



Corporate Services & Partnerships Policy Overview Committee

Review Scoping Report 2015/16

Rates Retention and the Rating of Heathrow Airport

Aim and background to review

The London Borough of Hillingdon is the fifth largest Billing Authority Rating List in London with an overall Rateable Value of almost £800 and with responsibility for the majority of the Heathrow Airport.

The Borough's Rates risk with the Airport is huge. Over £340m RV is contained within just four assessments at the core of the Airport complex, of which the overall "cumulo" assessment is on its own around £243m.

While, under retention, the Borough shoulders responsibility for financial planning for the consequences of change in rating bills of which the main Airport complex represents 42% of the Council's List, there is little independent visibility to the Council of the evidence on the ground.

As a secure facility subject to the usual security restrictions for such premises, the Council has no rights of inspection under current provisions, so all property inspections must be left to the Valuation Office.

From the 1st April 2013, significant changes to local authority finance were implemented under the Government's Localism strategy. Local Authorities

now have more interest in their business rates revenue as they are now able to retain a percentage of these rates. Councils now have a greater incentive to increase yield within the Authority and to understand potential effects within the Billing Authority on rate losses through rate appeals, demolition of properties and material changes which may also affect their business rates.

Agents for the Airport have robustly defended the current assessments, arguing that if the Agent and the Valuation Office are content, then the Authority should accept the current values. Requests to visit the Airport have been made to the Agent but these have been declined.

The aim of the review will be to investigate means of enabling Council officers to analyse fully the rateable value of Heathrow by engaging with the Valuation Office.

In order to achieve this aim the following objectives are proposed:

- To understand the legislative context of the rating system as it applies to Heathrow Airport;
- To look at the role of the Valuation Office
- To consider the options which could be available to the Council in accessing the make-up of the rateable value of Heathrow Airport (cumulo).
- To develop recommendations to Cabinet, where appropriate

Recent Developments

The review would be taking place within the context of the recent Central Government announcement which proposed that the local government sector is to retain all locally raised Business rates by the end of the decade.

INFORMATION & ANALYSIS

It is proposed that this review follows the structure of first setting the context, and investigating the options which are available to the Council.

WITNESS, EVIDENCE & ASSESSMENT

The table below sets out the possible witnesses that could be invited to present evidence to the Committee. Members are reminded that this is not an exhaustive list and that additional witnesses can be requested at any point throughout this review.

Session Information	Suggested Witnesses
Witness Session and Briefing from Rates Plus <i>(13 October 2015)</i>	Simon Horsington and Roger Messenger from Rates Plus will present their analysis. Rob Smith (Head of Revenues and Benefits) and Ian Watters (Financial Planning Manager). Members will have the opportunity to agree or propose alternative witnesses.
Legislative context and rights of the Council <i>(10 November 2015)</i>	Raj Alagh (Borough Solicitor) Helen Zammit-Wilson and Mariam Razak from the Valuation Office Agency
Legal options open to the Council <i>(7 January 2016)</i>	Raj Alagh (Borough Solicitor)
Consideration of Draft Final Report <i>(2 February 2016)</i>	The draft final report will be presented by Chairman of the Committee.

Assessment

As is standard practice for a Policy Overview Committee review, once a report's recommendations have been agreed by the Cabinet, officers will be asked to begin delivering the necessary changes. The monitoring of officers' work is a fundamentally important aspect of the Committee's work and, as such, regular reports on progress can be requested by Members and a full update report will be added to the future work programme of the Committee.

Resource requirements

This review will be undertaken within current resources. The plan set out above will be co-ordinated and delivered by Democratic Services. The additional resource of staff time required to present, collect and format evidence for witness sessions will also need to be considered.

