

**POLICY & RESOURCES CABINET BOARD**

**8<sup>TH</sup> MAY 2014**

**FINANCE & CORPORATE SERVICES**

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

**INDEX OF REPORT ITEMS**

**PART 1 - Doc.Code: PRB-080514-REP-FS-DR**

<b>SECTION A – MATTERS FOR DECISION</b>		
1. Business Rate Relief Scheme – Wales Retail Relief Scheme	2-6	All
<b>SECTION B – MATTERS FOR INFORMATION</b>		
2. Treasury Management Monitoring	7-10	All

## **SECTION A – MATTERS FOR DECISION**

### **ITEM 1**

#### **Business Rate Relief Scheme – Wales Retail Relief Scheme**

##### **1. Purpose of report**

- 1.1 This report recommends the authority adopt a new scheme, namely “Wales Retail Relief Scheme” which provides discretionary rates relief of up to £1,000 for businesses meeting the qualifying criteria.

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

- 2.1 The retail sector is changing, particularly due to internet shopping, and many high streets are experiencing challenges as they look to adapt to changing consumer preferences in how people shop. The Welsh Government wishes to support town centres and high streets by providing particular support to retailers. The “Wales Retail Relief Scheme” will provide support for the financial year 2014-15.

##### **3. Wales Retail Relief Scheme**

- 3.1 The total amount of relief available for each property for each of the years under this policy is £1,000. The amount does not vary with rateable value and there is no taper.
- 3.2 There is no relief available under this policy for properties with a rateable value of more than £50,000.
- 3.3 The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.
- 3.4 The relief will be applied against the net business rates bill after all other reliefs have been taken into account.
- 3.5 Where the net rate liability for the day after all other reliefs but before retail rate relief is less than the retail rate relief, the maximum amount of retail rate relief will be no more than the value of the net rate liability.

3.6 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de minimis limits.

#### **4. Awarding Relief**

4.1 Properties that will benefit from the retail rate relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used shops, restaurants, cafes and drinking establishments.

4.2 We consider shops, restaurants, cafes and drinking establishments to mean:

(i) Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licence, chemists, newsagents, hardware stores, supermarkets etc)
- Charity shops
- Opticians
- Post Officers
- Furnishing shops/display rooms (such as carpet shops, double glazing, garage doors etc)
- Car/caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

(ii) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as hair dressers, nail bars, beauty salons, tanning shops, etc.)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners

- Launderettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- DVD/ video rentals
- Tool hire
- Car hire

(iii) Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

4.3 The list set out above is not intended to be exhaustive as it would be impossible to list the many and varied retail uses that exist. There will also be mixed uses. However, it is intended to be a guide as to the types of uses that the Council considers to be retail for the purpose of this scheme.

4.4 On receipt of a completed application form, the Council will determine whether particular properties not listed are broadly similar in nature to those above and, if so, consider them eligible for the relief. Conversely, properties that are not broadly similar in nature to those listed above will not be eligible for relief.

4.5 As a guide, the list below sets out the types of uses that are not considered to be retail for the purpose of this policy:

(i) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (such as banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers, etc.)
- Other services (such as estate agents, letting agents, employment agencies, etc.)

- Medical services (such as vets, dentists, doctors, osteopaths, chiropractors, etc.)
  - Professional services (such as solicitors, accountants, insurance agents, financial advisors)
- (ii) Hereditaments that are not reasonably accessible to visiting members of the public. This is not defined within the Government guidance. However, for the purpose of this scheme, this would include properties which do not have a customer facing ‘front of house’. The expectation is that, in the normal course of events, members of the public would not ordinarily attend the property in person. Examples where relief would not be granted would include skip hire, scaffolding services, distribution premises etc where attendance in person does not normally occur.

## **5. Recommendation**

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

### **List of Background Papers**

Local Government Finance Act 1988

Welsh Government “Wales Retail Relief Scheme” guidance manual.

### **Wards Affected**

All

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## **COMPLIANCE STATEMENT**

### **WALES RETAIL RELIEF SCHEME**

(a) **Implementation of Decision**

The decision is proposed for immediate implementation.

(b) **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

(c) **Consultation**

There has been no requirement to consult under the Forward Work Programme.

## MATTERS FOR INFORMATION

### ITEM 2

#### TREASURY MANAGEMENT MONITORING 2013/14

##### 1. Purpose of Report

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

##### 2. Rates of Interest

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.

<b>Effective Date</b>	<b>Bank Rate</b>
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%

The following table provides examples of external borrowing costs as provided by the Public Works Loans Board as at 24<sup>th</sup> April 2014.

	<b>Equal Instalments of Principal</b>		<b>Annuity</b>		<b>Maturity</b>	
	<b>Previous 03 Mar 14</b>	<b>Current 24th April 2014</b>	<b>Previous 03 Mar 14</b>	<b>Current 24th April 2014</b>	<b>Previous 03 Mar 14</b>	<b>Current 24th April 2014</b>
	%	%	%	%	%	%
5-5.5 years	1.84	1.99	1.85	2.00	2.65	2.76
10-10.5 years	2.65	2.76	2.69	2.81	3.58	3.63
20-20.5 years	3.58	3.63	3.68	3.73	4.15	4.18
35-35.5 years	4.08	4.11	4.17	4.19	4.23	4.24
49.5-50 years	4.22	4.24	4.24	4.25	4.19	4.21

### 3. General Fund Treasury Management Budget

The following table sets out the treasury management budget for 2013/14 and consists of a gross budget for debt charges i.e. repayment of debt principal and interest, and interest returns on investment income.

The rate of return on investments has reduced considerably in 13/14 due to schemes introduced by Central Government (Funding for Lending, Help to Buy); therefore we have had to reduce our income target for investments by £350k. There is no overall change to the debt charges budget as expenditure has reduced in line with income.

The end of year outturn position is currently being prepared and will be reported to the next meeting of the Policy and Resources Cabinet Board.

	<b>2013/14 Original Budget £'000</b>	<b>2013/14 Revised Budget £'000</b>
<b>Debt Charges</b>	17,466	17,166
<b>Investment Income</b>		
- Total	(1,250)	(900)
- less allocated to other funds	210	160
- General Fund (net)	(1,040)	(740)
<b>Net General Fund</b>	<b>16,426</b>	<b>16,426</b>

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

### 4. Borrowing

No borrowing has been carried out since the last report.

### 5. Investment Income



In line with the Council’s Investment Strategy, the 2013/14 Revised Budget for investment income is £900k; treasury management investment income to the end of March totals £778k. It is anticipated that this shortfall will be offset by underspends elsewhere within this budget area.

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.

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.

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

Members should note the following position in relation to the recovery of monies from investments in Icelandic related banks.

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>12,000</b>	<b>11,113</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

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 156/14

**Appendix**

None

**Wards Affected**

All

**Officer Contact**

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