

**BABERGH DISTRICT COUNCIL**

**FROM: HEAD OF REVENUES**

**REPORT NUMBER    **E189****

**TO: STRATEGY COMMITTEE**

**DATE OF MEETING    10<sup>th</sup> November 2005**

**LOCAL GOVERNMENT FINANCE ACT 1988 – RATE RELIEF**

1.    **SUMMARY**

The Small Business Rate Relief Scheme (SBRR) introduced by the Government on 1<sup>st</sup> April 2005, has substantially increased the support granted to small business's across the district, regardless of business type or location. This it is felt resolves concerns raised by the Committee in January 2005 and no further action is required by the Council at this time to extend the scope of its own rate relief scheme.

As an ancillary issue the rural settlement list used by the Council to determine eligibility for both statutory and discretionary rate relief in rural areas has been reviewed. It is recommended that the areas defined for 2005/06 remain in force for 2006/07.

2.    **RECOMMENDATIONS**

- 2.1    That the rural settlement list as set out in Appendix 1 will apply for the period 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007.

The Committee is able to resolve this matter

3.    **FINANCIAL IMPLICATIONS**

- 3.1    The recommendation has no financial implications for the Committee to consider.

4.    **KEY INFORMATION**

- 4.1    From 1 April 2005 the government has introduced a statutory 'Small Business Rate Relief' scheme (SBRR). Entitlement to this relief is subject to limits relating to rateable value and the number of premises occupied by the ratepayer.

- 4.2    Prior to this the only form of statutory relief available to business ratepayers was the relief for specific types of business in defined rural areas(the rural settlement list). That scheme is continuing but premises that receive rate relief as a result are precluded from assistance under the SBRR scheme. Discretionary rate relief granted under the Council's own scheme is used to top up statutory relief in these cases.

- 4.3    In rural areas the types of business currently receiving 100% support through a combination of statutory and discretionary support are:

- Post offices
- General stores
- Food shops
- Public houses
- Petrol filling stations
- Newsagents/convenience stores

- 4.4 That list clearly does not cover every business in the district, neither does it mean that those facilities receive assistance in every community. In some cases the size of the assessment concerned or the presence of a competitor can exclude some business's from assistance.
- 4.5 Similarly although the overall character of the district is rural there are communities within it which because of the size of their population, the business's serving those communities are excluded from receiving statutory relief, and because of that also fall outside the Council's own discretionary scheme, which is centred on those communities defined as rural settlements. That in the Council's view being the areas of greatest need.
- 4.6 A total of 2622 non-domestic rating assessments exist in the district. 1,100 are potentially eligible for SBRR. To date 860 of those assessments have applied for, and been granted relief ranging from 50% of their rate bill down to as little as £1 in rate relief.
- 4.7 Assessments above the £10,000 rateable value threshold, but below £15,000 rateable value, although not eligible for direct relief, are relieved from paying the SBRR supplement, whereas assessments greater than £15,000 pay at the full rate poundage which includes the SBRR supplement. There is therefore some tangible assistance in respect of those assessments just outside the initial SBRR threshold.
- 4.8 The concern of the Committee during the January meeting was the number of small business potentially fulfilling some kind of community need although not necessarily an urgent case for assistance.
- 4.9 As, however, has been brought out in paragraph 4.6 a substantial number of small business's are now receiving assistance that is proportionate to the scale of their operation. Because of this it is felt that the introduction of SBRR is addressing the concerns expressed at Strategy Committee on 13<sup>th</sup> January and no further action is required by the Council at this time.

## 5. **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 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 2006.

## 6. **BACKGROUND PAPERS REFERRED TO:**

Appendix 1- Rural settlement list proposed to take effect from 1<sup>st</sup> April 2006

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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 2006, 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.**

**If you would like more information on the subject generally, or believe your  
business may qualify for assistance, please contact our Customer Services Team.  
Tel. 01473 825791.**