



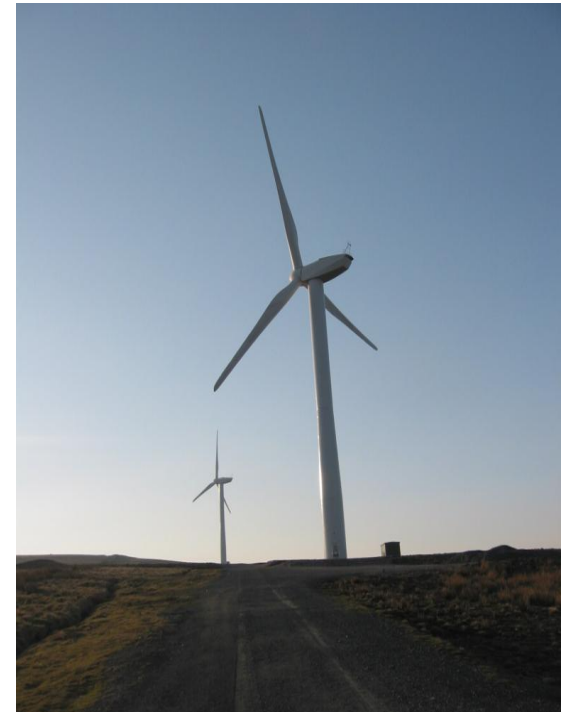
**Mark Deans**

**Minerals, Waste Management And Energy**

**LOCAL AUTHORITIES  
RETENTION OF BUSINESS RATES**

**RENEWABLE ENERGY ASSOCIATION  
PLANNING CONFERENCE**

**APRIL 2013**





# Business Rates

- Business Rates are payable on non-domestic properties across UK
- Rateable Value equivalent to rental value
- Rateable Value x UBR = rates payable per annum
- Revaluations every five years since 1990 though now deferred from 2015 to 2017

# Business Rates on Renewables

- Lack of open market rental evidence
- Alternative approach on receipts and expenditure or contractor's test
- Aim to set what rent a tenant would pay to a landlord for rateable items on the property
- Rateable value set by Valuation Officer/Scottish Assessor
- Apart from Landfill Gas, all fixed for revaluation period

# Government Interference

- Based on well established principles and secure revenue earner - £25 billion in 2012/13
- Recent changes to empty rate relief and postponement of the next revaluation from 2015 to 2017
- Local initiatives - Levy for Business Improvement Districts and Welsh Renewable Energy Producers Business Rates Scheme
- Local accountability and shift of power from Whitehall to Town Hall

# Government's Intentions

- To provide incentive for Local Authority to promote growth
- Promote additional revenue and decrease dependence on central Government funding
- Set with “Baseline Funding Level” that will entitle Authority to keep 50% of the increase over April 2013 collection levels
- Exception for renewable power where 100% retention of rates

## How Does It Apply to Renewables

- Energy source is wind, water, solar, biomass, biogas or landfill gas. Only relates to the electrical output ignoring any heat
- New plants post April 2013 – all the rates collected
- Existing plants @ April 2013 – increase only from March 2013 baseline
- Altered plants @ April 2013 – increase only from March 2013 baseline
- EfW plants new @ April 2013 – part relating to generation of electricity only
- Other property new @ April 13 – generator part only
  
- **NB: This does not affect how much you pay, only how much the Billing Authority will retain**

# Case Examples

- **Wind farms assessed as “New” – 2012/13**

Total 29 assessments (England & Wales)

Total RV £5.2m = £2.5m collected

Range £70 RV = £33 per annum to £740,000 RV = £350,000 per annum

- **Landfill Gas Generation Schemes as “New” – 2012/13**

Total 5 assessments – only one truly new

Total £242,000 RV = £114,000 per annum

- **EfW – Veolia Newhaven - £1.69m RV = £800k per annum but only 15% to 50% applies**



# Location, Location, Location

- Impact will be relative to location/Authority
- What are you proposing?

Average Wind Farm say £50k per annum

Average EFW say £1m per annum

- Where is it located?

Birmingham City Council - £500m rates collected per annum

Boston Borough Council - £25m rates collected per annum





## How Is this relevant to the ratepayer

- **NB: No impact on how much you can expect to pay but should influence Billing Authority and their approach to the matter**
- Promotion of growth and give support for business development policies
- True Injection of cash back into local economy on top of usual employment, and infrastructure benefits, etc
- May bring additional pressure on Valuation Office to assess new or “missed” developments



## Points to Note

- For Billing Authorities to action so as not to lose the extra 50%
- May need to provide “real cash benefits” to Council
- Time delay in realising the benefits. Billing Authority will have to wait until rates are paid
- Your Billing Authority may not be determining Authority for your planning application
- Though pooling of resources may be agreed by Billing Authorities, there may be cross border impact



## Points to Note (continued)

- Should not impact on the level of RV to be agreed with the Valuation Office
- Does not affect appeal rights, vacant relief or void allowances, etc.
- Vacant relief will now all be funded 50/50 by Authority/Government

## Action

- Early in development process seek advice on business rates
- No change to immediate liabilities but should open up more direct support/accountability to Local Authority
- Use as an extra tool in the lobbying approach to gain planning
- Wait (or lobby) for the next round of rates incentives
- Business Rates are a major cost. Be proactive in reviewing your sites for difficulties and take professional advice for budgets and appeals



## Conclusion

- The scheme is now active although early days
- It will not affect how much you pay, only how the Local Authority might benefit from and view your proposals
- Remember Business Rates are a major cost and you should take professional advice