

<b>Amendment to the Council Budget and Council Tax 2020/21 and Medium-Term Financial Strategy 2020/21 to 2023/24 report.</b>		<b>Agenda No: 5a</b>
<b>Portfolio</b>	<b>Finance and Performance</b>	
<b>Corporate Outcome:</b>	<b>A high performing organisation that delivers excellent and value for money services Delivering better outcomes for residents and businesses and reducing costs to taxpayers</b>	
<b>Report presented by:</b>	<b>David Bebb, Cabinet Member for Finance and Performance Management</b>	
<b>Report prepared by:</b>	<b>Trevor Wilson, Head of Finance</b>	
<b>Background Papers:</b> Business Rates Information Letter (1/2020): Rate Reliefs and Provisional 2020/21 Business Rates Multipliers published 27 <sup>th</sup> January 2020		<b>Public Report</b>
		<b>Key Decision: No</b>
<b>Background Summary:</b>		
<b>A. Business Rates – Discretionary Relief Schemes</b>		
1. On Monday 27 <sup>th</sup> January 2020, the Financial Secretary to the Treasury made a Written Ministerial Statement announcing additional business rates measures that will apply from 1 <sup>st</sup> April 2020. The text of the statement is reproduced below:		
<i>“The Government will increase the retail discount from one-third to 50 per cent, extend that discount to cinemas and music venues, extend the duration of the local newspapers office space discount, and introduce an additional discount for pubs. The increase in the level of the retail discount from one-third to 50 per cent will apply in 2020/21 for eligible retail businesses occupying a property with a rateable value less than £51,000.</i>		
<i>The extension of the retail discount is to those eligible music venues and cinemas with a rateable value of less than £51,000.</i>		
<i>The extension of the £1,500 business rates discount for office space occupied by local newspapers will apply for an additional 5 years until 31 March 2025.</i>		
<i>The pubs discount will provide a £1,000 discount to eligible pubs with a rateable value of less than £100,000 in 2020/21. This is in addition to the retail discount and will apply after the retail discount.</i>		
<i>All reliefs are subject to state aid rules and apply in England only. The Government confirms that it will fully fund local authorities for awarding these reliefs and provide new burdens funding to local authorities for administrative and IT costs.</i>		
<i>Local authorities should start preparations to include these changes now, and act promptly to ensure eligible business receive the increased support in their rates bills at the start of the financial year.</i>		

*The Government expects local authorities to ensure these changes are applied for the start of the 2020/21 billing period. The Government will publish amended guidance for the retail discount reflecting these changes as well as refreshed pubs relief guidance for local authorities.”*

2. Supplementary guidance issued by the Ministry of Housing, Communities & Local Government, also on 27<sup>th</sup> January 2020, clarifies the position regarding the Retail Rate Relief scheme referred to under section 9.2.3 of the main report and identifies two additional rate reliefs (for pubs and local newspaper offices) which the Government is asking authorities to use their discretionary powers to re-introduce for 2020/21.

### **3. It is proposed that:**

- 3.1 The Retail Rate Relief scheme for 2019/20 and 2020/21 agreed by Council on 25<sup>th</sup> February 2019 (Reference Appendix B on pages 56 to 58 of the report using this [Link](#)) be amended for 2020/21 to:

- Increase the amount of discount from one-third to 50%; and
- Include cinemas and live music venues to the list of eligible businesses. The definition for live music venues to be as described in the MHCLG guidance ‘Business Rates – Retail Discount 2020/21 Local Authority Guidance’ published on 27<sup>th</sup> January 2020 (available using this [Link](#)).

- 3.2 The Rate Relief, of £1,500, to Local Newspapers for 2019/20, agreed by Council on 25<sup>th</sup> February 2019, be extended to apply in the years 2020/21 to 2024/25.

- 3.3 A discount of £1,000 for Pubs with a rateable value of less than £100,000 be agreed for 2020/21. Eligible pubs should:

- Be open to the general public;
- Allow free entry other than when occasional entertainment is provided;
- Allow drinking without food to be consumed;
- Permit drinks to be purchased at a bar.

For these purposes, it should exclude: restaurants, cafes, nightclubs, hotels, snack bars, guesthouses, boarding houses, sporting venues, music venues, festival sites, theatres, museums, exhibition halls, cinemas, concert halls and casinos.

### **B. Treasury Management Strategy Statement 2020/21**

4. At the meeting of the Corporate Governance Group on 16<sup>th</sup> January 2020, the Group considered the draft Treasury Management Strategy Statement (TMSS) for 2020/21 (as included at Appendix J to the main report) and agreed that further clarification should be included in the draft TMSS regarding which foreign countries direct investment counterparties may be domiciled.

5. **It is proposed that** the following note be added to Appendix J – Table 5. ‘Investments Limits’ of the TMSS 2020/21 (pages 117 and 118 of the main report):

‘When investing in Non-UK banking counterparties the Council will only make investments based on advice from Arlingclose which takes into account the

creditworthiness of the sovereign in which the counterparties are principally based. The creditworthiness assessment is through sovereign credit ratings and credit default swaps and the banking regulations and resolution regimes (bail-in) operative in those jurisdictions.'

6. The Strategic Investment Group meeting on 23<sup>rd</sup> January 2020 also considered the draft TMSS 2020/21 and following discussion with Arlingclose (Treasury Advisors) it was agreed to recommend that the limit on investments in pooled funds be increased from £20million to £25million.
7. **It is proposed that** the limit on investments in pooled funds be increased to £25million, shown in Appendix J – Table 5. 'Investments Limits' of the TMSS 2020/21 (page 117 of the main report).

#### **Recommended Amendment:**

It is proposed that the Recommended Decisions A (15 ) and (23) of the Council Budget and Council Tax 2020/21 and Medium-Term Financial Strategy 2020/21 to 2023/24 report be replaced with the following:

Recommended Decision:

A) That it be Recommended to Council that the following be approved:

15. The Council's existing Retail Relief scheme be amended for 2020/21 and the two rate reliefs to Local Newspapers and Pubs, for 2020/21 to 2024/25 and 2020/21 respectively, as detailed in section 3 of the Amendment Report to Cabinet.
23. The Treasury Management Strategy Statement including the schedule of investment counterparties and limits and prudential indicators, as detailed in Appendix J to the main report and including the two amendments detailed in sections 5 and 7 of the Amendment Report to Cabinet.

#### **Recommended Decision:**

**A) That it be Recommended To Council that the following be approved:**

1. The budget variations to the current base budget as detailed in Section 4 of the main report;
2. The additional income and cost reductions as detailed in Section 6 of the main report;
3. The allocations of Flexible Homelessness Support and Homelessness Reduction grants, totalling £319,953, for 2020/21 be earmarked for housing purposes;
4. The unavoidable revenue budget demands and new investments added to the Base Budget of £514,000 as detailed in Section 5.2 of the main report;
5. The unavoidable revenue budget demands and new investments required to meet one-off or time-limited expenditure of £870,180 as detailed in Section 5.3 of the main report and to funded as detailed in section 5.4 of the main report:

6. The Pension Fund Deficit payments for the period 2020/21 to 2022/23 due to the Essex Pension Fund be made in a single payment on 1<sup>st</sup> April 2020, as detailed in section 4.5.7 to the main report;
7. The Braintree District Council's Local Council Tax Support scheme for 2020/21 as detailed on the Council's website: [Proposed Local Council Tax Support Scheme 2020/21](#);
8. The package of support to claimants experiencing difficulties as a result of the Local Council Tax Support scheme as detailed in Section 11.9 of the main report;
9. The Council's discretionary fees and charges for 2020/21 as detailed in the schedule on the Council's website: [Proposed Fees & Charges 2020/21](#);
10. Delegated authority is given to the appropriate Cabinet Member to determine the level of charges for Trade Waste collection, Environmental permits and core leisure charges for 2020/21;
11. The Council's housing rents are increased by CPI plus 1% for 2020/21, as detailed in the schedule on the Council's website: [Proposed Fees & Charges 2020/21](#);
12. That delegated authority is given to the appropriate Cabinet Member to agree variations to Trade Waste, Town Hall Centre, Building Control and Car Parking fees and charges for commercial purposes;
13. The surplus of £188,955 on the Business Rates Collection Fund be transferred to the Business Rates Retention Reserve;
14. To continue the Council's Discretionary Business Rate Relief schemes, as detailed in section 9 to the main report, for 2020/21;
15. The Council's existing Retail Relief scheme be amended for 2020/21 and the two rate reliefs to Local Newspapers and Pubs, for 2020/21 to 2024/25 and 2020/21 respectively, as detailed in section 3 of the Amendment Report to Cabinet;
16. Discretionary council tax discounts and exemptions for 2020/21 are:
  - a. Discount applicable to empty dwellings undergoing major repairs is set at 0% for the twelve month period;
  - b. Discount applicable to vacant dwellings is set at 0% for the six month period;
  - c. Discount applicable to second homes is set at 0%;
17. Discretionary Council Tax Empty Homes Premiums charged on dwellings vacant for over two-years but less than five-years continue at 100% and on dwellings vacant for over five-years be increased to 200% with effect from 1<sup>st</sup> April 2020 and that this is duly published in a local newspaper within 21 days of this decision. In addition the refund arrangement, as detailed in section 13.8 of the main report;
18. The Council's Pay Policy for 2020/21 as detailed in Appendix B to the main report;
19. A transfer of £222,269 to the General Fund unallocated balance in 2020/21;
20. The estimated movements on the earmarked reserves as detailed in Appendix E to the main report;

### **Capital**

21. The General Fund Capital bids for 2020/21 listed in Appendix H to the main report;

### **Capital, Investment and Treasury Management Strategies**

22. The Capital Strategy including the authorised borrowing limit, operational borrowing boundary, the policy on Minimum Revenue Provision and prudential indicators as detailed in Appendix I to the main report;
23. The Treasury Management Strategy Statement including the schedule of investment counterparties and limits and prudential indicators as detailed in Appendix J to the main report and including the two amendments detailed in sections 5 and 7 of the Amendment Report to Cabinet;
24. Investment Strategy, for 2020/21 as detailed in Appendix K to the main report;

### **Council Tax**

25. The proposed estimates (producing a budget requirement for council tax purposes of £15,225,694) as detailed in Appendix C and the Council Tax for 2020/21 of £184.68 for a Band D property, having taking into consideration:

- The consultation feedback, if any, received and reported verbally at the meeting;
- The assessment of risks in the budget assumptions;
- The Equalities Impact Assessments and
- The Section 151 Officer's report on the robustness of the estimates and the adequacy of balances (Appendix G to the main report).

### **B) That Cabinet agrees to:**

24. Delegate authority to the Cabinet Member for Finance and Performance Management to agree requests for unspent budgets, at the year-end, to be carried forward to the following year.

### **Purpose of Decision:**

For the Council to use its discretionary powers under Section 47 (3) of the Local Government Finance Act 1988 to establish business rate relief schemes for 2020/21, as requested by Government.

### **Any Corporate implications in relation to the amendment should be explained in detail.**

#### **Financial:**

The Government has confirmed that councils will be reimbursed for the Business Rate relief granted under these schemes.

#### **Legal:**

Council exercising discretionary powers under Section 47 (3) of the Local Government Finance Act 1988.

State Aid law is the means by which the European Union regulates state funded support to businesses. Providing discretionary relief to ratepayers is likely to amount to State Aid. Whilst the UK is scheduled to leave the EU on 31<sup>st</sup> January 2020, the Withdrawal Agreement negotiated by the

	<p>Government and the EU provides that during an implementation period State aid rules will continue to apply as now and will be subject to control by the EU Commission as at present. Local authorities are therefore required to continue to apply State aid rules, including De Minimis, to the relief during the implementation period.</p> <p>The Council will request an application form to be completed from businesses which it considers may be part of a national chain to confirm that it will not exceed the limit of €200,000 of aid under the De Minimis Regulations. No relief will be granted if confirmation is not received.</p>
<b>Safeguarding:</b>	No matters arising out of this amendment.
<b>Equalities/Diversity:</b>	It has not been necessary to conduct an Equality Impact Assessment.
<b>Customer Impact:</b>	Potential positive impact on the customers of those businesses receiving the reliefs as the financial support helps their continued viability.
<b>Environment and Climate Change:</b>	No matters arising out of this amendment.
<b>Consultation/Community Engagement:</b>	No matters arising out of this amendment.
<b>Risks:</b>	No matters arising out of this amendment.
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