

## **Report of the Strategic Director Corporate Resources to the meeting of the Corporate Overview & Scrutiny Committee to be held on 15 November 2018**

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### **Subject:**

**Business Rate Collection**

### **Summary statement:**

**This report sets out the Council's performance in, and the challenges for, the  
collection of Business Rates**

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### **Overview & Scrutiny Area:**

**Corporate**

## **1. SUMMARY**

- 1.1. This report sets out the Council's performance in, and the challenges for, the collection of Business Rates

## **2. BACKGROUND**

- 2.1. Business Rates are set by Government and collected by the Council. The Rateable Value of business properties across the district are determined by the Valuation Office Agency - an Executive Agency of Her Majesty's Revenue and Customs.
- 2.2. Business Rate Bills are issued to all businesses included in the Rating List. A number of support schemes are in place which can provide eligible businesses with partial or full relief from their Business Rates. More detail about how the Business Rates system works, and an outline of the support schemes available, is provided in Appendices 1 to 4.
- 2.3. It is the Council's responsibility to issue Business Rate bills, collect monies invoiced and to implement a number of nationally and locally defined schemes to help local business with their rates bill. There are approximately 19,000 Business Rate bills issued; and once exemptions and reliefs are applied, the actual number of accounts to be collected reduces to around 11,000.
- 2.4. Business Rates have always been an important source of income for local authorities, but this importance increased in 2013 when the government partially localised the system; through which, the Council retains 49% of business rates collected, 50% is paid to central government, and 1% is paid to the West Yorkshire Fire Authority.
- 2.5. The importance of Business Rates will grow as Government makes progress towards establishing a system that is completely localised.
- 2.6. This report sets out the Council's performance in, and the challenges for, the collection of Business Rates. A series of real life case studies are included to highlight the issues

## **3. OTHER CONSIDERATIONS**

- 3.1. The key measure of Business Rate collection performance is the "in-year" collection rate; that is, the amount of business rates collected in the year for which it was raised. Whilst this is used nationally to compare the Council's performance in collecting business rates, it takes no account of the differing demographics of each area. More important is the eventual collection levels, although this figure is not widely reported.
- 3.2. Collection is closely managed to ensure that it is maximised. Table 1 shows both the in-year and mid year collection rates and the amount to be collected, in each year.

	Business Rates to be collected £'000	Amount collected in year £'000	In year collection rate	Collection Rate at 30/9
2015/16	£142,981	£138,330	96.94%	56.05%
2016/17	£149,970	£144,229	95.73%	53.51%
2017/18	£140,753	£137,270	97.53%	55.25%
2018/19	£144,139	-	-	55.24%

**Table 1**

- 3.3. The total arrears, as at 31 March 2018, still being collected is around £8m. On-going collection efforts ensure that all the business rates that can be collected are collected - although it can take years to achieve. To illustrate, Table 2 shows the arrears profile over the last four years as it currently stands (recovery from previous years also continues).

Year of Charge	Outstanding Debt
2014/15	£448K
2015/16	£680K
2016/17	£1,7m
2017/18	£4,2m

**Table 2**

- 3.4. Comparison of Business Rates to be collected and in-year collection rates should be treated with caution. There are a number of factors that can affect these rates over the course of a year, and beyond in some cases.

- New developments and business closures will affect the amount of business rates charged.
- The variable introduction, reduction and closure of business rate support schemes affects the amount that needs to be collected in each year; i.e. 'high value' discount schemes, singularly or collectively, will help improve the collection rate
- Successful appeals against rateable values will reduce, in year, the amount of business rates to be collected; and, if backdated, will affect previous years 'to be collected' figure

- 3.5. The calculation of business rate arrears is similarly complex and variable. For example, some or all of an 'outstanding debt' can be negated by a successful appeal. Further, the impact of successful appeals is significant not only for collection, but also for the Council's budget position. A successful appeal can result in the Council having to meet the significant cost of refunds backdated over a number of years. Consequently, the Council makes provision for this in its Budget process.

### **Case Study 1**

In 2016 an appeal against the methodology employed by the Valuation Office Agency to set the Rateable Value on purpose built doctors' surgeries and medical centres was successful. This resulted in reductions of up to 70% in the Rateable Value on these properties. In addition, the appeals were back dated to the start of the rating list in 2010 (and in some case to 2005). This resulted in approximately £10 million being refunded and led to a significant impact on the Collection Fund and the need for even greater savings in 2017/18

- 3.6. Whilst the collection of income to the council is important, maintaining and growing, the tax base is even more critical. The service makes considerable efforts to ensure that the business rate/property records remain accurate and up to date; including site visits and inspections of business premises across the district throughout the year. The Valuation Office is notified of any change likely to affect the rateable value of a property.

### ***Debt Recovery***

- 3.7. The majority of businesses do pay their charge as billed; or following receipt of a reminder notice. However, where non-payment does occur, prompt enforcement action is taken in accordance with the Council's collection policies. Details of the Council's collection procedures are provided in Appendix 5.
- 3.8. The Council's collection procedure is designed to maximise income, but is flexible enough to assist those businesses with short term difficulties; although this may not always be sufficient to secure the longer-term viability of the business (case study 2).

### **Case Study 2a**

A small business has been in the city centre for over 25 years. The business was affected by the regeneration of the city centre which meant that the business had to relocate from its original position. Subsequent problems with a drop in trade coupled with a large rateable value led to a build up of arrears to approximately £10,000. The authority was satisfied that an appeal that had been lodged against the rateable value with the Valuation Office was likely to be successful. As such a payment arrangement was made to cover the current years charge with a small contribution towards the arrears; which allowed time for the appeal to the Valuation Office to be concluded. This appeal resulted in more than 50% of the arrears being wiped out. The business was then able to meet its on-going business rates liability as well as maintaining payment towards the remaining arrears. The business now has no arrears and is paying its current years liability by direct debit as billed.

### **Case Study 2b**

Company A was established in 2014 and was paying the business rates due; but then began having financial troubles and fell into arrears during 2016/17. They restructured in an attempt to return to profitability by closing loss making lines and attempting (unsuccessfully) to sublet part of the property. The Council agreed an arrangement to pay £10,000 per week in June 2017 to cover its £375K

annual bill and the outstanding debt. A substantial number of payments were made. However the company continued to struggle with debts to Her Majesty's Revenues and Customs and other creditors. Payments stopped and the company fell into administration in March 2018. The £123,794 in unpaid business rates had to be written-off.

- 3.9. The Council can seek to wind-up or make bankrupt a business in order to secure payment of the outstanding debt. Often the prospect of being wound up or made bankrupt is sufficient to secure payment of the debt, or come to an arrangement to clear the debt over time.
- 3.10. Some businesses will be made bankrupt or wound up through this process. However, there may be insufficient assets to clear the outstanding debt. In these cases the debt must be 'written-off'. These sums can be considerable.

### Case Study 3

Mr X failed to make payments on his accounts. Numerous attempts were made to recover the money due to the authority culminating in a bankruptcy petition being served. Whilst Mr X did make an arrangement to pay the accounts after the initial bankruptcy petition was presented, no payments were made. Consequently, the petition was represented and the bankruptcy granted. The bankruptcy process is on-going. It is not known at this time if, or how much of, the outstanding £201,406 debt will be recovered.

- 3.11. In 2017/18, almost £2.9m was written of as uncollectable debt. It should be noted that this is the year that the debt is written off, not necessarily the date the debt was accrued: As illustrated in table 3, some debts go back a number of years. This could be the result of the back-dating of a revaluation, or simply that the debtor has been making payments from the time the debt was accrued.

Entry To Year	Count	Sum of Entry amount
2005	1	-£474.75
2006	1	-£487.12
2007	6	-£6,595.20
2008	7	-£21,974.10
2009	3	-£18,105.36
2010	13	-£36,535.39
2011	30	-£130,334.26
2012	20	-£126,929.01
2013	38	-£269,032.88
2014	54	-£314,263.17
2015	113	-£565,929.98
2016	275	-£947,570.53
2017	324	-£427,904.68
2018	1	£1,096.75
<b>Grand Total</b>	<b>886</b>	<b>-£ 2,865,039.68</b>

Table 3

- 3.12. In some instances insolvency proceedings are taken not with the expectation of securing payment of the debt, rather to ensure the debt does not increase and to release a property to pass liability back to the owner; and subsequently for occupation by a business that is able to pay its business rates.

#### **Case Study 4**

Company B leased property which, for the entire period of the charge, was empty and unused. The company was relatively new (December 2016) and had not filed any accounts with Companies House or made contact with the Council. Numerous attempts were made to engage with the company, including site visits, but contact could not be established. Given the lack of payment and contact the company was wound up to break the lease so that liability would revert back to the owners. This is now in the hands of the official receiver and it is estimated that, in addition to the outstanding debt of £95,067 which will be written-off, an estimated business rates income of c£43k this year will be lost while the case remains in the hands of the liquidator.

- 3.13. There are around 2,000 accounts where the Council takes court action each year, to enforce payment

#### **Avoidance**

- 3.14. Increasingly, some businesses are turning to avoidance techniques to remove or minimise their liability, or seek to evade paying their business rate bill altogether. Using the 'system' to avoid or minimise business rate liability is not illegal, but it does reduce the amount of business rates the Council is able to collect.
- 3.15. There are companies that specialise in assisting owners in arranging for avoidance schemes to take place on their premises. In addition, rating agents and property management companies are increasingly using avoidance techniques to save their clients money.
- 3.16. More and more Officer time is spent on tackling avoidance cases, including site visits, challenging leases and establishing who is responsible for payment. In many instances these matters only come to our attention when legal proceedings have commenced or we are at the final stages of court action and considerably large sums are outstanding.
- 3.17. Nationally, several cases are before the Courts, where it is hoped rulings against these practises will be given. However, so far the outcomes have been mixed.

#### **4. FINANCIAL & RESOURCE APPRAISAL**

- 4.1. The Council collected 97.5% of the business rates due in 2017-18; collection of arrears will continue. The total amount of business rate arrears, including costs at 31 March 2018 was £8.3m.
- 4.2. Generally, Bradford's experience has been of receiving less business rates income

than anticipated. This has mainly been due to successful appeals against rateable values, leading to a high cost of refunds backdated over a number of years. For example, in 2015-16 Bradford's share of Business Rates collected was £11.7m lower than budgeted as some refunds were backdated by as much as ten years (Doctors' surgeries - as highlighted in section 3.5; Case Study 1). This deficit was taken into account during the 2016-17 Council's Budget process.

- 4.3. Following the adjustment for the increase in rateable values for 2017 onwards, the multiplier was increased by 4.8% to cover the government's estimated cost of appeals. The Council will review the Non Domestic Rates appeals provision based on the estimated cost of appeals.

## **5. RISK MANAGEMENT AND GOVERNANCE ISSUES**

- 5.1. Planning for the consequences of successful Business Rate appeals is already built in to the Council's Budget process. Based on previous experience, a prudent approach is being taken when considering the likely impact and scale of appeals; and will be monitored to ensure that the Council's reserves policy continues to meet the Council's financial planning needs.

## **6. LEGAL APPRAISAL**

- 6.1. The Local Government Finance Act 1988 gives authority to the Council, as the Billing Authority, to issue Billing notices for, and the collection of, Business Rates.

## **7. OTHER IMPLICATIONS**

### **7.1 EQUALITY & DIVERSITY**

None within the context of this report

### **7.2 SUSTAINABILITY IMPLICATIONS**

The sustainability of local business is linked to the sustainability of the local economy and of communities. The Government's introduction of schemes to mitigate impact of changes to rateable values seeks to preserve the short-term sustainability of businesses adversely affected.

### **7.3 GREENHOUSE GAS EMISSIONS IMPACTS**

None within the context of this report

### **7.4 COMMUNITY SAFETY IMPLICATIONS**

None within the context of this report

### **7.5 HUMAN RIGHTS ACT**

None within the context of this report

### **7.6 TRADE UNION**

None

## **7.7 WARD IMPLICATIONS**

Collection rates, at Ward level, are provided in Appendix 6. However, meaningful analysis of the impact of the re-valuation on a ward basis is problematic. The impact will depend on factors such as type, size and density of businesses within a location, the viability of individual businesses and decisions made by business owners in response to the re-valuation; and on the responses of neighbouring businesses/business communities.

## **7.8 AREA COMMITTEE ACTION PLAN IMPLICATIONS (for reports to Area Committees only)**

N/A

## **7.9 IMPLICATIONS FOR CORPORATE PARENTING**

None

## **7.10 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT**

N/A

## **8. NOT FOR PUBLICATION DOCUMENTS**

None

## **9. OPTIONS**

N/A

## **10. RECOMMENDATIONS**

- That this committee notes, and gives its view on, progress in the collection of Business Rates

## **11. APPENDICES**

- Appendix 1: Business Rate
- Appendix 2: Business Rate Relief Schemes
- Appendix 3: 2017 Revaluation Support Schemes
- Appendix 4: Business Rates Revaluation Relief Scheme
- Appendix 5: Business Rate Collection Process
- Appendix 6: Ward Level Collection 2017/18

## **12. BACKGROUND DOCUMENTS**

- Local Government Finance Act 1988



## **Business Rates**

The Rateable Value of business properties across the district are determined by the Valuation Office Agency - an Executive Agency of Her Majesty's Revenue and Customs. The rateable value of a property is an assessment of the likely rental a property would attract on the open market – at the time of the assessment. Once an assessment has been completed, it is added to the Rating List.

The Council is required to provide the Valuation Office with information about changes to properties and on new developments to ensure that the Business Rate Rating List remains current and accurate.

The Business Rates payable by individual businesses are calculated based on the rateable values of each property and a multiplier set by Government. A number of schemes are available to help businesses with their bill. These are outlined in Appendix 2.

The maximum income that a Council receives is determined by a Government assessment of the amount a Local Authority needs - the Relative Needs Assessment. For authorities, such as Bradford, that cannot generate sufficient income to meet their Relative Needs Assessment, additional funding is provided through top-up grants and tariffs.

Periodically, the Valuation Office will undertake an assessment of all properties on the rating list to create a new Rating List. The last revaluation of all Non Domestic properties was based on rental values at 1 April 2015: a new rating list took effect from 1 April 2017 (the 2017 Rating List).

### ***Revaluation – 2017 rating List***

The effect of last revaluation to create the 2017 rating list these changes was to reduce the amount of Business Rates to be collected from businesses (with the difference off-set by an additional top up grant from Government). The Government also changed the multiplier used to calculate individual business rate bills.

The combined effect of these changes was to increase the Rateable Value for the District as a whole, but reduced the total amount of business rates to be collected. The impact on many businesses was to increase or decrease the size of the bill they had to pay; sometimes quite significantly.

The Government introduced four schemes to mitigate the adverse impact, and limit the extent of any beneficial changes, arising from the revaluation. These schemes are outlined in Appendix 3. A locally defined scheme was also developed in conjunction with West Yorkshire Authorities to support businesses, and is outlined in Appendix 4.

The long interval between revaluations, 7 years between the assessment for the 2017 rating list and the previous 2010 rating list, exacerbated the differences in Rateable Value; and increased demand for the introduction of mitigation schemes. The Government has now committed to undertake a revaluation in 2019 (to create the 2021 Rating List); and then every three years to make the rating list more relevant to local conditions and to help minimise large changes in rateable value.

### ***Rate Retention Pilot***

For 2018/19 the Leeds City Region comprising the five West Yorkshire Local Authorities together with York and Harrogate were successful in their application to become a one year 100% business rate pilot area. The key features of this meant that 100% of growth above the business rates baseline could be retained by the pilot area. The actual growth that will be retained depends on the actual business rates collected across the pilot area.

The 100% pilot was only for one year and as a result Ministry of Housing, Communities and Local Government have invited a new round of bids for 2019/20. (The pilots that were approved for financial years prior to 2018/19 are not subject to a new bidding process and will continue). The two key differences with the new bid are:

- The Ministry of Housing, Communities and Local Government have withdrawn the “no detriment” clause so that if the pilot area does not perform above the business rate baseline then the shortfall would need to be met by the business rate pilot area. (For the previous pilots the government had offered protection)
- The bid for 2019/20 will be a joint bid with all the local authorities from North Yorkshire. As a result it is anticipated that, if successful, any financial benefit will be lower than the 2018/19 pilot

## **Business Rate Relief Schemes**

### **Small Business Rate relief**

From 1 April 2017, small businesses with a rateable value;

- up to £12,000 will be entitled to 100% relief
- between £12,001 and £14,999 will be entitled to relief on a sliding scale between 100% and 0%, as well as having their bill calculated by the small business rate multiplier
- between £15,000 and £51,000 do not receive a discount, but can still have their rates bill calculated using the small business rate multiplier. To qualify for the relief, businesses must satisfy their local authority that:
  - the sole or main property they occupy must have a rateable value of less than £14,999, and;
  - if they occupy any additional properties, each of the additional properties must have a rateable value of less than £2,899 and the total rateable value of all of their properties must be less than £19,999, in which case the relief would be applied to the property with the highest rateable value

In addition, businesses can occupy an additional property with a rateable value below £14,999, without losing entitlement to the relief on their original property for an initial period of 12 months.

Around 45% of businesses (8,500) do not have a rates bill to pay, and a further 400 have their bill reduced through this scheme.

### **Rural rate relief**

Certain properties in rural areas can receive help with their business rates. A rural settlement is defined as a settlement with a population of no more than 3,000 and wholly or partly within a council's area. The rural areas contained in the Council's current rural settlements list are:

- |                   |             |                 |                |
|-------------------|-------------|-----------------|----------------|
| • Burley Woodhead | • Eastburn  | • Keelham       | • Stanbury     |
| • Crossroads      | • Egypt     | • Laycock       | • Tong         |
| • Cullingworth    | • Esholt    | • Micklethwaite | • Well Heads   |
| • Dean Head       | • Hainworth | • Mountain      | • West Scholes |
| • Denholme        | • Harden    | • Oldfield      |                |
| • East Morton     | • Harecroft | • Oxenhope      |                |

The Council must give 100% relief to the following properties situated in a rural settlement:

- Post Office where it is the only Post Office in the settlement and has a rateable value of £8,500 or less
- general store where it is the only general store in the settlement and has a rateable value of £8,500 or less
- all food stores - where they have a rateable value of £8,500 or less.
- public houses - where they are the only public house in the settlement and has a rateable value of £12,500 or less
- petrol station - where it is the only petrol station in the settlement and has a rateable value of £12,500 or less

The Council has the discretion to allow up to 100% relief to any non-domestic property in a rural settlement with a rateable value of £16,500 or less. This discretion is only used if the Council is satisfied the property is used for a purpose that benefits the local community.

### **Relief for partly occupied properties**

In certain circumstances, the Council can request that the valuation officer provides a certificate to apportion the rateable value of a property which is partially occupied for 'a short time only'. This is called a Section 44a certificate.

This is normally used in situations where a property is occupied or vacated in stages, or where part of the property is unusable e.g. due to fire, flood or redevelopment. The effect of the apportioned values enables a reduction of 100% to be made against the rateable value of the un-occupied part. This is a discretionary power and exceptional circumstances need to apply in order for the Council to do this.

### **Mandatory relief**

An organisation that is a registered charity or a charity that is exempt from registration or a registered community amateur sports club, it may get mandatory relief equivalent to 80% discount provided the premises are wholly or mainly occupied for charitable purposes.

The Council also has the discretion to award a further 20% 'top-up' relief where 80% mandatory relief has already been allowed. However, this is only ever allowed in exceptional circumstances.

### **Exempt properties – unoccupied**

Some empty or mostly unoccupied properties are exempt from Business Rates. There are several classes of exemption, some of which only apply for a specified length of time

<b>Class Description</b>	
1	Unoccupied newly built properties or those where structural alterations or major repairs have taken place (exempt for up to 6 months from completion of work)
2	Unoccupied hereditaments (exempt for up to 6 months)
3	Hereditaments where occupation is prohibited by law
4	Hereditaments where occupation is prohibited by action taken by the Crown or any local or public authority
5	Listed buildings (subject to a preservation notice under s.58 of the Town and Country Planning Act 1971)
6	Ancient monuments (as scheduled under s.1 to the Ancient Monuments and Archaeological Areas Act 1979)
7	Hereditaments with a rateable value of less than £2,900
8	Unoccupied hereditaments where the owner is entitled to possession only in his capacity as the personal representative of a deceased person
9	Unoccupied hereditaments where the owner is subject to a bankruptcy order or a winding-up order under the Insolvency Act 1986
10	Unoccupied hereditaments where the owner is entitled to possession only in his capacity as a trustee under a deed of arrangement or as a liquidator under the Insolvency Act 1986
11	Unoccupied newly built properties or those where structural alterations or major repairs have taken place (exempt for up to 6 months from completion of work)
12	Unoccupied hereditaments (exempt for up to 6 months)

## **2017 Revaluation Support Schemes**

### **Transitional Relief Scheme**

Properties with an increase in rateable value will have the amount of the increase in their rate bill limited by applying a cap. Similarly, properties with a reduction in rateable value will have the amount of any beneficial change limited by a cap.

Properties have been split into three tiers based on the rateable value. Table 1 shows the level of the cap for each tier; setting the amount that the rate bill cannot go up or down each year following the revaluation.

<b>Transitional Arrangements 2017 revaluation (before inflation) funded by 3 caps on reductions</b>					
	<b>Property Size : rateable value</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Cap Upwards	Small: £20000 or less	5.0%	7.5%	10.0%	15.0%
	Medium: £21000 - £100000	12.5%	17.5%	20.0%	25.0%
	Large: Over £100000	42.0%	32.0%	49.0%	16.0%
Cap downwards	Small: £20000 or less	20.0%	30.0%	35.0%	55.0%
	Medium: £21000 - £100000	10.0%	15.0%	20.0%	25.0%
	Large: Over £100000	4.1%	4.6%	5.9%	5.8%

**Table 1**

Inflation has been factored into the 2017/18 cap figures in table 1, but not in future years. Consequently, the cap figures for 2018/19 onwards will be subject to change as annual inflation is factored in.

### **Large properties – Rateable Value over £100,000**

- We have 582 properties in this category
- 434 (75%) of these have seen reductions or no change in their rate payable in 17/18.
  - Of these 396 have reduced beyond the cap downwards and therefore have an additional amount to pay on their bill.
  - Some of these properties have had significant decreases in rateable values, and whilst their bills have come down they will not be as low as some business might have been expecting because of the cap.
- 148 (25%) have increased, however only 23 have increased beyond the cap and they will receive relief to limit this.
  - Even after the relief the increases on all 23 of these properties are still above 45%, with the highest increase being 55%

### **Medium Properties - Rateable Value over £20,001 to £100,000**

- We have 2,603 properties in this group
- 1,595 (61%) of these have seen reductions or no change in their rate payable in 17/18.
  - Of these 747 have reduced beyond the cap downwards and therefore have an additional amount to pay on their bill.
- 1,008 (39%) have increased, with 630 increasing beyond the cap and will receive relief to limit this.
  - Those with the largest increases again include pubs and restaurants, public building and shops and retailers.

### **Small Properties - Rateable Value up to £20,000**

- We have 15,340 properties in this group.
- Of these 8,292 (54%) will receive small business rate relief and not be affected by the revaluation.
  - This is an increase 3,060 that will not have anything to pay next year
  - Of the remaining 7,048, 3,766 will see an increase in their rates payable with 3,033 of these increasing beyond the cap and hence receiving relief
- 3,282 have reduced, with 912 of them below the cap and therefore will have an additional amount to pay on their bill.

## **Business Rate Revaluation Relief Scheme**

West Yorkshire councils have agreed to award an additional amount of rate relief to those smaller organisations that are facing an increase in the business rates they have to pay because of the revaluation. Initially for one year from 1 April 2017, but may be extended further

The Government have made it clear that any relief awarded should only support smaller ratepayers who are facing an increase in their bills following the 2017 revaluation

### **West Yorkshire Scheme Design Principles**

Administration of this scheme will be difficult so keeping the scheme simple will minimise the burden, whilst also making it easy to understand for ratepayers

- There is a national transitional relief scheme which already provides some protection for ratepayers having increases in rates payable depending on the size of their property. Three bands are used to do this, small, medium and large
- It is proposed to allow relief to those in the small and medium bands as most properties are in these 2 bands, and on the basis that business with large properties may be better placed to absorb the steep rise in rates.
- It also matches the Governments ambition that relief is only available to smaller ratepayers
- All national, statutory reliefs and exemptions will be applied before any calculation for Discretionary Rate Relief can be considered.
- ALL other relief schemes recently announced, additional small business relief and public house relief should be deducted, before applying the % reduction. This will maximise the funding available to each Council.

### **The Local Scheme**

- In 2017/18, the scheme will award all eligible ratepayers 50% of the increase in rates due to the revaluation from 2016 to 2017.
- Properties that are empty will not be eligible as they do not add to the prosperity of the Region.
- Legislation prevents the award of any relief to properties occupied by Local or Precepting Authorities (such as the police or fire services) and hence, are likewise ineligible.
- Finally, no relief can be awarded if it would mean an organisation exceeds the state aid de-minimus level (currently €200,000 over 3 years)

It is intended that the relief will follow the property, i.e. new business will receive relief if they take on a qualifying property part way through the year. Relief will also be adjusted if the amount payable changes.

No Council intends to award more than the maximum grant from the Government

## **Business Rate Collection Process**

The Business Rates collection process is in line with legislation and good practice and is reviewed on a regular basis. The Business Rate bill shows the net amount due after deduction of any reliefs or exemptions the business may be entitled to. Each bill will allow payment to be made by monthly instalments and at least 14 days will be allowed before the first instalment is due. Businesses can opt to pay their bill over twelve instalments (April – March) rather than ten (April – January). The most effective way to pay is by direct debit and businesses can select one of four payment dates in the month to tie in with their own cash flow.

If a business disagrees with the bill it has been sent, it should contact the Council to discuss its objections. If the objection is about a Valuation matter the business will be expected to pay the instalments as and when they become due, and contact the Valuation Office to resolve the issue. The business does not have the legal authority to withhold payment pending the outcome of any appeal they may have submitted. In such circumstances an agreed arrangement to pay is made with the caveat that if successful any overpayment will be refunded with interest if no recovery action is taken.

The Council will amend the Business Rates records where a change in liability occurs, and send the business an amended bill.

For businesses that have difficulty in paying their bill, the Council's collection procedure will be followed; and available on the Council's website as set out below.

## **Collection Procedure**

### **If you have difficulty in paying**

When you receive your bill, and you know that you will have difficulty in paying your instalments on the dates stated, please contact us immediately to discuss an alternative arrangement for payment.

If you do not pay your instalments as they become due, we will send you a Reminder Notice to advise you of the amount of arrears. If you bring your payments up to date within 7 days, you will be allowed to continue paying by instalments. However, if your instalments are not brought up to date, the full balance on your account will become payable and we can take Court action to enforce payment of the debt.

### **Taking court action**

We will take Court action to enforce payment of the debt. It is at this point costs start to become payable. The cost for the issue of a summons is £72.50.

If the amount, including costs, is paid in full before the Court Hearing date, no further action will be taken and proceedings will be marked paid.

However, if you are unable to pay the full amount immediately, you can contact us to discuss an arrangement for payment on the understanding that the application for a Liability Order will still be made to the Magistrates and additional costs will be incurred. In these cases, we will not take any enforcement action on the Liability Order if the arrangement is maintained.



### **The Liability Order**

If a Liability Order is granted, we can immediately take action to enforce payment of the outstanding amount. Even at this late stage, unless instructions to take enforcement action have been issued, you will still have the opportunity to make an arrangement for payment including costs.

If you do not make an arrangement for payment, or fail to keep to an arrangement made, we will take action to enforce payment of the debt without further notice.

### **How we can enforce payment**

Under the terms of Taking Control of Goods Regulations 2013 the Council will add a compliance fee of £75 after having obtained a Liability Order. It will still be possible for you to make an arrangement at this stage to clear the debt. However, if you fail to make or keep an arrangement, the debt will be passed to an Enforcement Agent for collection once again incurring additional costs.

Enforcement Agents are instructed to remove and sell your goods to the value of the outstanding Business Rates and costs incurred. The Enforcement Agent will give you the opportunity to pay in full before taking control of your goods for removal. Even at this late stage you can still enter into an arrangement to pay. When an Enforcement Agent is instructed, you will incur a significant amount in associated costs. You should be aware that the costs are calculated as a percentage of the outstanding debt in accordance with legislation.

### **Insolvency or committal proceedings**

Where we establish that there are assets belonging to the individual or the Company then we will instigate insolvency proceedings, i.e. bankruptcy or liquidation, in the County Court. This action is taken in line with the guidance issued by the Local Government Ombudsman.

If the Enforcement Agent is unable to recover the debt, and you are a person whose business is no longer operational, we will still continue to pursue the debt. If you fail to keep to an arrangement made, and there is no another way of enforcing payment, we will make an application to the Magistrates' Court for your commitment to prison. Even at this late stage, we can still be contacted and we may be able to agree an arrangement for payment with you. The commencement of Committal proceedings can result in additional costs in excess of £290.00 being incurred and the Magistrates can send you to prison for a period up to 90 days.

At any stage of the enforcement process if you pay your account in full and final settlement the enforcement action will cease. However, if you contact to make an arrangement for payment, we will, wherever possible, take into consideration any difficulties you may be experiencing and deal with you in a reasonable and professional manner with regards to your conduct in discharging your rates liabilities. In doing this, we will seek to ensure that you are able to meet your on-going Business Rate liability as well as make payment towards any arrears outstanding. This will mean that, in order to help you, we may sometimes need to ask for full details of your financial position including details of all your assets. There may also be occasions when we will advise you to seek help from a firm of Insolvency Practitioners who should be able to give you specialist advice on how best to resolve any difficulties.

We can be contacted to discuss your Business Rates at any stage.

**Ward Level Collection 2017/18**

	<i><b>Index of Multiple Deprivation ranking</b></i>	<i><b>Amount Collected 2017/18</b></i>	<i><b>2017/18 Collection Rate %</b></i>
BAILDON	26	£2,804,701	97.16
BINGLEY	24	£3,536,821	99.25
BINGLEY RURAL	25	£1,583,193	98.97
BOLTON AND UNDERCLIFFE	11	£5,277,991	99.16
BOWLING AND BARKEREND	2	£11,929,521	94.65
BRADFORD MOOR	4	£4,712,129	95.43
CITY	8	£30,900,602	95.90
CLAYTON AND FAIRWEATHER GREEN	15	£1,381,216	96.35
CRAVEN	28	£2,788,339	96.25
ECCLESHILL	10	£3,678,056	99.14
GREAT HORTON	9	£2,994,730	95.77
HEATON	17	£847,387	97.23
IDLE AND THACKLEY	23	£2,986,267	98.22
ILKLEY	29	£4,259,674	98.17
KEIGHLEY CENTRAL	6	£11,180,542	97.20
KEIGHLEY EAST	20	£3,891,829	98.22
KEIGHLEY WEST	13	£562,289	95.65
LITTLE HORTON	3	£3,681,566	96.55
MANNINGHAM	1	£2,232,184	87.99
QUEENSBURY	22	£1,022,115	97.34
ROYDS	12	£1,898,094	97.53
SHIPLEY	21	£5,971,693	98.08
THORNTON AND ALLERTON	18	£768,024	92.23
TOLLER	7	£2,232,217	97.39
TONG	5	£13,285,940	98.52
WHARFEDALE	30	£559,131	94.59
WIBSEY	14	£1,948,213	96.16
WINDHILL AND WROSE	16	£1,359,637	98.75
WORTH VALLEY	26	£769,860	96.54
WYKE	19	£6,226,012	98.25

The indices of Deprivation, published in September 2015, are calculated using 37 separate indicators, organised across seven distinct domains of deprivation (income, employment, education skills and training, health deprivation and disability, crime, barriers to housing and services and living environment) which are weighted and combined to calculate the Index of Multiple Deprivation 2015