

Burnley business rates risks – September 2018

Total RV for Burnley is currently £74.7m.

The top five rateable values in the Burnley are:

Burnley General Hospital	£2.47m
Tesco- Centenary Way	£1.90m
Exertis – Technology House	£1.71m
Asda – Princess Way	£1.38m
Sainsbury's – Active Way	£1.16m

Three of these have outstanding RV appeals which the Council has already provided a provision for an RV reduction. There is nothing of any significance locally that would adversely impact the Council's retained business rates. Burnley has seen a steady increase in its RV since the introduction of the 50% scheme in 2013/14 that has created enough of a buffer to absorb any downward reductions in RV.

Of the five schools that are currently applying for Academy status within Burnley (shown in appendix 2 of the main Business rates pooling report), four are currently receiving 80% mandatory relief. Therefore, only the fifth school would have an impact on retained business rates.

Fylde Council NNDR data as follows:

There are 2,900 ratepayers within Fylde, with a total RV for 2018/19 of £66.3m.

Of this total £6.4m sits within two enterprise zones based around Bae at Warton and Blackpool Airport.

The 10 largest RV's within the Borough are listed below. Collectively they have a total RV of £17.8m which equates to 27% of the borough wide total.

Liabe Name 1	Rateable Value 2017	Property Address 1
SPRINGFIELDS FUELS LIMITED	4,240,000	SPRINGFIELD FUELS LTD
BAE SYSTEMS (OPERATIONS) LIMITED	4,110,000	BAE SYSTEMS OPERATIONS LTD
W & G HARRISON LTD	2,200,000	RIBBY HALL PARK
WM MORRISONS SUPERMARKET PLC	1,760,000	MORRISONS SUPERMARKET PLC
DEPARTMENT FOR WORK & PENSIONS	1,390,000	ITSA CONTROL CENTRE
B & Q PLC	1,120,000	B & Q
UNITED UTILITIES WATER PLC	865,000	NWWA CLIFTON MARSH
E H BOOTH & CO LIMITED	760,000	E H BOOTH & CO LTD, MAIN DRIVE
ATOS IT SERVICES UK LIMITED	710,000	SERCO, SERCO HOUSE
E H BOOTH & CO LTD	680,000	HAVEN ROAD

The two largest RV's on the list are Toshiba Westinghouse Springfields nuclear fuel manufacturing plant and the British Aerospace site at Warton (which sits within the Enterprise Zone).

There was a significant appeal against the Springfields 2010 valuation list but this was dismissed last year.

At year end the total appeals provision was £1.5 (Fylde share). As a result of the difficulty in assessing the potential outcome of appeals, the provision is in excess of the Analyse Local assessment, and includes a 4.7% provision against the 2017 list for appeals yet to materialise.

Additionally Fylde has a number of NHS Trust sites within its boundary. Whilst applications for mandatory charitable relief have NOT been submitted for any of these sites, the potential impact on the RV of the area is significant should the test case ruling allow mandatory charitable relief for sites of this nature.

Fylde's NNDR1 for 2018/19 is forecasting growth of £1.3m above the baseline. Current in year monitoring suggests that this level of in-year growth remains, subject of course to any significant risks materialising in excess of the provisions set aside.

Pendle Borough Council

1. For Pendle, the total Rateable Value (RV) of the Hereditaments in the Borough – as reported in the NNDR1 for 2018/19 – is £52.285m and there are 3,699 hereditaments. The analysis of the RV and hereditaments is shown in the tables below:

Banding of RV	Sum of RV	% of RV	Banding of RV	Count of Properties	% of RV	Cum% of RV
£2,600 and less	1,732,059	3.31%	£2,600 and less	1,217	32.90%	32.90%
£2,601 to £6,000	4,780,050	9.14%	£2,601 to £6,000	1,188	32.12%	65.02%
£6,001 to £12,000	4,957,000	9.48%	£6,001 to £12,000	599	16.19%	81.21%
£12,001 to £18,000	3,299,100	6.31%	£12,001 to £18,000	226	6.11%	87.32%
£18,001 to £30,000	4,393,400	8.40%	£18,001 to £30,000	187	5.06%	92.38%
£30,001 to £50,000	4,214,000	8.06%	£30,001 to £50,000	111	3.00%	95.38%
£50,001 to £100,000	6,920,550	13.23%	£50,001 to £100,000	98	2.65%	98.03%
£100,001 to £150,000	3,837,400	7.34%	£100,001 to £150,000	31	0.84%	98.86%
£150,001 to £200,000	2,079,250	3.98%	£150,001 to £200,000	12	0.32%	99.19%
£200,001 to £500,000	7,358,500	14.07%	£200,001 to £500,000	23	0.62%	99.81%
£500,001 to £1,000,000	2,165,000	4.14%	£500,001 to £1,000,000	3	0.08%	99.89%
Above £1,000,000	6,560,000	12.54%	Above £1,000,000	4	0.11%	100.00%
Grand Total	52,296,309	100.00%	Grand Total	3,699	100.00%	

2. As the table indicates, most (c90%) of the rateable properties in Pendle, have a rateable value of £30,000 or less. As with other Lancashire local authorities, the vast majority are entitled to some form of rate relief given the range of schemes currently available.
3. There are 7 properties with a rateable value of £500,000 or more as shown in the table below. Also shown is whether there is an outstanding appeal (against the 2010 Valuation List):-

Company	Rateable Value RV	Description	Appeal
Morrisons t/a Neerock, Colne	520,000	Abattoir	N
Rolls Royce Plc, Barnoldswick	740,000	Advanced Manufacturing for Aerospace	Y - 2010 List
Sunmagic Ltd/Cotts Beverages, Nelson	905,000	Manufacturing/Bottling of Soft Drinks	Y - 2010 List
£500,001 to £1,000,000	2,165,000		
Morrisons, Nelson	1,300,000	Supermarket	Y - 2010 List
Sainsbury Supermarket, Colne	1,480,000	Supermarket	Y - 2010 List
Asda Supermarket, Colne	1,580,000	Supermarket	Y - 2010 List
Boundary Mill Stores, Colne	2,200,000	Department/Concessions Store	N
Above £1,000,000	6,560,000		

4. On the basis of the outstanding appeals in the table above, the potential loss of RV equates to c£650,000.
5. The Council has received notification of 1 appeal against the 2017 list but that has been dismissed by the Valuation Office Agency. This may be an indicator that the Check-Challenge-Appeal process is working (?) or may mean that appeal applications are being stored up.
6. In relation to the other hereditaments, there are 89 other outstanding appeals with a potential loss of RV totalling c£300,000, again based on the Rating List for 2010. **This value is not considered to be material** in the context of the proposed Pilot Pool.
7. In relation to other matters, Pendle there are:-
 - 7 Secondary Schools - 3 of which are already in a Multi-Academy Trust, 1 of which is in the process of conversion to Academy Status and the 3 remaining are maintained schools. **It is unlikely that those 3 will convert in 2019/20;**
 - 37 Primary Schools – 6 of which are already in a Multi-Academy Trust. **It is unlikely that any of the remaining 31 will convert in 2019/20;**
 - around 20 Nurseries - the majority of these are privately operated and are, therefore, subject to the normal rules around reliefs, exemptions, appeals etc.
8. The East Lancashire NHS Trust has one site in Pendle, Pendle Community Hospital which has a rateable value of £177,000. This may be caught within the legal challenge for exempt status. Likewise, both Lancashire Care Foundation Trust (£157,500) and NHS Properties Ltd (£750,000) have a number of properties used, in some cases, to provide services commissioned by East Lancashire NHS Trust. It is not clear whether these properties will be drawn within the scope of the legal challenge.

West Lancashire

West Lancashire Borough Council's total Rateable Value is £79.8m.

The Council's top 5 rateable value sites are set out below:

Site	Rateable Value
Edge Hill University, St Helens Road, Ormskirk	2,880,000
Great Bear Distribution, Staveley Road, Skelmerdale	1,970,000
Asda Superstores, Birch Green, Skelmersdale	1,870,000
NWWA, Deans Lane, Lathom, Ormskirk	1,820,000
Comet, XI Business Park, Statham Road, Skelmersdale	1,680,000

Currently there are over 140 appeals against Rateable Values (including 4 out of the 5 sites above), with an Appeals RV of over £21m, with most of the claims covering multiple years. It is not possible to predict the outcome of these appeals with any certainty, but an adequate provision for appeals has been set aside.

There is an additional risk in terms of the claim for mandatory relief by NHS Trusts. If this claim is lost it would lead to an ongoing reduction in income of £135,000 per year.

Current projections continue to show that income should be significantly above the baseline funding level.