

Cabinet – Supplementary agenda No.1

A meeting of the Cabinet will be held on:

Date: 6 September 2016

Time: 4.30pm*

*Please note that the start time for this meeting has been put back from 3pm to 4.30pm owing to unforeseen circumstances

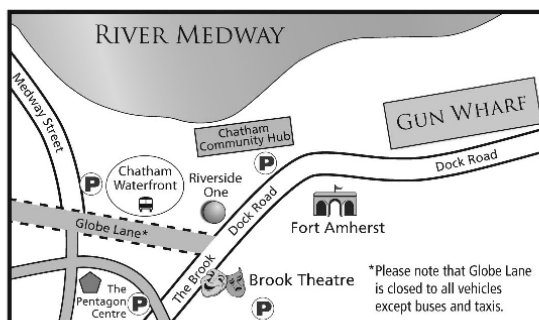
Venue: Meeting Room 2 - Level 3, Gun Wharf, Dock Road, Chatham ME4 4TR

Items

- | | | |
|-----------|---|--------------------------|
| 4. | Business Rate Relief – Addendum Report | (Pages
1 - 2) |
| 5. | Government Consultation: 100% Business Rates Retention – Addendum Report | (Pages
3 - 6) |

For further information please contact Wayne Hemingway/Alex Saul, Democratic Services Officers on Telephone: 01634 332509/332008 or Email: democratic.services@medway.gov.uk

Date: 1 September 2016



This agenda and reports are
available on our website
www.medway.gov.uk

A summary of this information can be made available in other formats from **01634 333333**

If you have any questions about this meeting and you want to speak to someone in your own language please ring **01634 335577**

বাংলা	331780	ગુજરાતી	331782	ਪੰਜਾਬੀ	331784	کوردی	331841	اردو	331785	Русский	332374
中文	331781	हिंदी	331783	Polski	332373	ଏଞ୍ଜେଲିକ	331786	فارسی	331840	Lietuviškai	332372



CABINET

6 SEPTEMBER 2016

BUSINESS RATE RELIEF – ADDENDUM REPORT

Portfolio Holder: Councillor Rupert Turpin, Business Management

Report from: Phil Watts, Chief Finance Officer

Author: Jon Poulson, Revenues & Benefits Manager

Summary

This addendum report provides details of the five principles used in designing the guidelines and the level of discretionary relief that would be applicable for each principle.

1. Background

- 1.1 The Council's preferred option (Option 2 within the Cabinet Report) is to implement guidelines with a variable level of discretionary relief based on the purpose of the charity, not for profit organisation or community amateur sports club. Those guidelines have been designed around a set of five principles that have been applied across the organisation purposes as described in Appendix 2 of the Cabinet Report.
- 1.2 When awarding top up relief and discretionary relief this option gives priority to organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society.
- 1.3 It would take away some support from organisations supporting animal welfare or conservation and those supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.). It would not offer any support to organisations supporting heritage and regeneration. It would also limit charity shops and cafes to receiving their mandatory relief as they have alternative means of raising funds and are competing with other businesses.
- 1.4 Within this option all charities and community amateur sport clubs would continue to receive their mandatory relief.
- 1.5 The table below outlines the five principles used in designing the guidelines and the level of discretionary relief that would be applicable for each principle.

	Charities or Community Amateur Sports clubs			Not for profit organisations
Principle	Mandatory relief (%)	Top up discretionary relief (%)	Total relief (%)	Discretionary relief (%)
The focus of the discretionary business rates relief should be for organisations seeking to improve the quality of life for children, the elderly, disabled or otherwise vulnerable members of society	80	20	100	100
Organisations supporting animal welfare or conservation should receive less priority when awarding discretionary rate relief	80	0	80	70
Organisations supporting lifestyle choices (arts, entertainment, leisure, fee paying education etc.) should receive less priority when awarding discretionary rate relief	80	0	80	50
Organisations supporting heritage and regeneration should not receive any discretionary rate relief	80	0	80	0
Charity shops and cafes run by charities should not receive any top up discretionary relief as they have alternative means of raising funds are competing with other businesses	80	0	80	N/A

Lead officer contact

Jon Poulson
Revenues & Benefits Manager
Finance – MRBS
Business Support Department
01634 333700
jon.poulson@medway.gov.uk



CABINET
6 SEPTEMBER 2016
GOVERNMENT CONSULTATION:
100% BUSINESS RATES RETENTION
ADDENDUM REPORT

Portfolio Holders: Councillor Alan Jarrett, Leader
 Councillor Rupert Turpin, Business Management

Report from/Author: Phil Watts, Chief Finance Officer
 Michael Turner, Democratic Services Officer

Summary

This addendum report sets out the comments of the Business Support Overview and Scrutiny Committee, following their consideration of this matter on 26 August 2016.

1. Background

1.1. The Chief Finance Officer introduced this report which advised that on 1 July 2016 the Government had commenced consultation on proposals for local authorities and their preceptors to retain 100% of the business rates collected, in return for the cessation of central grant support to local government. The report sought the Committee's views on the Council's response to these proposals and the 36 questions asked by Government prior to consideration by Cabinet on 6 September, where a final response to the consultation would be agreed.

1.2. Members made the following comments in relation to the proposed response:

1.3 *Question 1: Which of the grants and responsibilities identified at Appendix 2 do you think are the best candidates to be funded from retained business rates?*

A Member argued strongly that public health funding should continue as a ring fenced grant in order that the positive work so far in Medway on public health would continue and was not lost. Reference was also made to the possible devolution of responsibility for attendance allowance and the point was made that, should this happen, then the Council needed to learn lessons from how Local Welfare Provision had been dealt with.

- 1.4 *Question 4: Do you have views on whether some or all of the commitments in existing and future deals could be funded through retained business rates?*

A Member asked for clarification in relation to what tax raising powers were being referred to in the proposed response. The Chief Finance Officer responded that this was primarily a reference to business rates and the rationale was that devolution deals at present came with additional funding but if they were to be funded through 100% business rates retention then the Council would need some flexibility to raise taxes in order to meet commitments.

- 1.5 *Question 8: Having regard to the balance between rewarding growth and protecting authorities with declining resources, how would you like to see a partial reset work?*

A Member emphasised that this issue was of critical importance in terms of the whole concept of 100% business rates retention. The Council had no control over large businesses closing down or relocating out of the area. Therefore with the move to 100% business rates retention, this was the biggest risk facing local government finance in decades. A Member asked that Cabinet make this point more robustly in order to emphasise this issue in its response to Government.

- 1.6 *Question 11: Should Mayoral Combined Authority areas have the opportunity to be given additional powers and incentives, as set out above?*

There was support for the position expressed in the proposed response that elected mayors should not be given additional powers. It was argued that if there was no appetite locally for an elected mayor then a council should still have the maximum powers available to a local government body. Whilst this point was made in the proposed response it was felt it should be further emphasised.

The point was also made that there was a difference of opinion amongst Members of the Council regarding combined authorities, with some Members opposed under any circumstances and others prepared to consider the idea if it meant Medway received additional resources.

- 1.7 On a more general point, a Member referred to the risk management section in the report and argued that there needed to be a reference to the need to focus on increasing income streams as a risk mitigation measure. The Chief Finance Officer undertook to look at ensuring the corporate risk register was more reflective of the risks and mitigations.
- 1.8 The Committee agreed to recommend to Cabinet the proposed response to the consultation, as laid out at Appendix 1, and ask Cabinet to consider the Committee's comments, as set out above, when agreeing the final response to Government.

2. Chief Finance Officer's comments

- 2.1 The Business Support Overview and Scrutiny Committee made a number of points in relation to the proposed response to the consultation exercise and the Cabinet is asked to consider their comments prior to making a final decision on the proposed response.
- 2.2 As referred to in paragraph 1.7 above, whilst reference to the risks has been made in the proposed response to this consultation, I will resolve to ensure that these are clearly articulated within the Council's corporate risk register and managed accordingly.

3. Recommendation

- 3.1 The Cabinet is asked to consider the comments of the Business Support Overview and Scrutiny Committee.

Lead officer contact:

Phil Watts, Chief Finance Officer, Gun Wharf, 01634 332220
phil.watts@medway.gov.uk

Michael Turner, Democratic Services Officer, Gun Wharf, 01634 332817
michael.turner@medway.gov.uk

This page is intentionally left blank