

**WYRE FOREST DISTRICT COUNCIL**

**CABINET**  
**24<sup>th</sup> APRIL 2008**

**Hardship Rate Relief – Severn Valley Railway (Holdings) Plc**

| <b><u>AN OPEN ITEM</u></b>       |  |
|----------------------------------|--|
| <b>COMMUNITY STRATEGY THEME:</b> | Internal Organisational theme  |
| <b>CORPORATE PLAN THEME:</b>     | Improving Corporacy and Performance  |
| <b>KEY PRIORITY:</b>             | Financial and Asset Management   |
| <b>STRATEGY:</b>                 | Council Tax  |
| <b>CABINET MEMBER:</b>           | Councillor John-Paul Campion   |
| <b>RESPONSIBLE OFFICER:</b>      | Head of Financial Services   |
| <b>CONTACT OFFICER:</b>          | Patrick McGill Ext. 2660<br><a href="mailto:patrick.mcgill@wyreforestdc.gov.uk">patrick.mcgill@wyreforestdc.gov.uk</a> |
| <b>APPENDIX</b>                  | Letter from Severn Valley Railway (Holdings) Plc.  |

**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:-**

- 2.1 **Instalments that were suspended in respect of The Severn Valley Railway National Non-Domestic Rates recommence 1<sup>st</sup> July 2008.**
- 2.2 **Hardship Relief in the 2008/2009 Financial Year be allowed in respect of Rate Liability up to 30<sup>th</sup> June 2008.**

**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 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.
- 3.6 On the night of 19<sup>th</sup> June 2007, severe storms produced such extreme rainfall that the track has been damaged on a number of sections of line. 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 and normal activities recover to previous levels.
- 3.7 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.

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

- 3.8 Severn Valley Railway were granted Hardship Rates Relief in 2007/2008 amounting to £18,964.63 (cost to WFDC £4,741.16) as a result of a decision made by Cabinet 26<sup>th</sup> July 2007.

**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 Valuation Office Agency have granted a temporary reduction to Rateable Value from £130,000 to £85,000 with effect from 19<sup>th</sup> June 2007. This has reduced rates payable but it is likely that the RV will revert back to the higher figure in due course.
- 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 for the requested period the cost would be (depending on RV applicable) :-

|  | RV £130,000     | RV £85,000      |
|--|-----------------|-----------------|
|  | £               | £               |
| Gross Annual Rates Payable   | 60,060.00       | 39,270.00       |
| Hardship Relief Allowed<br>1 <sup>st</sup> April to 30 <sup>th</sup> June 2008 | 14,973.86       | 9,790.60        |
| Cost to the NNDR Pool  | 11,230.40       | 7,342.95        |
| <b>Cost to Council Tax payers</b>  | <b>3,743.46</b> | <b>2,447.65</b> |

- 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 apart from Severn Valley Railway's application for relief in 2007/2008 we had one other application. (For £213.58 in respect of The Putting Green in Severnside, Stourport on Severn)
- 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 has been detrimental to their income flow and this has certainly caused 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.

**9. CONSULTEES**

9.1 CMT.

**10. BACKGROUND PAPERS**

10.1 Letter from The Severn Valley Railway to the Principal Revenues Officer dated 7<sup>th</sup> February 2008.

10.2 Local Government Finance Act 1988 Section 49.

10.3 Cabinet 26<sup>th</sup> July 2007