

**Wards Affected:**

All Wards

**ITEM 2****DELEGATED DECISION****20 FEBRUARY 2018****REVENUES AND BENEFITS POLICIES**

Responsible Cabinet Member: Councillor Middleton – Cabinet member for Resources and Innovation

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**Executive Summary:**

Whilst working within the national frameworks for Revenues and Benefits the service maintains a number of operational polices 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.

This report includes a list of rural settlements as required by S.42A Local Government Finance Act 1988 for the purposes of awarding Rural Rate Relief.

This report details amendments required to the delegated decision of 1 August 2017 which provided for awards of Local discretionary relief to ratepayers adversely affected by the revaluation of non-domestic properties.

**1. Recommendation(s)**

- 1.1. That the proposed polices, be agreed and approved.
- 1.2. The financial costs associated with each policy are noted.
- 1.3. The list of rural settlements as listed be approved.
- 1.4. That the proposed changes to the delegated decision of 1 August 2017, be agreed and approved.

**2. Issues**

- 2.1. Since the last review of Revenues Policies in 2017 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 at 3.

- 2.3 In April 2017 there was a national business rates revaluation which has led, for some ratepayers, to significant changes either up or down in their business rates liability. To mitigate this Central government have three main measures:-
- a) Transitional relief/surcharge scheme. This scheme is similar to previous schemes following revaluations and smooths the impact of large increases or decreases. This is a national scheme and MKC cannot influence this.
  - b) Supporting small business scheme. This scheme is similar to the transitional scheme insofar as it aims to set a cap on the amount that a ratepayer's bill can increase as a result of the revaluation. If the ratepayer was in receipt of small business rate relief prior to the revaluation the annual increase will be capped at £600 per year. This is a national scheme and MKC cannot influence this.
  - c) Local Discount scheme. This is a national scheme with local variations. The funding for this scheme has been halved in 2018/19 and essentially tapers to zero in 2019/20.

Two of the schemes a) and c) above ensure that in the earlier years of a revaluation, the Ratepayer could potentially receive lower rate demands than in later years, excluding the effect of RPI increases.

### **3. Discretionary Rate Relief for Non-Domestic Rates Policy**

- 3.1 This policy replaces the Discretionary Rate Relief Policy and related guidelines which were last approved by the Cabinet on 4 April 2017.
- 3.2 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);
  - Reductions/Remissions on the grounds of hardship.
  - Relief for partly occupied premises.
  - Relief for properties in rural settlements
  - Relief to promote localism
  - Relief for local newspapers
  - Relief for some Public Houses
  - Local Discretionary relief scheme funded by DCLG
  - Supporting Small Business Relief.
- 3.3 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.
- A national scheme to provide relief for Public Houses for 2018/19 which will be fully funded by central government subject to state aid rules. This has been extended for a further year.
  - The continuation of 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.

#### 4. Changes to the existing Discretionary Rate Relief Guidelines

- 4.1 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.
- 4.2 There are amendments to the previously approved Discretionary Rate Relief guidelines (Annex A1).
- The funding for the discretionary relief scheme to provide support for those ratepayers hardest hit by the increases in rate liability has been halved by central government.
  - There was a continuation of the relief of up to £1,000 for Public Houses with a rateable value below £100,000 for a further year 2018/19.
  - Ratepayers in receipt of 50% mandatory rural rate relief will be awarded a further 50% discretionary rate relief until such time as the Government issues regulations to increase the amount of mandatory relief which can be awarded.

All three reliefs will be delivered through s 47 of the Local Government Finance Act 1988 and Milton Keynes Council will be compensated by way of section 31 grant.

#### 5. Discretionary Rate Relief for Non-Domestic Rates

In building the business rates funding baseline, it has been assumed that the following amounts will be spent on Discretionary Rate reliefs

Table 1 – Forecast spend 2018/19

| Relief Type  | £'000      |
|--|------------|
| Discretionary rate relief (Charities and Not for Profit Organisations) | 551        |
| Reductions/remissions on the grounds of hardship                       | -          |
| Relief for partly occupied premises                                    | -          |
| <b>Total</b>   | <b>551</b> |

Discretionary Rate Relief (Charities and other Organisations) can be further broken down into the following categories.

Table 2 – Forecast Spend 2018/19

| Charities and not for profit organisations involved in | No of relief cases | Total cost of Reliefs<br>£'000 | Cost deducted from MKC's retained Business Rates.<br>£'000 |
|--|--------------------|--------------------------------|--|
| Community Interaction                                  | 43                 | £78                            | £38  |
| Social care  | 39                 | £68                            | £33  |
| Children and youth                                     | 15                 | £16                            | £8   |
| Healthy Lifestyle                                      | 35                 | £223                           | £109   |
| Museum & Arts  | 28                 | £86                            | £42  |
| Meeting Hall   | 29                 | £21                            | £10  |
| Localism   | 1                  | £32                            | £16  |
| Economic Development                                   | 1                  | £16                            | £8   |
| Other discretionary                                    | 2                  | £11                            | £5   |
| <b>Total</b>   | <b>193</b>         | <b>£551</b>                    | <b>£269</b>  |

## 6.0 Options

6.1 There are 3 possible options;

- (a) Agree and approve the policy.
  - (i) 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.
  - (i) 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 2017/18.
  - (i) 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.

## 6. 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 2017. 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/B\\_RIL\\_2-2017\\_Budget\\_Measures.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/598272/B_RIL_2-2017_Budget_Measures.pdf)

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/662390/BRIL\\_8 - 2017 - Autumn Budget.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662390/BRIL_8_-_2017_-_Autumn_Budget.pdf).

**Annexes:**

Annex A Discretionary Rate Relief for Non-domestic Rates Policy

Annex B List of Rural Settlements

Annex C Amendments to the Delegated Decision 1 August 2017