

Non-Domestic Rates

Non-Domestic Rates, or business rates, collected by local authorities are the way that those who occupy non-domestic property contribute towards the cost of local services. Under the business rates retention arrangements introduced from 1 April 2013, authorities keep a proportion of the business rates paid locally. This provides a direct financial incentive for authorities to work with local businesses to create a favourable local environment for growth since authorities will benefit from growth in business rates revenues. The money, together with revenue from council tax payers, revenue support grant provided by the Government and certain other sums, is used to pay for the services provided by your local authority and other local authorities in your area. Further information about the business rates system, including transitional and other reliefs, may be obtained at www.gov.uk.

Rateable Value

Apart from properties that are exempt from business rates, each non domestic property has a rateable value which is set by the valuation officers of the Valuation Office Agency (VOA), an agency of Her Majesty's Revenue and Customs. They draw up and maintain a full list of all rateable values, available on their website at www.voa.gov.uk. The rateable value of your property is shown on the front of this bill. This broadly represents the yearly rent the property could have been let for on the open market on a particular date. For the revaluation that came into effect on 1st April 2010, this date was set as 1st April 2008.

The valuation officer may alter the value if circumstances change. The ratepayer (and certain others who have an interest in the property) can appeal against the value shown in the list if they believe it is wrong. Further information about the grounds on which appeals may be made and the process for doing so can be found on the VOA website or from your local valuation office.

National Non-Domestic Rating Multiplier

The local authority works out the business rates bill by multiplying the rateable value of the property by the appropriate multiplier. There are two multipliers; the standard non-domestic rating multiplier and the small business non-domestic rating multiplier. The former is higher to pay for small business rate relief. Except in the City of London where special arrangements apply, the Government sets the multipliers for each financial year for the whole of England according to formulae set by legislation.

Between revaluations the multipliers change each year in line with inflation and to take account of the cost of small business rate relief. In the year of revaluation the multipliers are rebased to account for overall changes to total rateable value and to ensure that the revaluation does not raise extra money for Government. The current multipliers are shown on the front of your bill.

Revaluation 2010 and Transitional Arrangements

All rateable values are generally reassessed every five years at a general revaluation to ensure bills paid by any one ratepayer reflect changes over time in the value of their property relative to others. The current rating list is based on the 2010 revaluation. Subject to royal assent being granted to the Growth and Infrastructure Bill, the next revaluation will be postponed until 2017 to provide greater stability for businesses to encourage economic growth. Five yearly revaluations will continue from 2017. Revaluation does not raise extra money for Government. The Government's Written Ministerial Statement on the postponement can be found at the following link:

<http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm121112/wmstext/121112m0001.htm>

For those ratepayers who would otherwise have seen significant increases in their rates liability, the Government has put in place a £2 billion transitional relief scheme to limit and phase in changes in rate bills as a result of the 2010 revaluation. To help pay for the limits on increases in bills, there were also limits on reductions in bills. Under the transition scheme, limits continue to apply to yearly increases and decreases until the full amount is due (rateable value times the appropriate multiplier). The scheme applies only to the bill based on a property at the time of the revaluation. If there are any changes to the property after 1st April 2010, transitional arrangements will not normally apply to the part of a bill that relates to any increase in rateable value due to those changes. Changes to your bill as a result of other reasons (such as because of changes to the amount of small business rate relief) are not covered by the transitional arrangements.

The transitional arrangements are applied automatically and are shown on the front of your bill.

More information on revaluation 2010 can be found at www.voa.gov.uk.

Unoccupied Property Rating

Business rates will not be payable in the first three months that a property is empty. This is extended to six months in the case of certain industrial properties. After this period rates are payable in full unless the unoccupied property rate has been reduced by the Government by order. In most cases the unoccupied property rate is zero for properties owned by charities and community amateur sports clubs. In addition, there are a number of exemptions from the unoccupied property rate. Full details on exemptions can be obtained from the local authority. If the unoccupied property rate for the financial year has been reduced by order, it will be shown on the front of your bill.

The Government is introducing a new temporary measure for unoccupied new builds from October 2013. Unoccupied new builds will be exempt from unoccupied property rates for up to 18 months (up to state aid limits) where the property comes on to the list between 1 October 2013 and 30 September 2016. The 18 month period includes the initial 3 or 6 month exemption and so properties may, if unoccupied, be exempt from non domestic rates for up to an extra 15 or 12 months.

Partly Occupied Property Relief

A ratepayer is liable for the full non-domestic rate whether a property is wholly occupied or only partly occupied. Where a property is partly occupied for a short time, the local authority has discretion in certain cases to award relief in respect of the unoccupied part. Full details can be obtained from the local authority.

Small Business Rate Relief

Ratepayers who are not entitled to another mandatory relief or are liable for unoccupied property rates and occupy a property with a rateable value which does not exceed £17,999 outside London or £25,499 in London will have their bill calculated using the lower small business non-domestic rating multiplier, rather than the national non-domestic rating multiplier.

In addition, generally, if the sole or main property is shown on the rating list with a rateable value which does not exceed £12,000, the ratepayer will receive a percentage reduction in their rates bill for this property of up to a maximum of 50% for a property with a rateable value of not more than £6,000. However, until 31 March 2014 the Government has doubled the usual level of relief.

This percentage reduction (relief) is only available to ratepayers who occupy either--

(a) one property, or

(b) one main property and other additional properties providing those additional properties each have a rateable value which does not exceed £2,599.

The rateable value of the property mentioned in (a), or the aggregate rateable value of all the properties mentioned in (b), must not exceed £17,999 outside London or £25,499 in London on each day for which relief is being sought. If the rateable value, or aggregate rateable value, increases above those levels, relief will cease from the day of the increase.

An application for Small Business Rate Relief is not required. Where a ratepayer meets the eligibility criteria and has not received the relief they should contact their local authority. Provided the ratepayer continues to satisfy the conditions for relief which apply at the relevant time as regards the property and the ratepayer, they will automatically continue to receive relief in each new valuation period.

Certain changes in circumstances will need to be notified to the local authority by a ratepayer who is in receipt of relief (other changes will be picked up by the local authority). The changes which should be notified are-

- (a) the ratepayer taking up occupation of an additional property, and
- (b) an increase in the rateable value of a property occupied by the ratepayer in an area other than the area of the local authority which granted the relief.

Charity and Community Amateur Sports Club Relief

Charities and registered Community Amateur Sports Clubs are entitled to 80% relief where the property is occupied by the charity or the club, and is wholly or mainly used for the charitable purposes of the charity (or of that and other charities), or for the purposes of the club (or of that and other clubs).

The local authority has discretion to give further relief on the remaining bill. Full details can be obtained from the local authority.

Local Discounts

Local authorities have a general power to grant discretionary local discounts. Full details can be obtained from the local authority.

Hardship Relief

The local authority has discretion to give hardship relief in specific circumstances. Full details can be obtained from the local authority.

Cancellation of Backdated Rates Liabilities

The Government has put in place regulations to allow for the cancellation of certain backdated business rates liabilities. The relevant regulations, the Non-Domestic Rating (Cancellation of Backdated Liabilities) Regulations 2012 (SI 2012/ 537), can be found on the www.legislation.gov.uk website.

Information on the type of backdated rates liability that can be cancelled is available with Business Rates Information Letter titled Cancellation of Backdated Rates:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/8187/Business_Rates_Information_Letter_4-2012.pdf

Rating advisers

Ratepayers do not have to be represented in discussions about their rateable value or their rates bill. Appeals against rateable values can be made free of charge. However, ratepayers who do wish to be represented should be aware that members of the Royal Institution of Chartered Surveyors (RICS--website www.rics.org) and the Institute of Revenues, Rating and Valuation (IRRV--website www.irrv.org.uk) are qualified and are regulated by rules of professional conduct designed to protect the public from misconduct. Before you employ a rating adviser, you should check that they have the necessary knowledge and expertise, as well as appropriate indemnity insurance. Take great care and, if necessary, seek further advice before entering into any contract.

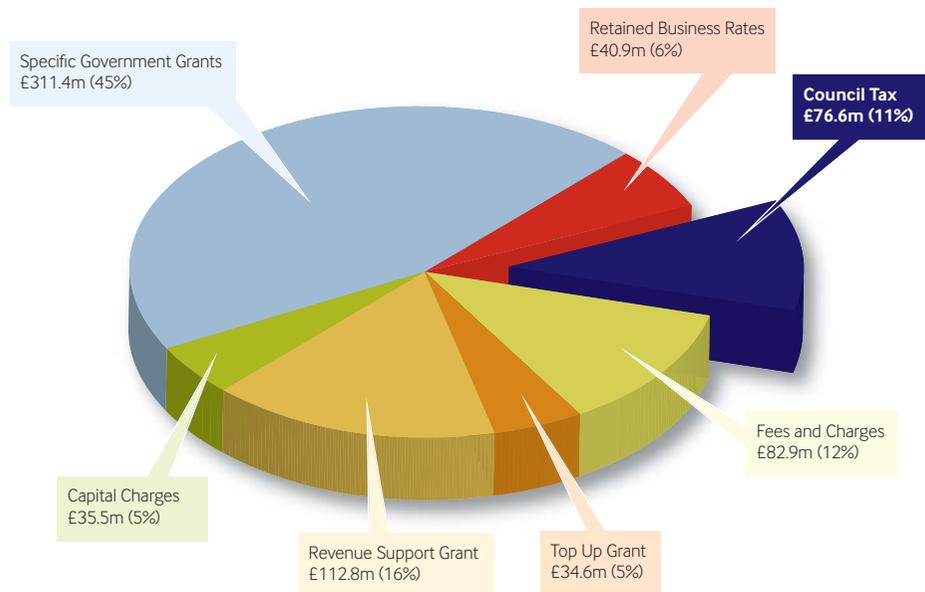
Information Supplied with Demand Notices

Information relating to the relevant and previous financial years in regard to the gross expenditure of the local authority is available at www.sunderland.gov.uk/businessrates. A hard copy is available on request by writing to Sunderland City Council, PO Box 115, Sunderland SR5 9BJ or ringing 0191 5611850.

WHERE THE MONEY WILL COME FROM IN 2013-2014

The council provides a wide range of services including schools, caring for the elderly, collecting rubbish and providing leisure facilities. The cost of running and maintaining the day-to-day services provided by the council is called Revenue Expenditure.

The Council Tax you pay forms only part of the funding to pay for these services. The chart below shows that over half of the money comes from the Government and the remainder from Council Tax, Retained Business Rates and income received from users of council services.



Total Income
£694.7m

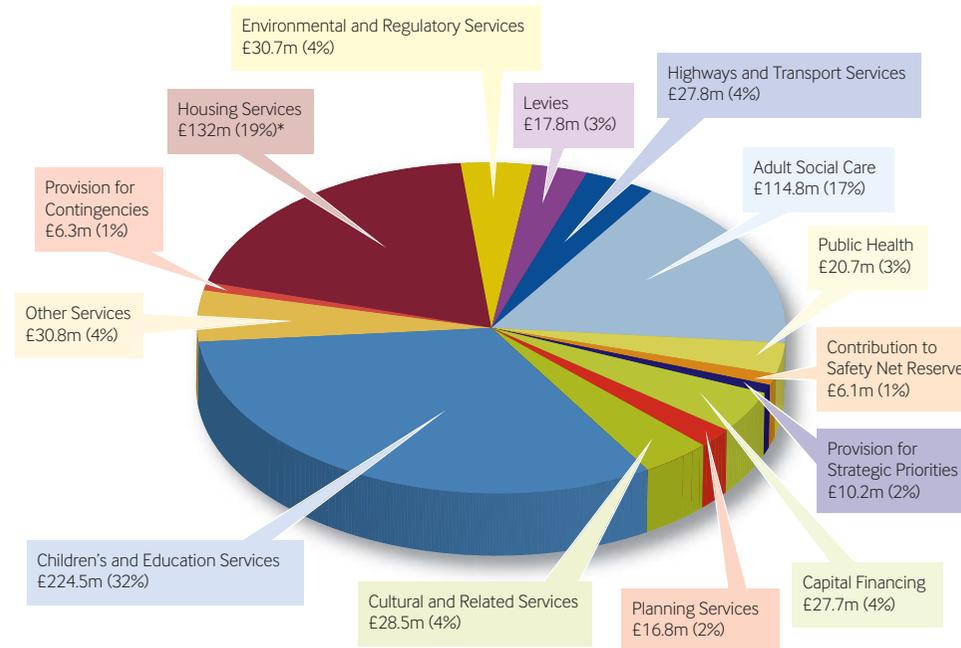
*Capital charges amounting to £35.5m are included in gross expenditure and income in accordance with the Service Reporting Code of Practice. This has no impact on the level of Council Tax.

HOW RESIDENTS HELP SET THE BUDGET

We consult with thousands of residents all year round on a whole range of issues that help us plan our services and to develop our city. It is only by residents telling us what they want that we can set the right priorities and make sure we're delivering the things that really matter to people. At budget time we have additional consultation sessions and we're particularly grateful for the help and support of residents who are members of our citizens' panel, 'Community Spirit'.

WHERE THE MONEY WILL BE SPENT ON SERVICES FOR 2013-2014

The chart below shows what the council plans to spend on its services in 2013-2014.



Total Revenue Expenditure
£694.7m

* This excludes council housing costs as this service has transferred to Gentoo and mainly consists of Housing Benefit payments.

GLOSSARY OF TERMS

Revenue Expenditure – the cost of maintaining and running day-to-day council services.

Gross Expenditure – the total revenue costs of running council services before any income from grants and fees and charges are taken into account.

Spending Pressures – costs which the council

has no control over such as inflation and demand for services.

Precepts – these are the costs of the Fire and Rescue and the Police services which all Council Tax payers must pay for.

Council Tax Requirement – the amount of money that the council needs from its Council Tax payers.

THE MAJOR ISSUES IN SETTING THE 2013-2014 BUDGET

The budget for the next financial year has been prepared taking account of the continued significant grant reductions from central government and the increase in costs to provide council services, such as inflation on fuel, gas, electricity and general price increases.

During the budget process, the council has used balances of £2.572m in order to enable spending pressures to be addressed.

The cost of services

In addition to services provided by the council, other bodies including the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority also provide services which the council must take into account. The table below gives a summary of the net cost of these services for 2013-2014 and how the Council Tax for Band D is built up.

| Last Year 2012-2013 £m | Summary net cost of services | This Year 2013-2014 £m | Band D Council Tax £ p |
|---------------------------|---|---------------------------|---------------------------|
| 96.302 | City Council (including Levies) | 76.013 | 1,185.96 |
| 5.941 | Tyne and Wear Fire and Rescue Authority | 4.689 | 73.16 |
| 6.795 | Police and Crime Commissioner for Northumbria | 5.551 | 86.61 |
| 109.038 | | 86.253 | 1,345.73 |

In addition Hetton Town Council will levy a precept of £40,929 in 2013-2014, equivalent to a Band D charge of £13.11 (£13.11 in 2012-2013) but this is only paid by the residents of the Parish of Hetton Town Council.

Cost per head of population

The table below shows the total cost to each person in Sunderland of services provided by the council and Precepting Authorities, after taking account of the income received from Revenue Support Grant and Business Rates.

| | Total Budget Requirement £ | Government Funding* £ | Local Share of Business Rates £ | Collection Fund (Surplus)/Deficit £ | Council Tax Requirement £ |
|---|-------------------------------|--------------------------|------------------------------------|--|------------------------------|
| City Council | 955.53 | (531.83) | (147.56) | (1.80) | 274.34 |
| Tyne and Wear Fire and Rescue Authority | 48.02 | (27.35) | (3.61) | 0.06 | 17.12 |
| Police and Crime Commissioner for Northumbria | 193.76 | (172.22) | 0.00 | (0.05) | 21.49 |
| Total | 1,197.31 | (731.40) | (151.17) | (1.79) | 312.95 |

*Includes mainly Revenue Support Grant and Top Up Grant

BUDGET INFORMATION

Sunderland City Council budget information Explanatory Notes

The reduction in the Council Tax requirement of £20.3m reflects changes in Council Tax Support from April 2013. Council Tax Support Grant is now incorporated within Revenue Support Grant rather than the previous arrangements of Council Tax Benefit Grant forming part of the Council Tax Collection Fund. Details of the budget variation are shown in the table opposite. In 2013-2014 Council Tax represents 11% of Gross Revenue Expenditure (2012-2013 13%).

| | £m |
|---|---------------|
| Inflation | 0.2 |
| Decrease in levies | (0.3) |
| Reduction in service expenditure | (42.2) |
| Reduction in other income | 6.8 |
| Contribution to Safety Net Reserve | 6.1 |
| Increase in use of Balances | (0.3) |
| Movement in Capital Financing | 1.5 |
| Net reduction in Government Grants | 48.8 |
| Introduction of Retained Business Rates | (40.9) |
| Total | (20.3) |

| Last Year 2012-2013 | | | | This Year 2013-2014 | | |
|-------------------------|--------------------|-----------------------|--|-------------------------|--------------------|-----------------------|
| Gross Expenditure £m | Gross Income £m | Net Expenditure £m | | Gross Expenditure £m | Gross Income £m | Net Expenditure £m |
| 112.8 | 54.7 | 58.1 | Adult Social Care | 114.8 | 38.5 | 76.3 |
| 253.4 | 199.6 | 53.8 | Children's and Education Services | 224.5 | 160.0 | 64.5 |
| 32.0 | 8.0 | 24.0 | Cultural and Related Services | 28.5 | 7.6 | 20.9 |
| 28.7 | 2.8 | 25.9 | Environmental and Regulatory Services | 30.7 | 6.7 | 24.0 |
| 27.8 | 10.6 | 17.2 | Highways and Transport Services | 27.8 | 9.8 | 18.0 |
| 132.9 | 119.9 | 13.0 | Housing Services (non council housing costs) | 132.0 | 123.8 | 8.2 |
| 16.9 | 9.6 | 7.3 | Planning Services | 16.8 | 9.9 | 6.9 |
| 0.0 | 0.0 | 0.0 | Public Health | 20.7 | 20.7 | 0.0 |
| 59.9 | 41.0 | 18.9 | Other Services | 30.8 | 10.5 | 20.3 |
| 0.0 | 2.6 | (2.6) | Other Core Grants | 0.0 | 2.7 | (2.7) |
| 26.2 | 0.0 | 26.2 | Capital Financing Costs | 27.7 | 0.0 | 27.7 |
| 690.6 | 448.8 | 241.8 | | 654.3 | 390.2 | 264.1 |
| 10.5 | 0.0 | 10.5 | Provision for contingencies | 6.3 | 0.0 | 6.3 |
| 10.2 | 0.0 | 10.2 | Provision for strategic priorities | 10.2 | 0.0 | 10.2 |
| 0.0 | 1.6 | (1.6) | Interest on Balances | 0.0 | 1.6 | (1.6) |
| 0.0 | 2.3 | (2.3) | Use of Balances | 0.0 | 2.6 | (2.6) |
| 0.0 | 0.0 | 0.0 | Contribution to Safety Net Reserve | 6.1 | 0.0 | 6.1 |
| 0.0 | 31.6 | (31.6) | Capital Charges | 0.0 | 35.5 | (35.5) |
| 711.3 | 484.3 | 227.0 | TOTAL EXPENDITURE | 676.9 | 429.9 | 247.0 |
| | | | Levies | | | |
| | | 17.8 | Tyne and Wear Integrated Transport Authority | | | 17.5 |
| | | 0.2 | Environment Agency - Flood Defence | | | 0.2 |
| | | 0.1 | NE Inshore Fisheries Conservation Authority | | | 0.1 |
| | | 245.1 | TOTAL BUDGET REQUIREMENT | | | 264.8 |
| | | 2.8 | Less Revenue Support Grant | | | 112.8 |
| | | 145.4 | Redistributed Business Rates | | | 0.0 |
| | | 0.0 | Retained Business Rates | | | 40.9 |
| | | 0.0 | Top Up Grant | | | 34.5 |
| | | 0.5 | Collection Fund Surplus | | | 0.5 |
| | | 96.4 | COUNCIL TAX REQUIREMENT | | | 76.1 |

BUDGET INFORMATION

Levies and precepts

Your Council Tax bill is made up of a number of elements besides the council's Council Tax Requirement. These include levies and precepts that the council is legally required to collect on behalf of other organisations. For Sunderland City Council these organisations are:

Levying Authorities

| Environment Agency | | | | | | |
|--------------------|----------------------|-----------------|--------------------|----------------------|-----------------|--------------------|
| | Last Year 2012-2013 | | | This Year 2013-2014 | | |
| | Gross Expenditure £m | Gross Income £m | Net Expenditure £m | Gross Expenditure £m | Gross Income £m | Net Expenditure £m |
| Flood Defence | 19.5 | 17.4 | 2.1 | 16.1 | 14.0 | 2.1 |
| Levy | | | 2.1 | | | 2.1 |

Change in levy (Total Budget Requirement) between years is attributable to:

| | £m |
|--|------------|
| Impact of Government Spending Review and national prioritisation of capital projects | 0.0 |
| Total | 0.0 |
| Sunderland's proportion of the Environment Agency levy is £0.197m in 2013-2014 (2012-2013 £0.206m) | |

| Tyne and Wear Integrated Transport Authority | | | | | | |
|--|----------------------|-----------------|--------------------|----------------------|-----------------|--------------------|
| | Last Year 2012-2013 | | | This Year 2013-2014 | | |
| | Gross Expenditure £m | Gross Income £m | Net Expenditure £m | Gross Expenditure £m | Gross Income £m | Net Expenditure £m |
| Tyne Tunnels | 16.5 | 19.4 | (2.9) | 24.6 | 23.6 | 1.0 |
| ITA | 3.5 | 0.0 | 3.5 | 3.4 | 0.0 | 3.4 |
| Grant to Nexus | 101.3 | 0.0 | 101.3 | 104.1 | 0.0 | 104.1 |
| | 121.3 | 19.4 | 101.9 | 132.1 | 23.6 | 108.5 |
| Transfer to Reserves | | | (3.8) | | | (6.6) |
| Total Budget Requirement | | | 98.1 | | | 101.9 |
| Less Rail Grants and Miscellaneous Grants | | | (27.9) | | | (31.7) |
| Levy | | | 70.2 | | | 70.2 |

Change in levy (Total Budget Requirement) between years is attributable to:

| | £m |
|--|------------|
| Inflation and other cost pressures | 3.6 |
| Increase on Tyne Tunnels budget | 8.0 |
| Increased income | (4.2) |
| Budget reductions | (0.8) |
| Movement on contribution from reserves | (2.8) |
| Total | 3.8 |
| Sunderland's proportion of the Tyne and Wear Integrated Transport Authority levy is £17.506m in 2013-2014 (2012-2013 £17.778m) | |

BUDGET INFORMATION

Precepting Authorities

| Police and Crime Commissioner for Northumbria | | | | | | |
|---|----------------------|-----------------|--------------------|----------------------|-----------------|--------------------|
| | Last Year 2012-2013 | | | This Year 2013-2014 | | |
| | Gross Expenditure £m | Gross Income £m | Net Expenditure £m | Gross Expenditure £m | Gross Income £m | Net Expenditure £m |
| Police General | 311.6 | 40.7 | 270.9 | 300.6 | 22.5 | 278.1 |
| Contingencies | 1.0 | 0.0 | 1.0 | | | 0.0 |
| Total Budget Requirement | 312.6 | 40.7 | 271.9 | 300.6 | 22.5 | 278.1 |
| Less: Formula Grant | | | 235.1 | | | 240.2 |
| Localised Council Tax Support Grant | | | 0.0 | | | 7.0 |
| Collection Fund Surplus | | | 0.2 | | | 0.1 |
| Precept | | | 36.6 | | | 30.8 |

Change in Precept (Council Tax Requirement) between years is attributable to:

| | £m |
|---|--------------|
| Increases in pay and prices | 2.3 |
| Changes in Government Grants | (1.7) |
| Budget Savings | (16.5) |
| Reduction in use of Reserves | 10.1 |
| Total | (5.8) |
| Sunderland's proportion of the Police and Crime Commissioner for Northumbria precept is £5.551m in 2013-2014 (2012-2013 £6.795m) | |
| This represents £86.61 of the Band D Council Tax and equates to an increase of £2.93. (Equivalent to a 3.5% increase) | |
| Council Tax represents 10.3% of Gross Expenditure (2012-2013 11.7%) this decreases the reliance on Council Tax as a funding stream. | |

| Tyne and Wear Fire and Rescue Authority | | | | | | |
|---|----------------------|-----------------|--------------------|----------------------|-----------------|--------------------|
| | Last Year 2012-2013 | | | This Year 2013-2014 | | |
| | Gross Expenditure £m | Gross Income £m | Net Expenditure £m | Gross Expenditure £m | Gross Income £m | Net Expenditure £m |
| Fire Service | 62.2 | 6.2 | 56.0 | 59.7 | 7.1 | 52.6 |
| | 62.2 | 6.2 | 56.0 | 59.7 | 7.1 | 52.6 |
| Contingencies | | | 0.5 | | | 0.9 |
| Interest on Balances | | | (0.2) | | | (0.2) |
| Core Grants | | | (0.7) | | | 0.0 |
| Total Budget Requirement | | | 55.6 | | | 53.3 |
| Less Revenue Support Grant | | | 0.6 | | | 20.4 |
| Business Rates | | | 31.1 | | | 0.0 |
| Collection Fund Surplus | | | (0.1) | | | 0.0 |
| Top up Grant | | | 0.0 | | | 9.6 |
| Retained Business Rates | | | 0.0 | | | 4.0 |
| Transitional Relief Grant | | | 0.0 | | | 0.1 |
| Council Tax Freeze Grant | | | 0.0 | | | 0.2 |
| Precept | | | 24.0 | | | 19.0 |

Change in Precept (Council Tax Requirement) between years is attributable to:

| | £m |
|---|--------------|
| Cost pressures | 1.4 |
| Additional income | (0.2) |
| Government funding | 2.0 |
| Local share of business rates | (4.0) |
| Efficiency savings | (4.2) |
| Total | (5.0) |
| Sunderland's proportion of the Tyne and Wear Fire and Rescue Authority precept is £4.689m in 2013-2014 (2012-2013 £5.941m) | |
| This represents £73.16 of the Band D Council Tax and equates to a Council Tax freeze. | |
| Council Tax represents 31.4% of Gross Expenditure (2012-2013 38.2%) this decreases the reliance on Council Tax as a funding stream. | |