

CHANGES TO NATIONAL NON DOMESTIC RATING OF COMMERCIAL PROPERTY

EXECUTIVE MEMBER: Councillor Cath Giel

LEAD OFFICER: Pat Graham Head of Development Operations

REPORT AUTHOR: Chris Lloyd

Summary and Recommendation:

Executive is asked to note the changes in the National Non Domestic Rating charges relating to vacant commercial property, and the effect on Council assets.

Members are requested to agree to fund the unbudgeted NNDR cost related to Ginns in both 2008/09 and 2009/10 from the estimated revenue budget under spending in 2008/09, pending the decision on the appeal, and to the proposals for dealing with this as stated in 2.2. The NNDR charge is £16,005 for both years.

1. INTRODUCTION

- 1.1. As from 01 April 2008 the Regulations applying to the application of National Non Domestic Rates were amended to discontinue the relief available to empty commercial property.
- 1.2. The Council properties likely to be affected are those which are sold - during the period between acceptance of an offer and the time the transfer or exchange takes place; or those properties where tenants have vacated - whilst they remain vacant and are marketed for new tenants to take up.
- 1.3. There are a number of properties currently held by this Council which are affected by the change:
 - Ginns Depot (Annual rates (09/10) £16,005.00)
 - 1,2,3 Newtown (Annual rates (09/10) £1,115.50)
 - Unit 25 Meadow Road (Annual rates (09/10) £4,025.50)
 - 80, Main Street Egremont (Annual rates (09/10) £2,206.75)
- 1.4. There are exclusions from the NNDR rule and appeals can be made on certain grounds.

- 1.5. An appeal has been lodged for:
- Ginns Depot (Annual rates £16,005.00)
- 1.6 The appeal to seek exemption from NNDR has been made on the grounds that the wider site is being held for future development, and that it cannot reasonably be brought back into re-use.
- 1.7 As the property has now been empty for approx. 5 years the Valuation Office (VOA) would not accept retention for development as justification for not paying NNDR. On the other grounds it has been necessary for the Council to prove that the cost of bringing the structure etc back into use is prohibitive and not viable. We have produced an estimate of some £400,000 to bring the structure back into use as the whole complex is in extremely poor condition and there is asbestos present.
- 1.8 The VOA surveyor inspected in October 2008 and it is expected that the appeal will be successful although the VOA do take a long time to deal with these matters.
- 1.9 The NNDR has been paid for 2008/9 and this payment will create an overspend in the Land Management budget.
- 1.10 However a repayment is expected in 2009/10. If the appeal is unsuccessful the Council will be required to pay a further £16,000 NNDR in 2009/10 and therefore may wish to consider demolition as an alternative (this is expected to cost in the region of £50,000) – see additional Report.
- 1.11 A further change in the NNDR rules has been introduced to commence on 1.4.2009. Empty properties with a Rateable Value under £15,000 are exempt. This is supposed to be for this year only because of the recession.

- 1,2,3 Newtown (09/10 £0.00)

This property has been purchased with partners to enable town Centre redevelopment.

- Unit 25 meadow Road (09/10 £0.00)

This unit is proving to be difficult to let and the NNDR has been paid for 2008/9. There is some interest from potential tenants so it is hoped that it will be successfully let shortly.

- 80, main street Egremont (09/10 £0.00)

This property was vacated in June 2008, has been advertised and an offer accepted. It is hoped that the sale/transfer will take place shortly.

- 1.12 It has been possible to accommodate the NNDR payment in 2008/9 for 1, 2, 3 Newtown , Unit 25 Meadow Road and a portion of 80 Main Street 2008/9 within the Land Management budget due to a reduction in consultant activity and costs, and general increase in rental income under this budget heading. Due to tightening up of budgets this reduction is not expected for future years.
- 1.13 As NNDR relief has now been offered by the government budgetary provision will not be required in 2009/10; except for Ginns should the appeal fail.
- 1.14 However in years beyond 2009/10 and if other properties become vacant there will be a need for a budget to fund NNDR payments for empty properties. As the cost is not known this should be reviewed in early 2001/11 against empty properties.
- 1.15 At the same time the arrangement for dealing with vacant properties should be reviewed by the Property Management Group to be established which will report to the Resource Planning Working Group.

2 RECOMMENDATION

- 2.1 Members are asked to note the change in the NNDR Regulations and the effect on vacant Council property.
- 2.2 Members are requested to agree to fund the overspend of £16,005 on Ginns 2008/9 from revenue budget under spends, pending the decision on the appeal which is awaited, if received the income can be paid into general fund reserves. Should the appeal fail there will be a need to pay NNDR in 2009/10 which can be funded from general fund balances (revenue reserves).

3 FINANCIAL AND HUMAN RESOURCES IMPLICATIONS (INCLUDING SOURCES OF FINANCE)

As mentioned above.

4 IMPACT ON CORPORATE PLAN

The process will reinforce efficient use of resources.

List of Appendices

None

List of Background Documents:

Property files, records etc.

List of Consultees:

Corporate Team, Leader, Cllr. Cath Giel, Cllr. A Holliday.

CHECKLIST FOR DEALING WITH KEY ISSUES

Please confirm against the issue if the key issues below have been addressed. This can be by either a short narrative or quoting the paragraph number in the report in which it has been covered.

Impact on Crime and Disorder	None
Impact on Sustainability	Yes supports
Impact on Rural Proofing	None
Health and Safety Implications	Yes
Impact on Equality and Diversity Issues	None
Children and Young Persons Implications	None
Human Rights Act Implications	None
Monitoring Officer comments	No comments
S. 151 Officer comments	No further comments – if the appeal to the valuation office is successful, it will remove the budgetary pressure identified in this paper. The request to fund from revenue underspendings forecast elsewhere is prudent at this stage.

Is this a Key Decision? No