

DELEGATED DECISIONS
22 JANUARY 2013
5.30 PM
THE CONSERVATORY, CIVIC OFFICES
SCHEDULE

TIME	SUBJECT	DECISION MAKER	PAGE NUMBER
5.30pm	Business Rates Baseline 2013/14	Councillor Bald	Pages 1 to 4
To Follow	Stony Stratford and Lakes Estate Neighbourhood Plan Area Designation Applications	Councillor Hopkins	Pages 5 to 9
To Follow	Early Years Single Funding Formula Deferred to 29 January 2013	Councillor Dransfield	Pages 10 to 12
To Follow	Award of Contract – Replacement of Heating System and Domestic Services at Queen Eleanor Primary School, Galley Hill Deferred to 29 January 2013	Councillor Dransfield	Pages 13 to 16
To Follow	Appointment of School Governors Deferred to 29 January 2013	Councillor Dransfield	Pages 17 to 18

REVISED COPY**2013/14 NON DOMESTIC RATES BASELINE SETTING**

Decision Taker: Councillor Bald (Cabinet Member for Finance)

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Executive Summary:

By means of the direction powers in paragraph 40 of schedule 1 to the Local Government Finance Act 2012, the Government has directed relevant authorities to make calculations, and supply information on their anticipated collectable business rate income for the following year.

This legislation also introduces a new local government funding model. This allows for a proportion of an authority's estimated business rate income for the following year to be retained, and form part of its Government funding. This retained funding is made up of two elements, the Business Rates Funding Baseline and a proportion of additional income which relates to the growth achieved in the financial year.

The Department of Communities and Local Government guidance on these changes indicates member approval should be obtained for the total amount of business rates which are estimated to be collected, this is known as the Business Rates Baseline.

This report outlines the key assumptions used to estimate the Business Rates Baseline, how this informs the Council's 2013/14 budget and the associated risks to the Council, as a result of the new funding methodology.

1. RECOMMENDATIONS

- 1.1 That the 2013/14 Business Rate Baseline be set at £138,600,424.

2. PURPOSE

- 2.1 This report sets out the changes in legislation, the main assumptions which have informed the estimation of the Business Rate Baseline and how the anticipated Business Rates Baseline informs the Council's 2013/14 Budget.

3. BACKGROUND

- 3.1 The Local Government Finance Act 2012 is the driving force behind the Government's localism agenda, and received Royal assent on 31st October 2012. It amends existing legislation (the 1988 Local Government Finance

Act) to give local authorities the power to retain a proportion of funds obtained from business rates in their area.

3.2 Currently, all business rates collected in England are paid to Central Government from the billing authorities, and a proportion is then paid back to each authority as Formula Grant.

3.3 The changes under the 'Localisation of Business Rates' will mean that local authorities retain a share of the income they collect from business rates as funding to meet the cost of service provision.

4. SETTING THE BUSINESS RATES BASELINE

4.1 The Department for Communities and Local Government guidance indicates that each billing authority should formally set a Business Rate Baseline each year. This baseline will be the authority's estimate of the business rates it forecasts to collect in the following financial year.

4.2 This calculation is required to be reported to DCLG through a statutory return, which must be submitted by 31st January 2013.

4.3 The Milton Keynes Council's estimated business rate income for 2013/14 is £138.60m and is calculated as follows:

- The total gross business rate yield which is the rateable value of properties within Milton Keynes, multiplied by the small business non-domestic rating multiplier is determined. This is based on properties at the 30th September the preceding year.
- Deductions are then made for estimated mandatory and discretionary reliefs and exemptions, based on historical trends.
- Deductions are also made for estimated losses in collection, based on historical trends and local intelligence and to meet the costs of collection. The calculation for the cost of collection deduction is prescribed by Government.
- Deductions also made for the estimated impact of changes to rateable values through appeals, which may not be determined for a number of years.
- Finally an adjustment is made to reflect local intelligence on the estimated impact of anticipated future changes to business activity for the year. This has been based on known changes and experience of recent business rate growth.

5. LOCAL GOVERNMENT FUNDING MODEL

5.1 As a result of the new legislation, from 1st April 2013, the funding model for local government will change.

5.2 DCLG have produced a draft set of regulations (The Non-Domestic Rating (Rates Retention) Regulations 2013), in which it is proposed that 50% of business rates collected by a billing authority from April 2013, will be paid to Central Government, with the remaining 50% being held locally. The local element is known as the retained business rates.

- 5.3 Milton Keynes Council is required to pay 2% of the total retained business rates to Buckinghamshire and Milton Keynes Fire Authority.
- 5.4 The retained business rates will then be reduced by a tariff and a levy on business rate growth (both will be annually increased by Retail Price Index). The tariff payment is made to central government in order to fund other authorities where their business rates are disproportionately low.
- 5.5 The retained business rates, along with the Revenue Support Grant, (which includes rolled in grants) forms Milton Keynes Council Government funding. The retained business rates will be made up of a baseline funding amount (the Business Rates Funding Baseline), which reflects the Government estimate of funding for Milton Keynes Council and an allowance for growth. This allowance for growth is based on the actual business rates collected, compared to the Government's estimate of the amount Milton Keynes Council will collect, less the levy applied to this growth.
- 5.6 After 8 years, the funding model will be reset, which may mean that all funding generated as a result of additional growth is lost. For this reason, until the treatment at reset periods is clarified, the Council budget will reflect the Business Rate Funding Baseline, with retained funding as a result of growth, being treated as a one off resource.

6. 2013/14 ESTIMATED BUSINESS RATE DISTRIBUTION

- 6.1 The table below shows the estimated business rate baseline, and how this will be distributed;

2013/14 Anticipated Business Rate Distribution	Value (£m)
Milton Keynes Council Business Rate Baseline (Total business rates collected after deductions)	138.60
50% Central Share to Government	(69.30)
2% Share to Buckinghamshire and Milton Keynes Fire Authority.	(1.39)
Deductions for Tariff & Levy paid to Central Government	(26.91)
Milton Keynes Council Total estimated retained Business Rates	41.00
Estimated retained business rate income due to growth	(0.40)
Milton Keynes Council Business Rate Baseline (Included in the Base Budget as Government Funding)	40.60

- 6.2 The anticipated retained business rates for Milton Keynes Council is £41m, of this value £0.4m relates to business rate growth.

6.3 The use of this funding will be set out in the Budget report in February. However, it is recommended that in light of the potential risks in relation to the reset of the business rates baseline and the possible variation in annual income only a proportion of the retained business rate income due to growth is included in the Council's baseline funding.

7. RISKS

7.1 There are significant risks associated with the business rate retention scheme, such as;

- Reduction in collectable business rate income due to an unpredictable increase in exemptions and reliefs due to different property usage and successful business rate appeals. The risk of a reduction in business rate income remains with the local authority, each authority can lose up to 7.5% of their business rate funding (£3.04m) before a safety net applies.
- Future business rate baseline resets which will assume the growth achieved to date within a revised funding baseline.
- A decrease in the level of collected business rates due to uncollectable debts as a result of worsening economic conditions.
- The cost of successful appeals will need to be met by the authority, these appeals may relate to a number of financial years.

8. ALTERNATIVE OPTIONS

8.1 Councils are required to ensure that the Business Rates Baseline is accurately recorded and returned to DCLG by 31st January 2013.

9. IMPLICATIONS

9.1 Policy

9.2 Resources and Risk

No	Capital	Yes	Revenue	No	Accommodation
Yes	IT	Yes	Medium Term Plan	No	Asset Management

9.3 Carbon and Energy Management

There are no direct carbon and energy management implications as a result of this report.

9.4 Legal

The Council is following the direction powers of the Local Government Finance Act 2012.

9.5 Other Implications

No	Equalities / Diversity	No	Sustainability	No	Human Rights
No	E-Government	Yes	Stakeholders	No	Crime and Disorder
No	Carbon and Energy Policy				

Wards Affected:

Stony Stratford, Wolverton, Loughton Park, Eaton Manor, Bletchley and Fenny Stratford,

Stony Stratford and Lakes Estate Neighbourhood Plan Area Designation

Author: Mark Harris, Senior Planning Officer Tel: (01908) 252732

Executive Summary:

In accordance with the Neighbourhood Planning Regulations 2012, in October 2012 Stony Stratford and Bletchley and Fenny Stratford Town Councils submitted applications to designate Neighbourhood Areas for the purpose of preparing Neighbourhood Plans. Applications were advertised for six weeks public consultation between 29 October and 10 December 2012. Only one response was received on each application.

This report recommends that the proposed Neighbourhood Areas are approved as originally submitted.

1. Recommendation

- 1.1 That the Neighbourhood Area applications for Stony Stratford and the Lakes estate, as shown in figures 1 and 2 in Annex A, be approved in accordance with section 61G of the Town and Country Planning Act, 1990 (as amended).

2. Issues

- 2.1 Stony Stratford and Bletchley and Fenny Stratford Town Councils submitted applications to Milton Keynes Council in October 2012 to designate Neighbourhood Areas for the purpose of Neighbourhood Planning. These areas are shown in Annex A. These applications were made in accordance with Regulation 5 of the Neighbourhood Planning Regulations 2012, which requires a Parish/Town Council submitting an area application to include:

- A map which shows the area to be designated;
- A statement explaining why the Parish Council considers the area appropriate for designation; and
- Confirmation that the Parish/Town Council concerned is the relevant body for the purpose of neighbourhood planning in that area.

- 2.2 The two area applications vary in that the Stony Stratford application proposes the whole Town Council area as a neighbourhood area, whilst the Bletchley and Fenny Stratford Town Council application identifies the area of the Lakes Estate, not the whole Town Council area. Both approaches are valid and are in accordance with the requirements of the Neighbourhood Planning Regulations 2012.

- 2.3 In accordance with Regulation 6 of those regulations, Milton Keynes Council published the area applications and held a six week public consultation period between 29 October and 10 December 2012. This was advertised in the MK News, on the Council's website and through information circulated to all members and Parish and Town Councils.
- 2.4 There was only one response on each of the area designation applications. These were from Emberton Parish Council, offering support for the proposed area designations. Therefore no concerns or objections were raised in relation to the proposed designation of the areas for the purpose of neighbourhood planning.
- 2.5 Having regard to this, it is therefore considered appropriate to designate the neighbourhood areas as originally proposed by the Town Councils, in Annex A.

3. **Options**

- 3.1 Once a Neighbourhood Area designation application is submitted, the 2012 Regulations require the Council to come to a view on it and publicise that decision. This report recommends that the areas originally proposed by the Town Councils are approved as Neighbourhood Areas for the purpose of Neighbourhood Planning. This is seen as the most appropriate option given that applications have been made in accordance with the regulations and there have been no objections to designating the relevant plan areas.
- 3.2 However, if it is considered that this recommendation is not appropriate, the Neighbourhood Area applications could be refused. If this is the case, the Town Councils could then choose to submit a revised application to Milton Keynes Council which would then be subject to further advertisement and consultation.

4. **Implications**

4.1 Policy

4.1.1 The National Planning Policy Framework sets out that Neighbourhood Plans must be in general conformity with the strategic policies of the development plan. Neighbourhood Plans should reflect these policies and neighbourhoods should plan positively to support them. Neighbourhood Plans and Development Orders should not promote less development than set out in the Local Plan or undermine its strategic policies. In Milton Keynes, the strategic policies are set out in the adopted Milton Keynes Local Plan and the emerging Core Strategy.

4.1.2 Once a Neighbourhood Plan has successfully passed all of the stages of preparation, including an examination and referendum, it is 'adopted' by the local planning authority, forms part of the authority's Development Plan and is a material consideration when considering development proposals. In terms of the planning policy hierarchy, a Neighbourhood Plan, once adopted carries more weight than a Supplementary Planning Document

4.2 Resources and Risk

4.2.1 The Localism Act and the 2012 Regulations place new duties on local planning authorities in relation to Neighbourhood Planning. These new duties have implications for staff resources as the Council has a duty to support Parish Councils wishing to undertake Neighbourhood Planning. Staff resources to support Neighbourhood Planning will come from the existing staff within the Development Plans team. Decisions on any significant resource issues for the Council as a result of officer involvement in Neighbourhood Planning will be taken separately, as necessary.

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

4.3 Carbon and Energy Management

4.3.1 The proposal does not impact on carbon and energy management.

4.4 Legal

4.4.1 Neighbourhood planning is part of the Government's initiative to empower local communities to take forward planning proposals at a local level as outlined in Section 116 of the Localism Act, 2011. The Act and the subsequent 2012 Regulations confer specific functions on local planning authorities in relation to neighbourhood planning.

4.4.2 At its meeting of 25 July 2012, Cabinet agreed the decisions in the Neighbourhood Planning process that would be delegated to the Cabinet Member responsible for Strategic Planning. This scheme of delegation included the decision of whether to accept and designate a Neighbourhood Area, as is recommended in this report.

4.5 Other Implications

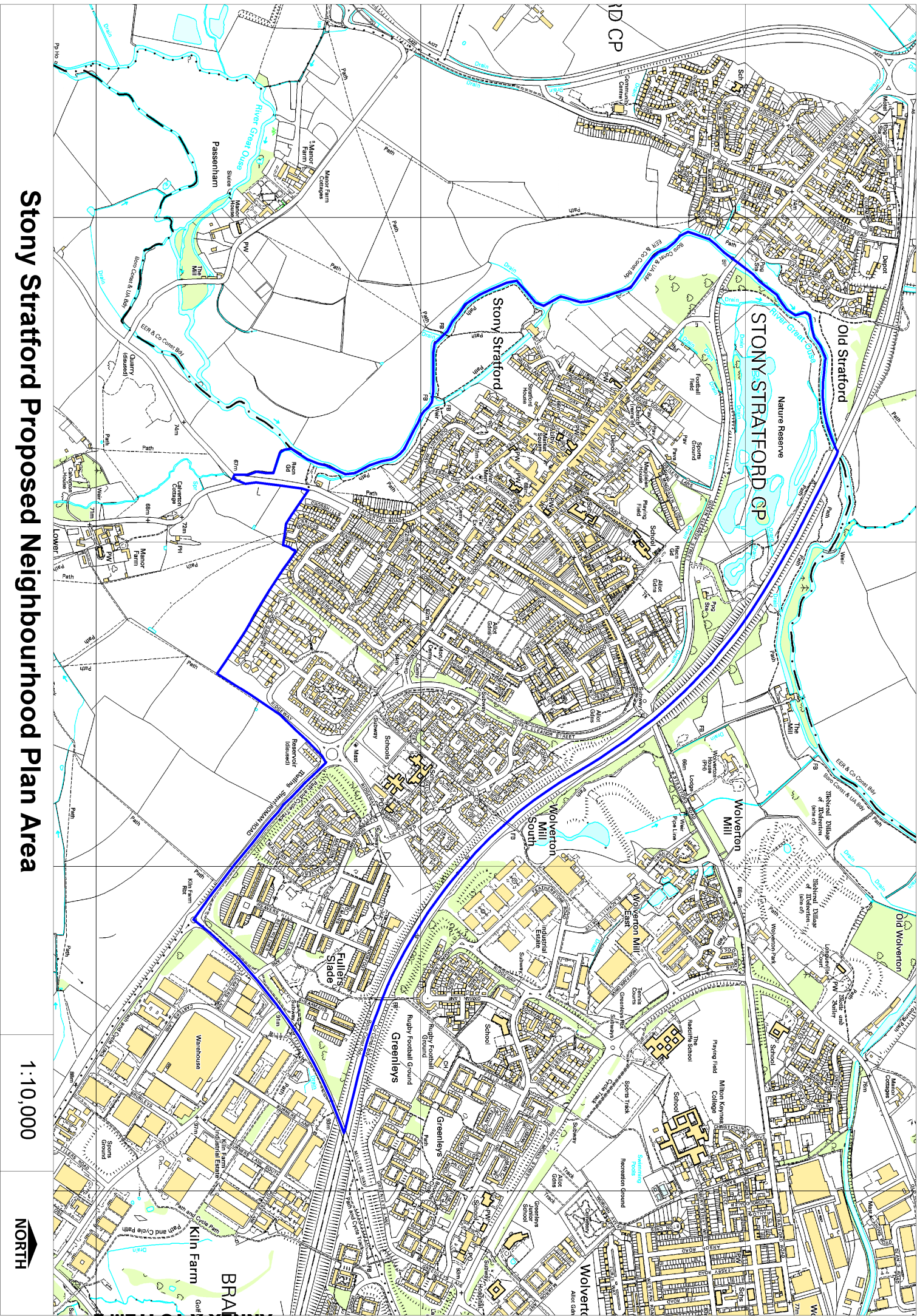
4.5.1 The proposed Neighbourhood Area application has been the subject of consultation for six weeks and the views of stakeholders are reported in this report.

4.5.2 Consultation and involvement of stakeholders is an important part of the neighbourhood planning process and will ultimately be tested by a single issue referendum at the end of the process.

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

Annex A: Figure 1 – Stony Stratford Neighbourhood Area

Annex B: Figure 2 – Lakes Estate Neighbourhood Area

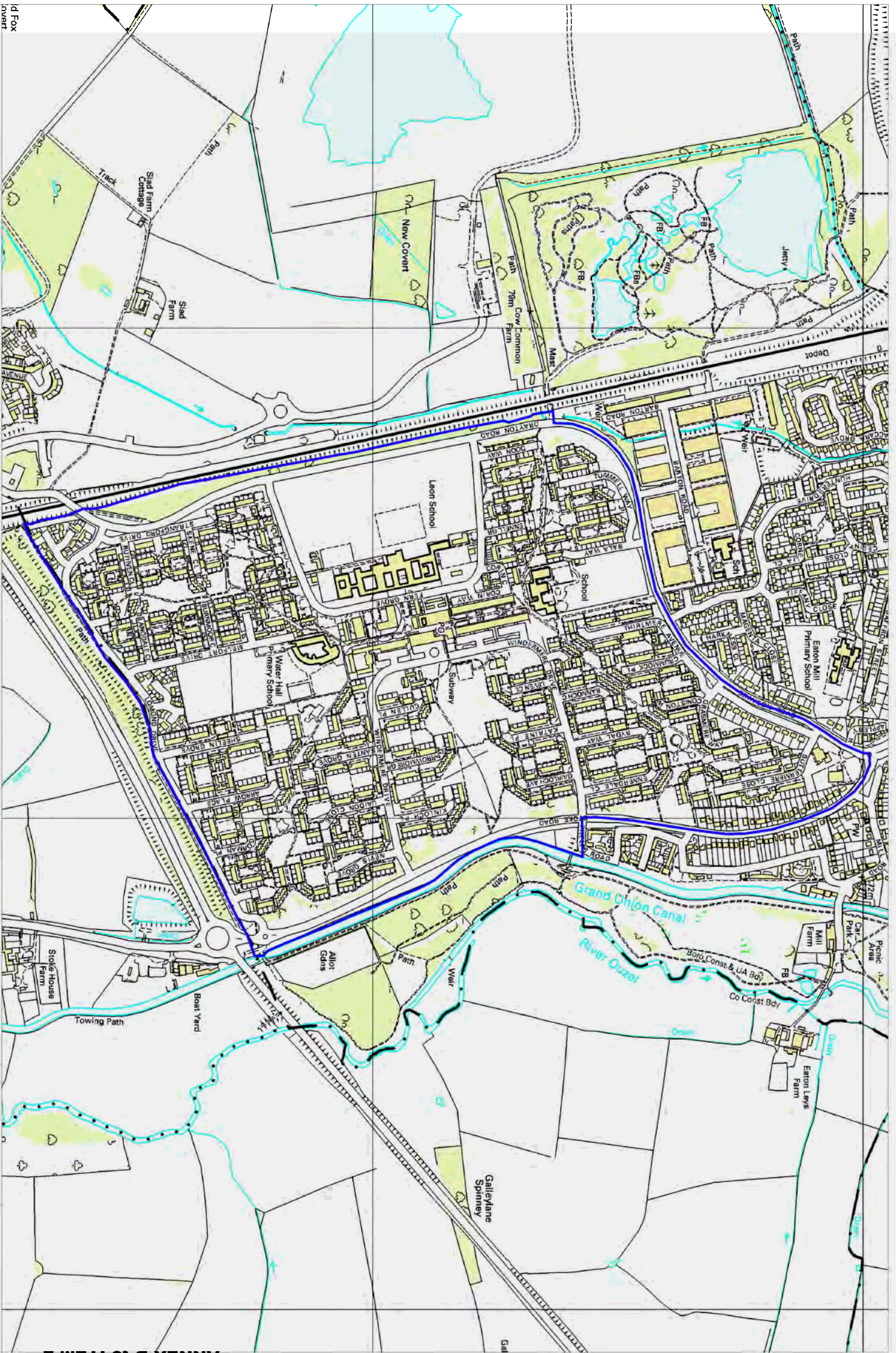


Stony Stratford Proposed Neighbourhood Plan Area

1:10,000



Lakes Estate Proposed Neighbourhood Plan Area



1:6,800

