

## BRECKLAND DISTRICT COUNCIL

**Report of:** Ellen Jolly, Executive Member for Finance and Democratic Services

**To:** Cabinet 19 February 2014

**(Author:** Mark Finch, Assistant Director Finance)

**Subject:** Budget, Financial Medium Term Plan and Capital Strategy

**Purpose:** To consider the retail business rates relief and delegation of guidelines; to consider capital and revenue budget estimates and proposed council tax, the Financial Medium Term Plan and the Capital Strategy and recommend approval to Full Council

### **Recommendation(s):**

- 1) That the Breckland revenue estimates and parish special expenses for 2014-15 and outline position through to 2018-19 are recommended to Full Council as set out in **Appendix B**.
- 2) That the capital estimates and associated funding for 2014-15 and outline position through to 2018-19 (set out in **Appendix H**) are recommended to Full Council.
- 3) That the fees and charges shown at **Appendix D and D2**, for adoption 1 April 2014 are recommended to Full Council.
- 4) Recommend to Full Council that Council Tax for a Band D property in 2014-15 be frozen at £69.03 (as set out in **Appendix B**).
- 5) That the Financial Medium Term Plan at **Appendix A** is recommended to Full Council.
- 6) That the Capital Strategy at **Appendix G** is recommended to Full Council.
- 7) That a contribution of £305k in relation to council tax support to town and parish councils be paid.
- 8) To award relief to all businesses that fall within Government's criteria equally and to delegate the determination of the final scheme guidelines to the Assistant Director Finance in consultation with the Portfolio Holder following publication of the final scheme by Government.

### **1.0 BACKGROUND**

- 1.1 The appendices to this report outline the 2014-15 revenue and capital estimates for the General Fund, the proposals for setting of discretionary fees and charges, the outline financial position through to 2018-19, the Financial Medium Term Plan and the Capital Strategy.

The Local Government Act 2003 introduced a requirement that the Chief Financial Officer reports on the robustness of the budget. The estimates have been prepared in a prudent manner, although it should be recognised that there are a number of elements outside of the Council's control and these are identified within section 14 of **Appendix A** and would be mitigated through the budget monitoring and risk management processes of the Council.

The Financial Medium Term Plan sets out the framework within which the budget is to be set to ensure that it enables the Council to achieve its own corporate objectives. The Capital Strategy sets out the framework for the capital budget setting.

This budget includes a contribution of £305k to town and parish councils in relation to the Council Tax Support Scheme that was introduced by central government. It is proposed that towns and parishes receive the same contribution in 2014-15 as they have received in 2013-14.

## 1.2 **Retail Business Rates Relief**

The Government announced in the Autumn Statement on 5 December 2013 that it will fully fund a relief of up to £1,000 to all occupied retail properties with a rateable value of £50,000 or less in each of the years 2014-15 and 2015-16.

Retail Relief is a measure for 2014-15 and 2015-16 only, the Government is not changing the legislation around the relief available to properties. Instead the Government will, in line with the eligibility criteria, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

- As a consequence, it will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief under section 47. Government will fully reimburse local authorities for the local share of the discretionary relief using a grant under section 31 of the Local Government Act 2003.
- Government will reimburse billing authorities and those major precepting authorities within the rates retention system for the actual cost to them under the rates retention scheme of the relief that falls within the definitions of the guidance.
- Local authorities will be asked to provide an estimate of their likely total cost for providing the relief in their National Non Domestic Rate Return 1 (NNDR1) for 2014-15 and 2015-16. Government will provide payments of the local authorities' share to authorities over the course of the relevant years.
- Given these late changes and future uncertainty around funding, it is suggested that the relief is awarded for one year at a time, rather than en-bloc.

### **The Scheme Proposal**

- Government anticipates that local authorities will include details of the relief to be provided to eligible ratepayers for 2014/15 in their bills for the beginning of that year. However, as the grant of the relief is discretionary, the Council could choose not to grant the relief if it considers that, for example, granting the relief would go against the Council's wider economic objectives. It is proposed to treat all businesses that fall within Government's criteria equally.
- Properties that will benefit from the relief will be occupied hereditaments with a rateable value of £50,000 or less, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.
- To qualify for the relief a hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment and be below the State Aid threshold of 200,000 euros. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. It is proposed therefore, that hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.
- Whilst the Council may use its discretion, Government has set out a list of the types of business occupation that would be ineligible. The Council would need to determine on a case-by-case basis whether particular properties are broadly similar in nature to those below and, if so, to consider them not eligible for the relief under its scheme as set out below:
  - i. **Hereditaments that are being used for the provision of the following services to visiting members of the public:**

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

**ii. Hereditaments that are not reasonably accessible to visiting members of the public**

**2.0 OPTIONS**

2.1 Recommendations 1 to 8 are made to Full Council

2.2 Make amendments before recommendations 1 to 8 are made to Full Council

**3.0 REASONS FOR RECOMMENDATIONS**

3.1 To comply with budgetary and policy framework.

**4.0 EXPECTED BENEFITS**

4.1 To set an affordable and balanced budget for 2014-15.

**5.0 IMPLICATIONS**

**5.1 Carbon Footprint / Environmental Issues**

5.1.1 None

**5.2 Constitution & Legal**

5.2.1 None

**5.3 Contracts**

5.3.1 None

**5.4 Corporate Priorities**

5.4.1 None

**5.5 Crime and Disorder**

5.5.1 None

**5.6 Equality and Diversity / Human Rights**

5.6.1 None

**5.7 Financial**

5.7.1 This report is of a financial nature and implications are covered within the report

**5.8 Risk Management**

5.8.1 I have completed the risk management questionnaire and can confirm that risks have been given careful consideration and that these have been reported within the report appendices.

## 5.9 **Staffing**

5.9.1 None

## 5.10 **Stakeholders / Consultation / Timescales**

5.10.1 Included within the report appendices.

## 6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 All

## 7.0 **ACRONYMS**

7.1 NNDR or NDR – National Non Domestic Rates (Business Rates)  
CIPFA – Chartered Institute of Public Finance and Accountancy  
LEP – Local Enterprise Partnership  
ARP – Anglia Revenues Partnership  
NI – National Insurance  
CMT – Corporate Management Team  
LCTRS – Localised Council Tax Reduction Scheme  
NHB – New Homes Bonus  
PRP – Performance Related Pay  
CLG – Communities and Local Government  
PFI – Public Finance Initiative  
LABV – Local Asset Backed Vehicle  
NCC – Norfolk County Council  
CTB – Council Tax Benefit  
CFR – Capital Financing Requirement  
MFTP or MTP – Medium Term Financial Plan  
CAMWG – Corporate Asset Management Working Group

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Background papers:- None

### **Lead Contact Officer**

Name and Post: Alison Chubbock, Accountancy Manager

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**Director / Officer who will be attending the Meeting** Name and Post: Mark Finch, Assistant

Director Finance

**Key Decision:** Yes

**Exempt Decision:** No

### **Appendices attached to this report:**

Appendix A – Budget estimates and Financial Medium Term Plan

Appendix B – General Fund Summary

Appendix C – Tax Base

Appendix D and D2 – Fees and charges

Appendix E – Reserves

Appendix F – Sensitivities

Appendix G – Capital Strategy

Appendix H – Capital estimates

Appendix I - CLG - Business Rates Retail Relief Guidelines