

WYRE FOREST DISTRICT COUNCIL

CABINET
26th JULY 2007

HARDSHIP RATE RELIEF – SEVERN VALLEY RAILWAY (HOLDINGS) PLC

COMMUNITY STRATEGY THEME:	Internal Organisational theme
CORPORATE PLAN THEME:	Improving Corporacy and Performance
KEY PRIORITY:	Financial and Asset Management
STRATEGY:	Council Tax
CABINET MEMBER:	Councillor John-Paul Campion
RESPONSIBLE OFFICER:	Head of Financial Services
CONTACT OFFICER:	Patrick McGill Ext. 2660 patrick.mcgill@wyreforestdc.gov.uk
AN OPEN ITEM	

1. PURPOSE OF REPORT

- 1.1 To consider an application for Hardship Rate Relief from Severn Valley Railway (Holdings) Plc, in respect of their occupation of The Severn Valley Railway.

2. RECOMMENDATION

The Cabinet is asked to **DECIDE** that :-

- 2.1 **Instalments be immediately suspended in respect of The Severn Valley Railway National Non-Domestic Rates .**
- 2.2 **Delegated authority be given to the Head of Financial Services in consultation with the Chief Executive and the Leader of the Council to approve up to 100% Hardship Relief in the 2007/2008 Financial Year.**

3. BACKGROUND

- 3.1 Severn Valley Railway (Holdings) Plc is registered at Companies House under number 01046274.
- 3.2 The preservation of the Severn Valley Railway dates from 1965, when a group of railway enthusiasts formed the Severn Valley Railway Society at Kidderminster. Only after considerable difficulties obtaining the legal authority, a Light Railway Order, from the Department of Environment, the first section from Bridgnorth to Hampton Loade was opened for public passenger services in May 1970. The line now runs 16 miles from Kidderminster to Bewdley and a great deal of time, effort and funds have been expended in developing the Severn Valley Railway to its current prominent position in British Railway preservation.

- 3.3 Rating Regulations require that where a hereditament crosses the boundary of more than one local authority, it is entered into the National Non-Domestic Rating List for the authority whose area has the greater part of the rateable value. For that reason The Severn Valley Railway is in the Wyre Forest Rating List, including the assessments for the parts actually situated in Bridgnorth.
- 3.4 The Severn Valley Railway is largely volunteer operated - without this help it would not survive. Out of their membership of around 13,000, several hundred members actively help to run the Railway on a day to day basis. They have approximately 111 paid employees.
- 3.5 On the night of 19th June 2007, severe storms produced such extreme rainfall that the track has been damaged on a number of sections of line. It is anticipated to be a number of months before repairs can be effected to resume a full service. Although insurance will cover some of the repairs and grants and other donations have been obtained the revenues of The Severn Valley Railway will be severely affected until these repairs are completed.
- 3.6 Section 49 of the Local Government Finance Act 1988 gives this Council discretion to grant relief for National Non-Domestic Rates on the grounds of Hardship, provided certain conditions are met:

Section 49 Reduction or remission of liability

- (1) A [billing authority] may-
- (a) reduce any amount a person is liable to pay to it under section 43 or 45 above, or
 - (b) remit payment of the whole of any amount a person would otherwise be liable to pay to it under section 43 or 45 above.
- (2) But an authority may not act under this section unless it is satisfied that-
- (a) the ratepayer would sustain hardship if the authority did not do so, and
 - (b) it is reasonable for the authority to do so, having regard to the interests of persons liable to pay council tax set by it.

An application has been received from Severn Valley Railway (Holdings) Plc under S.49, which now requires determination.

- 3.7 The Objectives of Severn Valley Railway (Holdings) Plc are to preserve retain and restore The Severn Valley Railway, running regular steam-hauled passenger trains for the benefit of visitors and enthusiasts alike. They are also committed to providing educational opportunities and in addition to assisting with school visits to the railway itself they also provide curriculum based experiences.

4. **KEY ISSUES**

- 4.1 The impact on the finances of The Severn Valley Railway of the cost of repairs, and the Railway not being able to run its services from Kidderminster through to Bridgnorth.

5. **FINANCIAL IMPLICATIONS**

- 5.1 The initial National Non-Domestic Rate liability for 2007/2008 was £57,720 based on a rateable value of £130,000. Valuation Office Agency have granted a temporary reduction to RV £85,000 with effect from 19th June 2007. This has reduced rates payable to £42,052 currently but it is anticipated that this will increase as the rateable value reverts back to the higher figure when repairs are completed. Instalments paid to date total £23,088 so the current balance of rates payable for 2007/2008 is £18,964.63.
- 5.2 The cost of granting Hardship Rate Relief is funded 75% from the NNDR Pool with the District Council paying the remaining 25%, therefore if 100% relief was granted on the balance payable the cost would be :-

	£
Hardship Relief Allowed	18,964.63
Cost to the NNDR Pool	14,223.47
Cost to Council Tax payers	4,741.16

- 5.3 The additional cost to this Council will be initially met from the Discretionary Rate Relief Budget, which will be reviewed as part of the Revised Budget Process if necessary.

6. **LEGAL AND POLICY IMPLICATIONS**

- 6.1 Billing authorities must decide each application on its own merits and may not have a "blanket" policy. Applications for Hardship Relief have historically been few and far between and the last occasion that relief was granted was in 2001 after the foot and mouth outbreaks
- 6.2 In considering applications for Hardship Relief, it is necessary firstly to determine that it would cause the ratepayer to sustain hardship if the relief were not to be granted. If this is judged to be the case The Billing Authority must then consider the contribution which the Severn Valley Railway (Holdings) Plc makes to the Wyre Forest area, and whether it is in the interest of Council Tax Payers that Relief be granted.

7. RISK MANAGEMENT

7.1 There are no Risk Management implications.

8 CONCLUSION

8.1 The Severn Valley Railway are undoubtedly one of the pre-eminent attractions within the District, bringing economic benefits to the community, and also providing significant educational resource.

8.2 The cost of repairs, together with the closure of the line is, and will continue to be, detrimental to their income and this will certainly cause them financial hardship.

8.3 The Severn Valley Railway's current financial position qualifies them for consideration of Hardship Relief in respect of their Business Rates Liability.

8.4 As a definitive figure will not be available for some considerable time but the need to act is urgent, it is recommended that delegated authority be given to the Head of Financial Services in consultation with the Chief Executive and the Leader of the Council.

9. CONSULTEES

9.1 CMT.

10. BACKGROUND PAPERS

10.1 Letter from The Severn Valley Railway to the Chief Executive dated 28th June 2007.

10.2 Local Government Finance Act 1988 Section 49.