 612673	ayjb@south-ayrshire.gov.uk
The Central Scotland Valuation Joint Board	Clackmannanshire Council Falkirk Council Stirling Council	Hillside House Laurelhill Stirling FK7 9QJ	01786 892200	01786 892255	assessor@centralassessor.demon.co.uk
Dumfries & Galloway Council	Dumfries & Galloway Council	Huntingdon 27 Moffat Road Dumfries DG1 1NB	01387 260627	01387 260632	assessor@dumgal.gov.uk
The Dumbartonshire and Argyll and Bute Valuation Joint Board	Argyll & Bute Council West Dumbartonshire Council East Dumbartonshire Council	235 Dumbarton Road Clydebank G81 4XJ	0141 562 1200	0141 562 1255	assessor@wvcsd-dunbarton.gov.uk
Fife Council	Fife Council	Fife House (03) North Street Glenrothes KY7 5LY	01592 414141	01592 413194	duncan.chisholm@fife.gov.uk
Glasgow City Council	Glasgow City Council	Charlotte House 78 Queen Street Glasgow G1 3DR	0141 287 7526	0141 287 7529	william.johnston@ass.glasgow.gov.uk
Grampian Valuation Joint Board	Aberdeen City Council Aberdeenshire Council Moray Council	Woodhill House Westburn Road Aberdeen AB16 5GE	01224 664360	01224 664361	assessor@grampian-yjb.gov.uk

Valuation Joint Board or Council Area	Local Authority	Office Address	Phone Number	Fax Number	E-mail Address
The Highland & Western Isles Valuation Joint Board	Highland Council Western Isles Islands Council	Moray House 16/18 Bank Street Inverness IV1 1QY	01463 703340	01463 703301	assessor@highland.gov.uk
The Lanarkshire Valuation Joint Board	North Lanarkshire Council South Lanarkshire Council	Brandon Gate 3 Leechlee Road Hamilton ML3 6DH	01698 453500	01698 453504	assessor@southlanarkshire.gov.uk
The Lothian Valuation Joint Board	City of Edinburgh Council East Lothian Council Mid Lothian Council West Lothian Council	P O Box 467 Chesser House 500 Gorgie Road Edinburgh EH11 3YJ	0131 455 7455	0131 469 5599	janis@callnetuk.com
The Orkney & Shetland Valuation Joint Board	Orkney Islands Council Shetland Islands Council	8 Albert Street Kirkwall Orkney KW15 1HP	01856 876222	01856 870949	assessor@orknecy.gov.uk
The Renfrewshire Valuation Joint Board	Inverclyde Council East Renfrewshire Council Renfrewshire Council	The Robertson Centre 16 Glasgow Road Paisley PA1 3QF	0141 842 5922	0141 842 5929	assessor@renfrewshire-vjb.gov.uk
Scottish Borders Council	Scottish Borders Council	Scott House Sprouston Road Newtown St Boswells Melrose TD6 0QD	01835 825100	01835 825101	assessor@scotborders.gov.uk
The Tayside Valuation Joint Board	Angus Council Dundee City Council Perthshire & Kinross Council	Nethergate Centre 35 Yeaman Shore Dundee DD1 4BU	01382 221177	01382 315600	dundee@tayside-vjb.gov.uk



IMPORTANT NOTICE

FOOT AND MOUTH DISEASE

The Scottish Executive recently announced a range of measures to assist businesses affected by Foot and Mouth Disease. Included were a number of measures in respect of non domestic rates and these are outlined below.

SHOULD YOU WISH AN APPLICATION FORM FOR HARDSHIP RELIEF AND/OR REQUIRE ANY FURTHER INFORMATION OR ASSISTANCE PLEASE CONTACT THE COUNCIL'S BUSINESS RATES SECTION ON 01382 535333.

1. HARDSHIP RATES RELIEF

Rates relief may be available to any business for a period during which it can demonstrate genuine hardship as a result of the foot and mouth outbreak. The hardship relief will be applicable from 1 April 2001 and will last for an initial three month period.

2. DEFERMENT OF RATES PAYMENTS

Rates are normally payable by 10 monthly instalments on or before 15 May to 15 February inclusive. The Council can agree alternative payment arrangements with individual ratepayers.

If your business has been adversely affected by the Foot and Mouth outbreak and you are unable to meet the instalments an alternative payment arrangement may be possible.

3. UNOCCUPIED PROPERTY

If your business has had to close due to the Foot and Mouth outbreak and the property is completely unoccupied you may be eligible for unoccupied property relief.

Where the property is only partially occupied and will remain so for a short time only, the Local Authority can request the Assessor to apportion the rateable value. Rates are then payable on the rateable value apportioned to the occupied part.

4. APPEALS AGAINST RATEABLE VALUE

Appeals can be made for a temporary reduction in rateable value to reflect prevailing circumstances. This may include loss of trade or business as a result of the Foot and Mouth outbreak.