



SCOTTISH EXECUTIVE

Finance and Central Services Department
Local Government Finance & Performance

Victoria Quay
Edinburgh EH6 6QQ

Finance Circular No. 3/2003

Chief Executives, Scottish Local Authorities

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Your ref:
Our ref: ZCE/3/1/2

18 March 2003

Dear Sir/Madam

HARDSHIP RELIEF FOR HARBOURS AND BUSINESSES AFFECTED BY THE REDUCTION IN WHITEFISH CATCHES: GUIDANCE FOR LOCAL AUTHORITIES

1. The EU December Fisheries Council agreed substantial cuts in quotas for Scottish whitefish stocks. A further limitation was placed on the fleet in the form of days-at-sea restrictions. The impact of this measure was moderated by an agreement to remove some fleet capacity which meant that the monthly days-at-sea limit was revised upwards from 9 to 15 days. The aim of the Government's £40m decommissioning scheme is to remove capacity to secure these extra days. Furthermore, in order to assist the industry between now and the point at which decommissioning takes place, £10m has been earmarked for transitional aid.
2. On 19 February, the Scottish Executive announced that our contribution towards the funding of hardship relief will be raised from 75% to 95% for those harbour areas affected by the reduction in whitefish catches.
3. The First Minister further announced on 11 March that the enhanced contribution would be extended beyond harbours to include affected businesses in the areas concerned, as long as their rateable value is £50,000 or under.
4. The scheme will also be extended to affected businesses in any additional harbours which administer vessels eligible for the transitional support available to the catching sector. Up to £10m in Transitional Aid is being made available by the Scottish Executive to help fishermen deal with the effects of fisheries reductions consequent to cod recovery measures; and to help manage the process of catching sector restructuring and rationalisation. The fine details of the scheme are currently being finalised and will be announced in due course.
5. Local authorities also have the option of restructuring existing rate payments for those businesses they deem to be seriously affected.



6. This note provides guidance to local authorities on the implementation of these measures.

Hardship Relief

Background

7. As stated above, the Scottish Executive has announced proposals for funding hardship relief that is granted by local authorities for harbours and businesses affected by the reduction in Total Allowable Catches (TACs). Central government usually funds 75% of the cost of this relief, with the local authority funding the remaining 25%. The additional funding announced on 19 February and 11 March will increase the central government contribution from 75% to 95% of the cost of giving rate relief.

8. The additional funding will be available for relief granted to harbours regardless of their rateable value, and businesses with a rateable value of £50,000 or under. The rateable value limit applies to individual subjects and not the business as a whole.

9. Enhanced support will be available for harbour areas which show at least a 20% dependency on whitefish catches. A table is attached at **Annex A** showing those harbour areas which have such a dependency on whitefish landings (these figures are from 2001). The affected business may not necessarily be located in the harbour area. If a business can prove hardship as a result of the reduction in whitefish catches at one of the listed harbour areas, regardless of where the business is based, then central government will contribute 95% of any hardship relief granted.

10. The enhanced support will also be available to include affected businesses in harbours which administer vessels eligible for the transitional support available to the catching sector. Further details will be announced once the full details of the transitional support scheme have been finalised.

11. The enhanced contribution will be available for a 6-month period from 1 April 2003.

12. The additional funding of hardship relief in these areas will be provided through a redetermination of RSG in the Local Government Finance (Scotland) Order 2004. Authorities will need to make claims for this grant to the Scottish Executive by 30 November 2003, giving details of the rate relief given in respect of harbours and affected businesses. As it is likely local authorities will still have cases pending by 30 November separate figures should be supplied giving estimates for outstanding cases. We will request final figures at a later date and any difference will be paid as a redetermination in the following years Order (2005). Attached at **Annex B** is a form that should be filled in for this purpose and returned to Stuart Downes (details at end of letter). Notes on how to fill in this form are attached at **Annex B1**.

Granting Hardship Relief

13. Authorities will already have in place procedures for the consideration of hardship relief. These procedures and the funding arrangements for cases unrelated to the reduction in Total Allowable Catches (TACs) are not affected as a result of these proposals.

14. Applications for relief arising from the reduction in TACs will need to be dealt with as swiftly as possible. In considering applications authorities will wish to bear in mind the following factors:

- **The application process should be simple but robust to guard against fraudulent claims.** Clearly authorities will need to ensure that relief is directed to deserving cases suffering genuine hardship as a result of the reduction in TACs but the process must be kept as simple and streamlined as possible to enable decisions to be made quickly.
- **The type of business concerned.** Is the business solely reliant on the fishing industry or can they redirect their resources elsewhere? There is no restriction on eligibility by sector; local authorities should use their judgement when awarding relief.
- **The effects on the harbour/business concerned.** Local authorities should consider the harbour's (and therefore associated businesses) reliance on whitefish catches. The additional funding is there to support relief from genuine hardship. It is not intended to be a scheme of compensation for lost income. It is targeted at harbours and those businesses with a rateable value of £50,000 or under, who can demonstrate hardship as a result of the reductions.
- **Relief should only be given for the period during which genuine hardship is felt.** Authorities should be aware in awarding relief that the enhanced contribution will only be available for a 6 month period from 1 April 2003, to allow businesses to adapt to the changes.

15. Larger properties and those in other areas can still apply for hardship relief to their local authority, this will be under the normal terms where local authorities provide 25% towards the cost of the relief.

Restructuring of Rates Payments

16. We would encourage local authorities to consider applications for hardship relief as soon as possible. However, it may take a little time for applications to be fully considered. As a first step, pending a firm decision on the award of hardship relief, authorities may consider whether to offer the ratepayer the opportunity to restructure the payment of their rates bill.

17. This may also be considered where the ratepayer is not granted hardship relief, but where restructuring of payments may be helpful in overcoming any short-term difficulties in meeting their financial commitments.

18. Local authorities may be concerned that where a significant number of hardship cases arise, and payments are deferred, this could have a significant impact on their cash flow and their ability to make contributions to the non-domestic rates pool. Any council which anticipates finding itself in this position should contact Stuart Downes at the Scottish Executive.

19. By the end of April local authorities are due to advise the Scottish Executive of the provisional amount (PCA) they expect to contribute to the pool in 2003-04. If there is a downward recalculation thereafter to the extent that any council expects to collect less than 97% of their PCA, the Scottish Executive will recalculate their contribution into the pool.

Unoccupied property relief

20. All unoccupied property is exempt from rates for the first 3 months it is unoccupied. Thereafter the business is liable to pay half the rates which would have been payable if the property had been occupied (though some specified types of property are exempt from the half rate).

21. Where property is partly unoccupied for a short time the local authority can have the rateable value of a property apportioned by the Assessor. Rates are then paid only on the value apportioned to the occupied part. Half rates would normally be charged on the unoccupied part after 3 months (although again exemption from the half rate is available to prescribed classes of property).

Application to the Assessors for a Temporary Reduction in Rateable Value Due to a Material Change of Circumstances

22. Ratepayers can appeal to the Assessor if they think there has been some change affecting the property and/or its locality, which reduces its value. Appeals may be made for a temporary reduction in rateable value to reflect circumstances affecting that rateable value. Such appeals are unlikely to be settled until the full duration of difficulties resulting from the reduction in whitefish catches is known. Contact details for the Scottish Assessors are attached at **Annex C**.

Further Information

23. Enquiries on the content of this guidance should be addressed to:

For queries related to policy please contact:

Billy McKenzie on 0131 244 7051 (billy.mckenzie@scotland.gsi.gov.uk)

For queries related to financial matters please contact:

Stuart Downes on 0131 244 7007 (stuart.downes@scotland.gsi.gov.uk)

Yours faithfully

BILLY MCKENZIE



ANNEX A
TABLE SHOWING FISHING AREAS AFFECTED BY REDUCTION IN TOTAL ALLOWABLE CATCHES

Area	% of total Scottish w/fish catch	% of total value of fish landed which represent Whitefish
Aberdeen	9.9	82
Buckie	0.8	29
Eyemouth	1.2	41
Fraserburgh	8.0	33
Kinlochbervie	7.2	92
Lochinver	7.5	95
Mallaig	2.5	30
Peterhead	33.0	73
Shetland	9.6	43
Ullapool	4.7	70
Wick	13.2	78
TOTAL	97.6	-

Source: Scottish Executive Environment and Rural Affairs Department



**Annex B
NON-DOMESTIC RATES HARDSHIP RELIEF GRANTED AS A RESULT OF REDUCTION IN
WHITE FISH CATCHES**

COUNCIL

	Relief granted under the Scheme	Relief granted <u>not</u> under the Scheme	
	1	2	3
	Rateable Value (= to or < £50,000) or all affected harbours	Rateable Value (> £50,000)	Total (Cols 1+2)
1 Number of Cases (Note 2)	<input type="text"/>	<input type="text"/>	<input type="text" value="0"/>
2 100% relief (Note 3)	<input type="text"/>	<input type="text"/>	<input type="text" value="0"/>
3 75% relief (Note 4)	<input type="text"/>	<input type="text"/>	<input type="text" value="0"/>
4 20% relief (Note 5)	<input type="text"/>	Not applicable	<input type="text" value="0"/>
5 5% relief (Note 6)	<input type="text"/>	Not applicable	<input type="text" value="0"/>
6 25% relief (Note 7)	Not applicable	<input type="text"/>	<input type="text" value="0"/>
7 Total (Sum lines 3 to 6) (Note 8)	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>

Annex B1

GUIDANCE NOTES: HARDSHIP RELIEF: RETURN 2003

Introduction

1. These notes are intended to help authorities with the completion of the attached form, which will be used by the Scottish Executive for the purposes of the calculation of the extra 20% payment in respect of hardship relief **granted** due to the reduction in whitefish catches. Any relief granted after the submission of this return will be settled in a redetermination of RSG in the 2005 LGF Order. **The returns must be submitted by 30 November 2003** to allow for the redetermination of RSG on the 2004 LGF Order.
2. Enter in **column 1 line 1**, the number of cases where hardship relief was granted for harbours and businesses with a rateable value under or equal to £50,000. Enter in **column 2 line 1**, the number of businesses granted relief over the rateable value of £50,000, if any. Enter in **column 3 line 1**, the total of columns 1 and 2.
3. Enter in **column 1 line 2**, 100% relief granted for harbours and businesses under or equal to the RV of £50,000 and enter in **column 2 line 2**, 100% relief granted for businesses with RV over £50,000. Enter in **column 3 line 2**, the total of columns 1 and 2.
4. Enter in **column 1 line 3**, 75% share of total relief granted for businesses under or equal to the RV of £50,000 and enter in **column 2 line 3**, 75% share of total relief granted for businesses with RV over £50,000. Enter in **column 3 line 3**, the total of columns 1 and 2.
5. Enter in **column 1 line 4**, 20% share of total relief granted for businesses under or equal to the RV of £50,000. **Column 2 line 4**, n/a this cell should be left blank as relevant information is input at line 6. Enter in **column 3 line 4**, the total of columns 1 and 2.
6. Enter in **column 1 line 5**, 5% share of total relief granted for businesses under or equal to RV of £50,000. **Column 2 line 5**, n/a this cell should be left blank as relevant information is input at line 6. Enter in **column 3 line 5**, the total of columns 1 and 2.
7. **Column 1 line 6**, n/a this cell should be left blank as relevant information is input at lines 4 & 5. Enter in **column 2 line 6**, 25% share of total relief granted for businesses with RV over £50,000. Enter in **column 3 line 6**, the total of columns 1 and 2.
8. Enter in **columns 1 and 2 line 7**, the total of lines 3 to 6. Enter in **column 3 line 7**, the sum of line 7 in columns 1 and 2.
9. If you have any queries about this return, contact Stuart Downes on 0131 244 7007.



Annex C
CONTACT DETAILS FOR SCOTTISH ASSESSORS

Valuation Joint Board or Council Area	Local Authority	Office Address	Phone Number	Fax Number	E-mail Address
The Ayrshire Valuation Joint Board	East Ayrshire Council North Ayrshire Council South Ayrshire Council	9 Wellington Square Ayr KA7 1HL	01292 612221	01292 612673	avjb@south-ayrshire.gov.uk
The Central Scotland Valuation Joint Board	Clackmannanshire Council Falkirk Council Stirling Council	Hillside House Laurelhill Stirling FK7 9QJ	01786 892200	01786 892255	assessor@centralassessor.demon.co.uk
Dumfries & Galloway Council	Dumfries & Galloway Council	Huntingdon 27 Moffat Road Dumfries DG1 1NB	01387 260627	01387 260632	assessor@dumgal.gov.uk
The Dunbartonshire and Argyll and Bute Valuation Joint Board	Argyll & Bute Council West Dunbartonshire Council East Dunbartonshire Council	235 Dunbarton Road Clydebank G81 4XJ	0141 562 1200	0141 562 1255	assessor@dab-vjb.gov.uk
Fife Council	Fife Council	Fife House (03) North Street Glenrothes KY7 5LY	01592 414141	01592 413194	duncan.chisholm@fife.gov.uk
Glasgow City Council	Glasgow City Council	Charlotte House 78 Queen Street Glasgow G1 3DR	0141 287 7526	0141 287 7529	william.johnston@ass.glasgow.gov.uk
Grampian Valuation Joint Board	Aberdeen City Council Aberdeenshire Council Moray Council	Woodhill House Westburn Road Aberdeen AB16 5GE	01224 664360	01224 664361	assessor@grampian-vjb.gov.uk



Valuation Joint Board or Council Area	Local Authority	Office Address	Phone Number	Fax Number	E-mail Address
The Highland & Western Isles Valuation Joint Board	Highland Council Western Isles Islands Council	Moray House 16/18 Bank Street Inverness IV1 1QY	01463 703340	01463 703301	assessor@highland.gov.uk
The Lanarkshire Valuation Joint Board	North Lanarkshire Council South Lanarkshire Council	Assessor and ERO Lanarkshire VJB North Stand, Cadzow Avenue Hamilton ML3 0LU	01698 476078	01698 476010	assessor@southlanarkshire.gov.uk
The Lothian Valuation Joint Board	City of Edinburgh Council East Lothian Council Mid Lothian Council West Lothian Council	P O Box 467 Chesser House 500 Gorgie Road Edinburgh EH11 3YJ	0131 455 7455	0131 469 5599	janis@callnetuk.com
The Orkney & Shetland Valuation Joint Board	Orkney Islands Council Shetland Islands Council	8 Albert Street Kirkwall Orkney KW15 1HP	01856 876222	01856 870949	assessor@orkney.gov.uk
The Renfrewshire Valuation Joint Board	Inverclyde Council East Renfrewshire Council Renfrewshire Council	The Robertson Centre 16 Glasgow Road Paisley PA1 3QF	0141 842 5922	0141 842 5929	assessor@renfrewshire-vjb.gov.uk
Scottish Borders Council	Scottish Borders Council	Scott House Sprouston Road Newtown St Boswells Melrose TD6 0QD	01835 825100	01835 825101	assessor@scotborders.gov.uk
The Tayside Valuation Joint Board	Angus Council Dundee City Council Perthshire & Kinross Council	Nethergate Centre 35 Yeaman Shore Dundee DD1 4BU	01382 221177	01382 315600	dundee@tayside-vjb.gov.uk

