

Minutes

Corporate Services and Partnerships Policy Overview Committee

Wednesday 1 July 2015

Meeting held at Committee Room 3 - Civic Centre,
High Street, Uxbridge UB8 1UW



HILLINGDON
LONDON

	<p>Members Present: Councillors Richard Lewis (Chairman), Richard Mills (Vice-Chairman), Wayne Bridges, Tony Burles, Nick Denys, Narinder Garg, Carol Melvin and Robin Sansarpuri.</p> <p>Apologies: Councillor Raymond Graham.</p> <p>Officers: Rob Smith (Head of Revenues and Benefits), Iain Watters (Corporate Finance - Financial Planning Manager) and Khalid Ahmed (Democratic Services Manager).</p>	
3.	<p>MINUTES OF THE MEETINGS HELD ON 28 APRIL AND 14 MAY 2015</p> <p>Agreed as accurate records.</p>	
4.	<p>EXCLUSION OF THE PRESS AND PUBLIC</p> <p>It was agreed that all items of business would be considered in public.</p>	
5.	<p>BUSINESS RATES</p> <p>The Council's Head of Revenues and Benefits and the Corporate Finance - Financial Planning Manager attended the meeting and provided Members with a short presentation on Business Rates.</p> <p>Business Rates Retention</p> <p>The Committee was informed that the Local Government Finance Act 2012 introduced a mechanism whereby Councils retained a proportion of business rates as a revenue funding stream. In effect this was a 50% growth which was retained by the Local Government sector.</p> <p>Members were informed that this share of growth was calculated against a baseline rateable value, which was set at the outset of the system in April 2013. Under current arrangements in London, this 50% was split with 20% retained by the Greater London Authority and 30% retained by individual boroughs. For those boroughs that were deemed to have a greater capacity to grow their local economy, this</p>	<p>Action By:</p>

<p>retained sum was subject to a further 'levy on growth', which in the case of Hillingdon reduced retained growth to only 15% and therefore provided minimal direct incentive to grow the rating base.</p> <p>The Committee was informed that in addition to this share of growth, London Boroughs also notionally retained 30% of the baseline income from Business Rates. However, in order to avoid a redistribution of funding between authorities at the outset of the system, authorities with a larger rating base, such as Hillingdon, were subject to tariff which substantially reduced the income from Business Rates being applied locally. For 2015/16, Hillingdon received £374m of Business Rates income.</p> <p>Reference was made to the pilot schemes which would be taking place in Cambridgeshire and Greater Manchester, whereby groups of authorities would be able to retain a greater proportion of growth (up to 100%). Members were informed that details of these new arrangements had not been announced.</p> <p>Administration and Current Challenges</p> <p>The Committee was informed that the existing contract for the the administration, collection and recovery of Business Rates had been outsourced and was currently carried out by Liberata from their shared service centre in Weston. The contract had worked well but would come to an end on 31 July 2015.</p> <p>Members were informed that following a competitive tender exercise held in 2014, the contract had been awarded to Northgate PS who would take over the running of the contract from 1 August 2015 from their shared service centre in Hartlepool.</p> <p>The Committee was informed that work was currently in progress to ensure that there would be a smooth handover of the contract.</p> <p>Rateable Value</p> <p>The Committee was informed that Hillingdon had currently over 8,000 Rateable Units with a Rateable Value of £799m, and a collectable debit of £385m.</p> <p>Members noted that the collection rates for Business Rates were very good, with a collection rate of 98.70% for 2014/15. Discussion took place on the Borough's largest business ratepayer, which was Heathrow Airport Ltd and Members were informed of the difficulties the Council had in determining the cumulo rateable value for Heathrow Airport.</p>	<p>Action By:</p>
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<p>Officers reported that approaches had been made to the Valuation Office and to Heathrow Airport Ltd to enable the Council to determine what was in the cumulo. The difficulty was that the Council could not inspect premises airside, therefore the Council was reliant on the information which was passed from Heathrow.</p> <p>The main assessment at Heathrow Airport had a rateable value of £243m and a total rates payable of £125m.</p> <p>Empty Rate Avoidance - Members were informed that Business rates were not payable in the first three months that a property was empty and this was extended to six months in the case of certain industrial properties.</p> <p>The Committee was informed that companies were becoming more and more innovative in trying to avoid paying Empty Rates. Examples were given such as companies paying Charities to occupy premises for a minimum of 42 days so that empty allowance could be claimed.</p> <p>Other examples were letting properties to other companies who then immediately went into liquidation, lets to off shore companies and dubious occupation activities.</p> <p>Phoenix Companies - Reference was made to the problem where companies had gone into liquidation owing Business Rates which had then shortly re-opened, using almost the same name with the same directors etc. As a non preferential creditor the Council received nothing from the liquidation.</p> <p>Transfers between lists - This was where ratepayers had made proposals to the Valuation Office Agency to consolidate similar properties in different Local Authority areas into a single rating assessment. Under current arrangements there was no mechanism within Rates Retentions to compensate those authorities who had lost income as a result, thereby acting against any incentive for authorities to grow their rating base.</p> <p>System re-set dates - The Committee was informed that upon the introduction of Business Rates Retention, the Government had announced that the baseline assumptions within the system would be 're-set' after 2020. The impact of such a re-set upon retained income remained unknown, with no guarantee that the Council would continue to receive any benefit from the growth in the Council's rating base securing since April 2013.</p> <p>The Committee thanked officers for an informative presentation and expressed an interest in undertaking a possible review into assessing Heathrow Airport's cumulo rateable value.</p>	<p>Action By:</p>
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8.	WORK PROGRAMME Noted.	
	Meeting commenced at 7.30pm and closed at 8.40pm Next meeting: 29 July 2015 at 7.30pm	

These are the minutes of the above meeting. For more information on any of the resolutions please contact Khalid Ahmed on 01895 250833. These minutes are circulated to Councillors, Officers, the Press and Members of the Public.