

**POLICY & RESOURCES CABINET BOARD**

**4<sup>TH</sup> SEPTEMBER 2014**

**FINANCE & CORPORATE SERVICES**

**REPORT OF THE HEAD OF FINANCIAL SERVICES – DAVID REES**

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## **SECTION A - MATTERS FOR DECISION**

### **ITEM 1**

#### **NON-DOMESTIC RATES – ENHANCED LOCAL NEEDS SCHEME**

##### **1. Introduction**

1.1 This report recommends the authority adopt a new Business Rates Discretionary Policy called Enhanced Local Needs Scheme to those businesses meeting the qualifying criteria. The relief is fully funded by the Welsh Government up to the value of £159,612 and relates to the period 1<sup>st</sup> April 2014 to 31<sup>st</sup> March 2015.

##### **2. Background**

2.1 As part of the Welsh Government's Business Rate Policy Developments the Minister for Economy, Science and Transport recognises that the postponement of the 2015 NDR revaluation may have an effect on certain types or locations of business ratepayers in the Council's area. The purpose of the funding under this new scheme is to support the authority in respect of expenditure incurred by providing relief to businesses that are likely to be most negatively impacted by postponement of revaluation or to support businesses that meet local economic development priorities. Each Authority must determine for themselves how to use this grant, but must comply with the provisions contained in Section 47 of the Local Government Finance Act 1988 which gives the Council the ability to grant discretionary rate relief where it so determines.

##### **3. Enhanced Local Needs Scheme - Eligibility**

3.1 The funding available is limited and therefore businesses already in receipt of or eligible for other forms of relief, for example, Small Business Rates Relief, Open for Business Relief, Wales Retail Relief, will not be eligible to apply.

3.2 Other ineligible premises are those that are occupied by:

- Public bodies
- Professional Services
- Financial Services
- Businesses that are part of a national chain
- Where a business occupies more than one premises, only one will qualify

3.3 In order to fully utilise the funding it is proposed that the ratepayer will be entitled to 25% relief off their non-domestic rates in 2014/15 where:

- The business is existing
- The business premises has a rateable value of less than £25,000
- The business is located in the County Borough
- The applicant demonstrates the contribution it makes to the local economy
- The relevant State Aids criteria are met.

3.4 Funding will be awarded on a first come first served basis and is application based. Applications must be returned within one month of being invited.

3.5 Within Neath Port Talbot there are currently 78 businesses that have a rateable value of less than £25,000 and do not benefit from any other form of relief. These businesses will be invited to apply for the Enhanced Local Needs Scheme and any assistance required in completing the forms will be provided by the Business Development Team.

3.6 Successful applications from the businesses identified will fully use the funding available. However, should some businesses not apply within the required time-scale, or on applying be found to be ineligible, additional businesses will be invited to apply. In these circumstances, the rateable value of applicants' premises would be £25,000 or more.

#### **4. Recommendation**

4.1 It is recommended that Neath Port Talbot County Borough Council adopts the scheme as outlined and provide the relevant rate relief where qualifying criteria are met.

#### **5. Reason for Proposed Decision**

5.1 To allow the Enhanced Local Needs Grant to be paid to businesses that meet the laid down criteria.

#### **List of Background Papers**

Local Government Finance Act 1988

Welsh Government "Enhanced Local Needs Scheme" Grant offer

#### **Wards Affected**

All

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**COMPLIANCE STATEMENT**  
**BUSINESS RATE RELIEF SCHEMES –**  
**ENHANCED LOCAL NEEDS SCHEME**

**Implementation of Decision**

The decision is proposed for immediate implementation.

**Sustainability Appraisal**

Community Plan Impacts:

Economic Prosperity	Positive
Education and Lifelong Learning	No impact
Better Health and Well Being	Positive
Environment and Transport	Positive
Crime and Disorder	Positive

Other Impacts:

Welsh Language	No impact
Sustainable Development	Positive
Equalities	No impact
Social Inclusion	Positive

**Consultation**

There has been no requirement under the Constitution for external consultation on this item.

## SECTION B - MATTERS FOR INFORMATION

### ITEM 2

#### TREASURY MANAGEMENT MONITORING 2014/15

##### 1. Purpose of Report

1.1 This report sets out treasury management action and information since the previous report.

##### 2. Rates of Interest

2.1 Bank base rates continue to be at an all time low of 0.5% (since 5<sup>th</sup> March 2009) and detailed below are the changes in the bank base rate since April 2008.

Effective Date	Bank Rate
10 April 2008	5.00%
08 October 2008	4.50%
06 November 2008	3.50%
04 December 2008	2.00%
08 January 2009	1.50%
05 February 2009	1.00%
05 March 2009 to date	0.50%

2.2 The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 12<sup>th</sup> August 2014:.

	Equal Instalments of Principal		Annuity		Maturity	
	Previous 09 July 2014	Current 12 August 2014	Previous 09 July 2014	Current 12 August 2014	Previous 09 July 2014	Current 12 August 2014
	%	%	%	%	%	%
5-5.5 years	2.40	2.35	2.41	2.36	3.08	2.99
10-10.5 years	3.08	2.99	3.12	3.03	3.79	3.65
20-20.5 years	3.79	3.65	3.88	3.72	4.31	4.11
35-35.5 years	4.24	4.05	4.32	4.13	4.38	4.18
49.5-50 years	4.37	4.17	4.39	4.19	4.34	4.15

### 3. General Fund Treasury Management Budget

- 3.1 The following table sets out the treasury management budget for 2014/15 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

<b>2013/14 Actual £'000</b>		<b>2014/15 Original Budget £'000</b>
15,017	Principal and Interest charges	16,890
2,176	Contribution to Treasury Management Equalisation Reserve to fund SSIP and other Capital Programme over the next 3 years.	
<b>17,193</b>	<b>Subtotal Expenditure</b>	<b>16,890</b>
	<b>Investment Income</b>	
(778)	- Total	(654)
189	- less allocated to other funds	200
<b>(589)</b>	<b>Subtotal Income</b>	<b>(454)</b>
<b>16,604</b>	<b>Net General Fund</b>	<b>16,436</b>

NB: Other funds include Trust Funds, Social Services Funds, Schools Reserves, Bonds etc.

### 4. Borrowing

- 4.1 No borrowing has been carried out since the last report.

### 5.1 Investment Income

In line with the Council's Investment Strategy, the 2014/15 Original Budget for investment income is £654k; treasury management investment income generated to date amounts to £433k. Members should note that the majority of investments are classified as 'specified' i.e. up to 12 months and are currently with the major banks including Barclays, Lloyds Group, Bank Santander, Clydesdale, RBS and Nationwide BS.

- 5.2 The Council policy will allow investments up to a maximum of £25m for periods of more than 1 year and up to 5 years, and this will be considered when decisions on investing surplus funds are made.
- 5.3 No additional long term investments have been carried out since the last report. The Council currently has £10m invested for periods in excess of 12 months:

<b>Counterparty</b>	<b>Value £'000</b>	<b>Period</b>	<b>Maturity</b>	<b>Rate %</b>
Eastbourne Borough Council	4,000	4.5 Years	June 18	2.2%
Peterborough City Council	6,000	5 Years	Dec 18	2.1%

#### Icelandic Bank Update

- 5.4 Members should note the following position in relation to the recovery of monies from investments in Icelandic related banks.
- 5.5 There have been no further dividends received since the last report. The tables below show the amounts outstanding.

**Table 1 – Original Investments**

<b>Bank</b>	<b>Original Investment</b>	<b>Amount of Principal Repaid</b>	<b>Current Outstanding Investment</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Heritable	9,000	8,597	403
KSF	3,000	2,516	484
	<b>14,000</b>	<b>13,113</b>	<b>887</b>

**Table 2 – Investments Held in Escrow Accounts – Icelandic Kroner**

<b>Bank</b>	<b>Investment (Sterling Equivalent) £'000</b>	<b>Amount Repaid £'000</b>	<b>Outstanding Investment £'000</b>
New Glitnir	387	0	387



- 5.6 Some of the investments matured by the old Glitnir have resulted in cash being held in the form of Icelandic Kroner. In line with Icelandic law, the Kroner is not tradable and can only be spent within Iceland. The Local Government Association is pursuing ways of transferring these investments to realise repayments into Sterling. These new investments with the new bank are held in an Escrow Account in the name of the local authority and generating interest in excess of 4%.

### **List of Background Papers**

Treasury Management Files  
PWLB Notice Number 310/14

### **Appendix**

None

### **Wards Affected**

All

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