

Wards Affected: All Wards

REVENUES POLICIES

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Executive Summary:

Whilst working within the national frameworks for Revenues and Benefits the service maintains a number of operational policies at the discretion of Milton Keynes Council.

Each policy has been formulated with regard to financial implications and legislative issues, while safeguarding the most vulnerable within the communities of Milton Keynes.

The key policies are reviewed on a yearly basis. Following a review, amendments are now required to the Discretionary Rate Relief for Non-Domestic Rates Policy, plus Guidelines

The report summarises the reasons for the need to review and amend the policy, as well as highlighting the main changes to the policy.

1. Recommendation(s)

- 1.1. That the proposed policies, as shown in **Annexes A and A1** be approved.
- 1.2. That the financial costs associated with each policy, shown in **Annex B**, be noted.

2. Issues

- 2.1. Since the last review of Revenues Policies in 2016 there have been some changes which require the policy to be reviewed.
- 2.2. A brief summary of the policy, together with the reasons for re-approval (due to amendments) is detailed below:

Discretionary Rate Relief for Non-Domestic Rates Policy

- 2.3. This policy replaces the Discretionary Rate Relief Guidelines which were last approved by the Cabinet on 29 March 2016.
- 2.4. The Council grants Discretionary Rate Relief to eligible bodies in accordance with the Local Government Finance Act 1988 (as amended) as described below

- Discretionary rate relief (Charities and other Organisations);
- Discretionary rate relief in rural settlements
- Reductions/Remissions on the grounds of hardship.
- Relief for partly occupied premises.
- Relief to promote localism
- Relief for local newspapers
- Relief for some Public Houses

2.5 Since 1 April 2013, the cost of Discretionary Rate relief is deducted from the Business Rates Baseline and so impacts on Milton Keynes Council's share of retained business rate income. There are exceptions to this.

- Relief for up to 18 months on unoccupied new built properties, completed after the 1 October 2013 and before 30 September 2016 which is fully funded by central government subject to state aid rules.
- A national scheme to provide relief for Public Houses for 2017/18 which will be fully funded by central government subject to state aid rules
- A new locally designed discretionary relief scheme to support the ratepayers hardest hit by increases in rates liability will be fully funded by central government subject to state aid rules
- A national scheme to limit increases for small business hardest hit by rate liability increases which will be fully funded by central government subject to state aid rules
- A national scheme to provide relief for office space occupied by local newspaper of up to £1,500 per year for two years will be fully funded by central government subject to state aid rule
- Rural rate relief will be doubled to 100% and be fully funded by central government subject to state aid rules

Changes to the existing Discretionary Rate Relief Guidelines

2.6 The Discretionary Rate Relief for Non-Domestic Rates Policy (**Annex A**), requires that we consider each case on its merits and so cannot contain specific criteria, however to assist ratepayers, we agree and publish relevant guidance.

2.7 There are amendments to the previously approved Discretionary Rate Relief guidelines (**Annex A1**).

- Business Rates discounts for empty unoccupied property ended in September 2016 and so is removed from the policy.
- Local newspapers can receive relief of up to £1,500 for 2 years from 1st April 2017
- Rural Rate Relief is doubled to 100% from 1st April 2017. As legislation will not be available until after this date, local authorities are to use discretionary powers under s47 of the LGFA 1988

- Public Houses with a Rateable Value below £100,000 may receive up to £1,000 relief in 2017/18 only.
- The discretionary relief scheme is extended to provide support for those ratepayers hardest hit by the increases in rate liability subject to central government advice and guidance
- Small businesses hardest hit by changes in rateable value caused by the revaluation will have increases limited to the greater of £600 per annum [or £50 per month] OR the matching cap on increases on small businesses under the transitional relief scheme

3. Options

3.1 There are three possible options;

(a) Agree and approve the policy.

The policy has been circulated to internal services that may be impacted and the proposed content is considered to be in keeping with the ethos and finances of the Council.

(b) Propose amendments to the proposed policy.

Amendments can be proposed but must have due regard to their legality, the finances of the Council and their administrative viability.

(c) Retain the policy as it was in 2016/17.

The policy has been updated to keep pace with changes in legislation and localism. Retention of the policy would mean that we are working to a policy that has not kept pace with the changing legislation and social climate which may create administrative issues. It is best practice to regularly review policies and guidelines.

4. Implications

4.1 Policy

The report sets the policy in the relevant areas for the Council.

4.2 Resources and Risk

The key opportunity is to revise the policies and support local businesses.

The *financial* position associated with certain policies is shown in **Annex A**.

It is assessed that the proposed changes have a LOW Likelihood of creating a LOW financial Impact on the Revenues and Benefits budgets.

In respect of Discretionary Rate Relief, the cost has been included in the calculation of the Councils business rates baseline which has been reported to Cabinet on 8 November 2016. The financial risk is increased applications meeting the guidelines although this risk is mitigated by the majority of additional cost being met by Central Government. The thresholds mean while there is a risk that additional requests will be received the overall financial impact is likely to be low.

N	Capital	Y	Revenue	N	Accommodation
N	IT	Y	Medium Term Plan	N	Asset Management

4.3 Carbon and Energy Management

There are no implications for the Council's Carbon and Energy Management Policy.

4.4 Legal

"Section 47 of the Local Government Finance Act 1988 (as amended) permits Milton Keynes Council as the billing authority to agree a Policy on Discretionary Rate Relief. The Council must have regard to any relevant guidance issued by the Secretary of State. The Secretary of State has provided a Business Rates Information Letter (2/2017): Spring Budget providing guidance to Billing Authorities in delivering the policy."

4.5 Other Implications

N	Equalities/Diversity	N	Sustainability	N	Human Rights
N	E-Government	Y	Stakeholders	N	Crime and Disorder

Background Papers:

With reference to Legislation and guidance from the DCLG in respect of Revenues and Benefits Services, including:

- The Local Government Finance Act 1988
- The Local Government Finance Act 2012.
- The Non-Domestic Rating (Levy and Safety Net) Regulations 2013
- De Minimis Regulation (Regulation 1998/2006) as set out in EC Regulation 1998/2006 as published in the Official Journal of the European Union on 28 December 2006)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598272/BRIL2-2017_Budget_Measures.pdf