

## **Response from Coleraine Borough Council to the Small Business Rate Relief Scheme – 23<sup>rd</sup> June 2009**

### **Do you have any views on the estimated financial impact of the scheme? Do you have any views on the proposed Net Annual Value (NAV) Thresholds?**

Coleraine Borough Council is in agreement that there is merit in the need for a rates relief scheme for Northern Ireland as they are aware of the difficulties faced by the SME sector, however, there are a number of general concerns in relation to the financial impact that the scheme may have. These include:

- The minimal impact of the scheme will be just over £7 million – If the money is not funded from the district rate or the regional rate – then where will the monies be found to provide the £7+ million? If this impacts on spending by central government departments – does this mean that the monies will be taken from services at the central government level? This will ultimately affect the regional and district rates as reduction in funds for services centrally could result in local authorities being asked to supplement services previously paid for and delivered centrally. The Council would have concerns that in light of the current Review of Public Administration and the burden already being placed on Councils to take on central government functions locally, that Councils are already having to absorb the cost of central government services locally. This proposed scheme may see local Councils ultimately carrying the financial burden of the scheme – a cost which Councils do not have the revenue to do.
- Why is the £5,000 threshold being proposed (based on the Welsh Scheme introduced in 2007) when the Welsh Assembly subsequently increased the threshold to £6,500 in April 2008? How has it been established that £5,000 is an appropriate amount for N Ireland?
- Council would have concerns regarding the sustainability of the scheme in the long-term.
- In terms of the Net Asset Value (NAV) thresholds there are a number of concerns. Mainly, the Coleraine Borough Council area has lost 400+ jobs in the past 5 months. It has lost 1200+ jobs in the past 4 years. There has been a large number of closures and retrenching of our larger premises which will result in a large reduction in monies for the district rate and the regional rate. The overall number of SMEs which will benefit from the scheme is 19,300 and approximately 8,200 are in the lower NAV rating. However, in Coleraine we have only 18 companies in total who would fit into Categories above the £5,000 threshold. If the scheme is to go ahead there is a need to offer more assistance to those at the lowest level of NAV. This is the category or level where the majority of our businesses fall into.
- An illustrative example is provided on Page 8 of what the impact would be to the non-domestic rate payer if the scheme was applied – we would

strongly advise that the scheme should not be funded through the district or regional rate because NI has seen unprecedented business decline and closures over the past six months and the scheme would be placing an additional financial burden and constraint on the already struggling non-domestic rate payer.

**Do you have any views on the estimated impact on Section 75 groups?  
Do you have any additional evidence that could be used to inform the final impact assessment?**

There are a number of imperfections when analysing the Section 75 data. There is a lack of data on political opinion and sexual orientation and therefore the scheme has not taken sufficient feedback from these groups into consideration. How can the scheme truly carry out an Equality Impact Assessment without representation from all groups? The data presented from the other seven groupings highlights that the scheme does not affect any particular group over another.

It is important that all of the programmes should be open and available to all sections in our community.

In terms of information and facts – Coleraine Borough Council has always used central government based statistics such as those provided through Northern Ireland Neighbourhood Information Service and Northern Ireland Statistics & Research Agency.

**Do you have any views on the estimated impact on rural areas?  
Do you have any additional evidence that could be used to inform the final impact assessment?**

The rural businesses are extremely important to the rural fabric life of Coleraine. More than 1/3 of our businesses and population live in the rural areas. The scheme would be welcome from both the rural and urban communities however again as discussed above the primary question is around the cost of the scheme and who pays for this scheme and the impact that this will have on services delivered by central government locally.

**Do you have any views on the estimated impact on deprived areas?  
Do you have any additional evidence that could be used to inform the final impact assessment?**

Coleraine has two areas which fall within the top 10% of TSN for NI. One of the major issues within each of these areas is the lack of businesses and economic

activity located within these wards. The scheme may encourage businesses to locate in these areas because they are traditionally lower in terms of rate costs and the presence of the relief scheme may provide an extra incentive for businesses to locate and start-up in these areas. Contra to this – it is possible that the scheme could have no impact on tackling TSN as there are low levels of business activity in these wards. There is also a lack of business premises within these wards which means it is unlikely to go any way towards addressing TSN.

**Do you have any views on the outcome of the Regulatory Impact Assessment?**

**Do you have any additional evidence that could be used to inform the final impact assessment?**

Coleraine Borough Council would have some concerns on the Regulatory and Administrative responsibilities of the scheme. We believe that the scheme must be run centrally and applied automatically to the business depending on their NAV. Councils would not have the resources to administer this scheme.