

Amending Report Considered by the Cabinet - 18 December 2013

AMENDMENT TO THE COUNCIL TAX BASE 2014/15 AND BUSINESS RATE BASELINE 2014/15 CABINET REPORT

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EXECUTIVE SUMMARY

This report amends the Council Tax Base 2014/15 and Business Rate Baseline 2014/15 Cabinet Report based on:

- (i) The one-off increase in parish funding recommended by the Parish Forum meeting on 12 December
- (ii) The package of business rate measures announced by the Chancellor in the Autumn Statement, which is anticipated to reduce the Council's Business Rate Baseline.2013

Recommendations 1.1 and 1.2 remain as in the original report. Recommendations 1.3 to 1.5 in the original report are replaced as below.

1. Recommendations

- 1.1 That the Council's 2014/15 revised funding contribution to parish and town councils of £726,048, (*compared to £676,000 as a result of the draft budget proposal*), as set out in section 2.3 of this report be noted.

This recommendation replaces recommendation 1.3 in the original report.

- 1.2 That the Council be recommended, at its meeting on 19 February 2014, to approve the funding distribution of the additional £50,048 one-off funding in 2014/15 from Milton Keynes Council to parish and town councils, as set out in paragraph 2.4 and **Annex E (circulated as an A3 document in the separate volume)**.

This recommendation replaces recommendation 1.4 in the original report.

- 1.3 That, as a result of the business rate measures announced in the Autumn Statement, the Corporate Director Resources be delegated authority to approve the Council's revised 2014/15 Business Rate Baseline.

This recommendation replaces recommendation 1.5 in the original report.

2. Amendment to Parish Funding

- 2.1 The Council is currently consulting on its draft 2014/15 Budget and Medium Term Financial Plan, this provides the members of the public an opportunity to provide the Council with feedback on future Budget proposals.

- 2.2 The Council has listened to a number of parish and town council's concerns about their 2014/15 funding of £776,000 being reduced by £100,000, as part of the Council's draft saving proposals (as set out in paragraph 5.7 of the Council Tax 2014/15 and Business Rates Baseline 2014/15 Cabinet Report).
- 2.3 The Council has agreed with the recommendation made on 12th December Parish Forum to re-instate £50,048 of funding on a one-off basis, which restricts the overall planned reduction of parish and town council funding to £49,952 in 2014/15, bringing the overall funding to £726,048 for the year, as set out in table 1.
- 2.4 It was agreed that £40,000 of the one-off funding would be distributed in line with the Council's original funding distribution methodology (as set out in paragraph 5.13 of the Council Tax 2014/15 and Business Rates Baseline 2014/15 Cabinet Report), while the remaining £10,048 would be distributed in a way which restricts individual parish and town council losses to a maximum of £2.68 per Band D equivalent.
- 2.5 The revised provisional funding allocations to parish and town councils are illustrated in Annex E. The final allocations will need to be approved as part of 2014/15 Budget in February 2014.

Table 1: Revised parish and town council funding

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m
Parish and town council funding	0.676	0.676	0.676	0.615	0.560
MKC funding top-up	0.100	0.100	0.000	0.000	0.000
Reductions to funding	0.000	(0.100)	(0.061)	(0.055)	(0.049)
One-off MKC funding top-up reinstated	0.000	0.050	0.000	0.000	0.000
Total parish and town council funding for the year	0.776	0.726	0.615	0.560	0.511

Note: The above table replaces Table 2 in the Council Tax 2014/15 and Business Rates Baseline 2014/15 Cabinet Report

3. **Amendment to Business Rates Baseline 2014/15**

3.1 As part of the Autumn Statement, the Chancellor announced a package of business rates measures which are intended to support businesses on the high street by reducing their business rates bill. The measures included the following:

- The Retail Price Index increase in 2014-15 will be capped at 2% instead of 3.2%.
- The doubling of the Small Business Rate Relief will be extended for a further 12 months until 31 March 2015.
- Ratepayers receiving Small Business Rate Relief that take on an additional property which would currently disqualify them from receiving relief will continue to receive their existing relief for 12 months.
- A discount of £1000 for shops, pubs and restaurants with a rateable value below £50,000 for two years up to the state aid limits, from 1 April 2014.
- A 50 per cent business rates relief for 18 months - between 1 April 2014 and 31 March 2016 - for businesses that move into retail premises that have been empty for a year or more.
- Ratepayers will be allowed to elect to pay bills over 12 instalments instead of ten.
- 95% of the September 2013 backlog in business rates appeals will be cleared before July 2015 (further details below).

3.2 Nationally, these measures are anticipated to cost the Government in excess of £1.1bn through the reduction of business rate income. The Government has confirmed that local authorities will be reimbursed for their lost business rate income which forms part of their Government funding under the Business Rates Retention Scheme, by the means of a S31 grant.

3.3 The Government has advised that it is currently in discussion with local authority software providers in order to be able to quantify the local authority grant allocation amounts and that it will provide further information to local authorities in due course.

3.4 This means the Council's estimated Business Rate Baseline of £142,780,000 that underpins the Council's 2014/15 Retained Business Rate funding of £42,240,000, will potentially need to be adjusted to account for the loss of business rate income as a direct result of these measures.

3.5 This report therefore recommends the decision to agree the Council's revised Business Rates Baseline (subject to a change being required), is delegated to the Council's Corporate Director of Resources, for publication in January 2014.

4. **Implications**

4.1 Policy

4.2 Resources and Risk

<input type="checkbox"/>	Capital	<input checked="" type="checkbox"/>	Revenue	<input type="checkbox"/>	Accommodation
<input type="checkbox"/>	IT	<input checked="" type="checkbox"/>	Medium Term Plan	<input type="checkbox"/>	Asset Management

4.3 Legal

4.4 The £1000 discount and reoccupation relief will be delivered through authority local discount powers (under s47 of the Local Government Finance Act 1988). The other business rate measures will require legislative changes.

4.5 Other Implications

<input type="checkbox"/>	Equalities / Diversity	<input type="checkbox"/>	Sustainability	<input type="checkbox"/>	Human Rights
<input type="checkbox"/>	E-Government	<input checked="" type="checkbox"/>	Stakeholders	<input type="checkbox"/>	Crime and Disorder
<input type="checkbox"/>	Carbon Management				