

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 31 MAY 2005

DISCRETIONARY RELIEF OF NON-DOMESTIC RATES FOR RURAL POST OFFICES

Report by the Executive Head of Finance

1. PURPOSE OF THE REPORT

- 1.1 To allow the Committee to consider the policy on Discretionary Relief of Non-Domestic Rates for rural post offices that already qualify for 50% Mandatory Relief.

2. BACKGROUND

- 2.1 With effect from 1 April 1998, the Local Government and Rating Act 1997 and The Non-Domestic Rating (Rural Areas and Rateable Value Limits) (Scotland) Order 1997 made provision for Mandatory and Discretionary Relief from Non-Domestic Rates to be afforded to certain ratepayers whose property lay within a defined 'rural area' and where the rateable value of the property fell within certain limits (These limits have subsequently been amended by the Non-Domestic Rates (Rural Areas & Rateable Value Limits) (Scotland) Order 2005 to take into account the Rating Revaluations in 2000 and 2005).

Villages lying fully or partly within East Ayrshire that have been designated as "rural areas" (i.e. where the population does not exceed 3,000) are: -

Catrine	Coalhall	Coylton	Cronberry	Crosshouse
Dalrymple	Dunlop	Drongan	Fenwick	Gatehead
Hollybush	Kilmaurs	Kirkmichael	Knockentiber	Lugar
Lugton	Montgreenan	Moscow	Muirkirk	Ochiltree
Patna	Rankinston	Sinclairston	Skares	Sorn
Stair	Trabboch	Waterside (nr Fenwick)	Waterside (nr Patna)	

- 2.2 The legislation provides for Mandatory Relief of 50% to be granted to a post office or general store, provided they are the only such premises within the designated rural area and the rateable value of the premises does not exceed £7,000. The legislation also allows Councils to 'top-up' the 50% Mandatory Relief by awarding up to 50% Discretionary Relief. However, Councils must be satisfied that it would be reasonable to award such a reduction and have regard to the interests of Council Tax payers as such reductions are partially funded by Council Tax income.

3. EXISTING POLICY

- 3.1** On 4 June 1998, the Policy and Resources Committee ratified the decision to award 50% Mandatory Relief to post offices and general stores that met the qualifying rateable value criteria and were located in designated rural areas. The Committee also decided that Discretionary Relief would not be awarded to any property that qualified for Mandatory Relief.

4. PROPOSED POLICY

- 4.1** The Executive Head of Finance has received correspondence on behalf of rural post offices which indicates that a change in circumstances has occurred which may mean that members would wish to take the opportunity to consider whether the existing policy remains appropriate.
- 4.2** It is generally accepted that rural post offices provide a unique and valued service to rural communities. Their trade has however been affected by central government's recent decision to withdraw Order Books and implement direct payment of benefit.
- 4.3** In recognition of the more difficult business circumstances which are likely to result from this Members are asked to consider whether to award 50% Discretionary Relief to post offices in designated rural areas that already qualify for 50% Mandatory Relief.

5. FINANCIAL IMPLICATIONS

- 5.1** There are eight post offices within the Council's designated rural areas that meet the rateable value criteria and their combined Non-Domestic Rates liability for 2005/06, after the award of 50% Mandatory Relief, is £4,531.00. 75% of any additional discretionary relief would be funded by the National Non-Domestic Rates Pool with the remaining 25% or £1,132.75 being met by the Council.

6. LEGAL/POLICY IMPLICATIONS

- 6.1** The Authority to award Mandatory and Discretionary Relief of Rates for Rural Areas is contained within the legislation explained in Section 2 of this report.
- 6.2** Of the 27 councils who have designated rural areas in terms of the rates legislation, 16 currently award discretionary relief to rural post offices and one is actively considering its position.

7. RECOMMENDATION

It is proposed that the Committee agrees to recommend that the Council -

- 7.1 adopts the proposed policy for awarding 50% Discretionary Relief, in addition to the existing 50% Mandatory Relief, to the eight post offices in designated rural areas, with effect from 1 April 2005;
- 7.2 delegates authority to the Executive Head of Finance to make such awards of Discretionary Relief;
- 7.3 agrees to amend the Scheme of Delegation to reflect the above proposals; and
- 7.4 otherwise note the contents of this report.

Alex McPhee
Executive Head of Finance

AMcP/BM/JP
11 May 2005

LIST OF BACKGROUND PAPERS
NIL