

# Public Document Pack



**Committee:** Budget Planning Committee  
**Date:** Tuesday 17 January 2017  
**Time:** 6.30 pm  
**Venue:** Bodicote House, Bodicote, Banbury, OX15 4AA

## Membership

<b>Councillor Nicholas Mawer (Chairman)</b>	<b>Councillor Douglas Webb (Vice-Chairman)</b>
<b>Councillor David Anderson</b>	<b>Councillor Ken Atack</b>
<b>Councillor Hugo Brown</b>	<b>Councillor Ian Corkin</b>
<b>Councillor Carmen Griffiths</b>	<b>Councillor Alan MacKenzie-Wintle</b>
<b>Councillor Andrew McHugh</b>	<b>Councillor Barry Richards</b>
<b>Councillor Tom Wallis</b>	<b>Councillor Sean Woodcock</b>

## AGENDA

### 1. Apologies for Absence and Notification of Substitute Members

### 2. Declarations of Interest

Members are asked to declare any interest and the nature of that interest which they may have in any of the items under consideration at this meeting.

### 3. Urgent Business

The Chairman to advise whether they have agreed to any item of urgent business being admitted to the agenda.

### 4. Minutes (Pages 1 - 4)

To confirm as a correct record the minutes of the meeting held on 29 November 2016.

## 5. **Chairman's Announcements**

To receive communications from the Chairman.

## 6. **Discretionary Rate Relief Policy** (Pages 5 - 26)

Report of the Chief Finance Officer.

### **Purpose of report**

Members of Budget Planning Committee are requested to consider the accompanying Discretionary Rate Relief Policy guidelines, which set out the proposals for awarding discretionary rate relief for 2017-2018 and beyond, and recommend to Executive the policy as set out in Appendix A.

To seek approval for the final determination of the policy guidelines to be delegated to the Chief Finance Officer, in consultation with the Lead Member for Financial Management due to pending legislative changes announced in Autumn Statement 2016.

### **Recommendations**

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To consider any amendments to the proposed draft Discretionary Rate Relief Policy and, if applicable, to recommend them to Executive.
- 1.3 To agree that the final content of the policy guidelines will be subject to confirmation by the Chief Finance Officer in consultation with the Lead Member for Financial Management.

## 7. **Solihull Partnership Steering Group**

Verbal update on the Solihull Partnership.

## 8. **Medium Term Revenue Plan and draft 2017/18 Revenue and Capital Budgets** (Pages 27 - 30)

The Exempt Appendices to this report will follow as they are currently being reviewed and finalised.

Report of the Chief Finance Officer.

### **Purpose of report**

To set out the Medium Term Revenue Plan including the Revenue and Capital budget proposals for the Committee to consider and recommend to Executive.

## **Recommendations**

The meeting is recommended:

- 1.1 To consider and recommend the Medium Term Revenue Plan (MTRP) set out in Appendix 1 to Executive and then Full Council in February.
- 1.2 To consider and recommend the 2017/18 draft revenue budget set out in Appendix 2 to Executive and then Full Council in February.
- 1.3 To consider and recommend the 2017/18 capital programme set out in Appendix 3 to Executive and then Full Council in February.
- 1.4 To consider and recommend the list of reserves set out in Appendix 4 to Executive and then Full Council in February
- 1.5 To consider and recommend to Executive the level of Council Tax increase for 2017/18 before this is formally approved by Full Council in February.

### **9. Review of Committee Work Plan (Pages 31 - 32)**

To review the Committee Work Plan.

### **10. Exclusion of Press and Public**

The following report contains exempt information as defined in the following paragraphs of Part 1, Schedule 12A of Local Government Act 1972.

3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Members are reminded that whilst the following item has been marked as exempt, it is for the meeting to decide whether or not to consider it in private or in public. In making the decision, members should balance the interests of individuals or the Council itself in having access to the information. In considering their discretion members should also be mindful of the advice of Council Officers.

Should Members decide not to make a decision in public, they are recommended to pass the following recommendation:

“That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.”

**11. Exempt Appendices: Medium Term Revenue Plan and draft 2017/18 Revenue and Capital Budgets**

**\*\*The Exempt Appendices to The Medium Term Revenue Plan will follow as they are currently being reviewed and finalised.\*\***

**12. Car Parks (Pages 33 - 38)**

Exempt report of the Director of Operation Delivery.

**Councillors are requested to collect any post from their pigeon hole in the Members Room at the end of the meeting.**

## **Information about this Meeting**

### **Apologies for Absence**

Apologies for absence should be notified to [democracy@cherwellandsouthnorthants.gov.uk](mailto:democracy@cherwellandsouthnorthants.gov.uk) or 01295 221591 prior to the start of the meeting.

### **Declarations of Interest**

Members are asked to declare interests at item 2 on the agenda or if arriving after the start of the meeting, at the start of the relevant agenda item.

### **Local Government and Finance Act 1992 – Budget Setting, Contracts & Supplementary Estimates**

Members are reminded that any member who is two months in arrears with Council Tax must declare the fact and may speak but not vote on any decision which involves budget setting, extending or agreeing contracts or incurring expenditure not provided for in the agreed budget for a given year and could affect calculations on the level of Council Tax.

### **Evacuation Procedure**

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the car park as directed by Democratic Services staff and await further instructions.

### **Access to Meetings**

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named below, giving as much notice as possible before the meeting.

### **Mobile Phones**

Please ensure that any device is switched to silent operation or switched off.

### **Queries Regarding this Agenda**

Please contact Lesley Farrell / Joel Bliss, Democratic and Elections  
lesley.farrell@cherwellandsouthnorthants.gov.uk, 01295 221591

**Sue Smith**  
**Chief Executive**

Published on Monday 9 January 2017

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## Cherwell District Council

### Budget Planning Committee

Minutes of a meeting of the Budget Planning Committee held at Bodicote House, Bodicote, Banbury, OX15 4AA, on 29 November 2016 at 6.30 pm

Present: Councillor Nicholas Mawer (Chairman)  
Councillor Douglas Webb (Vice-Chairman)

Councillor Ken Atack  
Councillor Hugo Brown  
Councillor Ian Corkin  
Councillor Alan MacKenzie-Wintle  
Councillor Andrew McHugh  
Councillor Barry Richards  
Councillor Tom Wallis  
Councillor Sean Woodcock

Also Present:: Councillor John Donaldson  
Councillor D M Pickford  
Councillor Lynn Pratt  
Councillor G A Reynolds - Deputy Leader of the Council  
Jan Ponsford, Director, Virtus Consult

Apologies for absence: Councillor David Anderson  
Councillor Carmen Griffiths

Officers: Karen Curtin, Commercial Director  
Paul Sutton, Chief Finance Officer / Section 151 Officer  
Sharon Bolton, Shared Leisure Facilities and Projects Manager  
Louisa Butters, Property and Facilities Manager  
George Hill, Corporate Finance Manager  
Chris Stratford, Head of Regeneration and Housing  
Lesley Farrell, Democratic and Elections Officer  
Joel Bliss, Assistant Democratic and Elections Officer

#### 51 **Declarations of Interest**

There were no declarations of interest.

#### 52 **Urgent Business**

There was no urgent business.

53 **Minutes**

The minutes of the meeting of the Committee held on 1 November 2016 were agreed a correct record and signed by the Chairman.

54 **Chairman's Announcements**

There were no Chairman's Announcements.

55 **Solihull Partnership**

The Commercial Director gave a verbal update on the progress of the Solihull Partnership.

Due to the problems experienced with the Solihull Partnership the Commercial Director had commissioned a report by Virus Consult to understand what had gone wrong and what could be done to rectify the problems going forward.

The Director of Virtus Consult gave a presentation to the Committee on his findings. Thirty one of the thirty five projects given to the Solihull Partnership, which were due to be completed by June 2016, were still outstanding. There appeared to be a lack of governance, leadership and ownership of projects with insufficient workforce and no contract in place to motivate completion.

The Head of Housing and Regeneration explained that the immediate aim was to get back on track with the Solihull Partnership and it was envisaged that 30% of the programme would be completed by March 2017.

The Committee expressed disapproval at the Solihull Partnership's lack of progress and their prioritisation of other projects over those which have been agreed upon with Cherwell District Council and raised concerns over delivery of projects going forward.

As the Committee would not meet again until 27 January 2017, Members requested that an update be circulated via email before the next meeting. The Committee also requested that an account be kept of the costs.

In response to Members' comments, the Commercial Director explained that a Steering Group would be set up and would meet fortnightly to monitor the Solihull Partnership's progress. A progress report would be emailed to all members of the Budget Planning Committee. The Committee requested that a member of the Budget Planning Committee join the Steering Group and it was agreed that Councillor Barry Richards should attend the Steering Group and feed back to the Committee.



56 **Fees and Charges 2017/18 - Update**

The Chief Finance Officer submitted a report on Fees and Charges which provided members of the Budget Planning Committee with an update on the Council's proposed fees and charges for 2017/18.

In presenting the report the Corporate Finance Manager explained that the fees and charges were currently being reviewed and that the council only had control over the discretionary fees and charges. They would be brought back to the Committee for consideration when finalised.

**Resolved**

(1) That the contents of the report be noted.

57 **Review of Capital 2016/17 & Capital Bids 2017/18**

The Chief Finance Officer submitted a report which reviewed current expenditure for projects in 2016/17 and the Capital Bids for 2017/18.

The Committee reviewed the Capital programme and requested that the original date of the Capital Bids be put on the report as this would make it easier to determine how long they had been outstanding. The items were reviewed and the Committee requested more details of the payments to East West Rail.

In response to Members' comments on Capital Bid 006 for a replacement Bookings Solution, the Deputy Leader of the Council explained that the system purchased 4 years ago had proved difficult to use and that the new system would be a joint purchase with South Northamptonshire Council.

The Committee raised concerns over Capital Bid 002, Cooper School Performance Hall roof, regarding the frequency of the required maintenance. The Committee also raised concerns that Capital Bid 008, Thorpe Way Industrial Estate roof and roof light replacement would not be delivered considering the problems encountered previously with roof repairs.

In response to Members' concerns, the Head of Regeneration and Housing assured the Committee that he was confident that these projects would be delivered now there was a new project manager in place.

The Committee welcomed bid 007, Banbury Health Centre and suggested that with the improvement works being done, a rent review should be considered.

**Resolved**

(1) That the contents of the report relating to 2016/17 expenditure be noted.

(2) That the Executive be recommended to approve the capital bids and the proposed capital programme as part of the budget for 2017/18.

58 **Review of Committee Work Plan**

The Committee considered its work programme. Members' requested that the Solihull Partnership and the Solihull Partnership Steering Committee Group should be added to the Committee work plan.

**Resolved**

- (1) That the Solihull Partnership be added to the meeting of 17 January 2017.
- (2) That the Solihull Partnership Steering Committee Group report be added to the work plan until all issues are resolved.
- (3) That subject to resolutions (1) and (2) above, the contents of the Committee Work Plan be noted.

59 **Exclusion of Press and Public**

**Resolved**

That under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business on the ground that, if the public and press were present, it would be likely that exempt information falling under the provisions of Schedule 12A, Part 1, Paragraph 3 would be disclosed to them, and that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

60 **Medium Term Revenue Plan - 2017/18 to 2021/22**

The Chief Finance Officer submitted an exempt report on the Council's Medium Term Revenue Plan for 2017/18 to 2021/22

In response to Members' questions, the Chief Finance Officer confirmed that the Efficiency Plan had been accepted by the Government but confirmation had not yet been received of the New Homes Bonus scheme.

**Resolved**

- (1) That the contents of the exempt report be noted.

The meeting ended at 8.35 pm

Chairman:

Date:

## Cherwell District Council

### Budget Planning Committee

17 January 2017

#### Discretionary Rate Relief Policy

#### Report of Chief Finance Officer

This report is public

#### Purpose of report

Members of Budget Planning Committee are requested to consider the accompanying Discretionary Rate Relief Policy guidelines, which set out the proposals for awarding discretionary rate relief for 2017-2018 and beyond, and recommend to Executive the policy as set out in Appendix A.

To seek approval for the final determination of the policy guidelines to be delegated to the Chief Finance Officer, in consultation with the Lead Member for Financial Management due to pending legislative changes announced in Autumn Statement 2016.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To note the contents of the report.
- 1.2 To consider any amendments to the proposed draft Discretionary Rate Relief Policy and, if applicable, to recommend them to Executive.
- 1.3 To agree that the final content of the policy guidelines will be subject to confirmation by the Chief Finance Officer in consultation with the Lead Member for Financial Management.

#### 2.0 Introduction

- 2.1 National Non-Domestic Rates (NNDR) or business rates are payable by owners and occupiers of commercial properties in accordance with the Local Government Finance Act 1988. Until April 2013 business rates were collected by the Council and passed to Central Government who redistributed them nationally. However with the localisation of business rates, income from business rates now impacts more directly on the Council's financial position.
- 2.2 The Discretionary Rate Relief Policy is required to be amended to reflect the changing priorities of the Council and assess the impact of the Localism Act 2011

which introduced the power to implement a local discount scheme together with the fundamental changes to business rates that came into effect from 1 April 2013.

- 2.3 It is also necessary to review it at this time due to revised rateable values resulting from the Business Rates Revaluation with new values for all properties coming into effect from 1 April 2017.
- 2.4 The Business Rates Retention Scheme (effective from 1 April 2013) means that the amount of mandatory relief awarded to charitable organisations (80% of their business rates liability) together with the impact of decisions on discretionary rate relief for other organisations and businesses now impacts more directly on the Council's budget and medium term financial position.
- 2.5 In addition to these changes the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any local ratepayer under a local discount scheme

### **3.0 Report Details**

#### **3.1 Current position**

The proposed Discretionary Rate Relief Policy (attached as Appendix A) outlines the areas of local discretion and the Council's approach to the various discretionary awards. This has been prepared having regard to the impact:

- of granting discretionary relief on the Council's wider financial position and Council taxpayers;
- on the organisations and businesses that currently receive or may apply for relief in the future;
- for residents and council taxpayers of the Cherwell district;

- 3.2 The legislation governing the granting of discretionary rate relief is found in Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation. The qualifying conditions are one or more of the following:

- the ratepayer is a charity or trustees for a charity and the hereditament ('liable property') is wholly or mainly used for charitable purposes (whether of that charity or of that and other charities);
- the hereditament is not an excepted hereditament, and all or part of it is occupied for the purposes of one or more institutions or other organisations none of which is established or conducted for profit and each of whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science literature or the fine arts;
- the hereditament is not an excepted hereditament, it is wholly or mainly used for the purposes of recreation, and all or part of it is occupied for the purposes of a club, society or other organisation not established or conducted for profit.

- 3.3 In addition to this, the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any local ratepayer under a local discount scheme.
- 3.4 The legislation also allows a Council to exercise its discretion to grant relief from rates in respect of those ratepayers suffering hardship as well as those occupying only parts of a property for a short period of time only.
- 3.5 Due to the on-going financial impact of granting discretionary rate relief it is recommended that the formal policy, incorporating guidelines for the assessment of applications, is updated and that the policy at Appendix A is considered and recommended to Executive for adoption. It is necessary to bring forward a new policy for 2017-2018 and beyond due to the fact that all business rates properties will be revalued with an effective date of 1 April 2017.
- 3.6 At the time of writing Government has announced, as part of the Autumn Statement 2016, that Rural Rate Relief will be increased to 100% from April 2017. Once we have further details the proposed policy will be amended to reflect this.

## **4.0 Conclusion and Reasons for Recommendations**

- 4.1 Members are asked to note the detail of this report.
- 4.2 Members are asked to approve the final determination of the policy guidelines be delegated to the Chief Finance Officer in consultation with the Lead Member for Financial Management due to pending legislative changes announced in Autumn Statement 2016.
- 4.3 Members are asked to recommend the Discretionary Rate Relief Policy to Executive for approval.

## **5.0 Consultation**

None

## **6.0 Alternative Options and Reasons for Rejection**

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1: Members could choose not to recommend the proposed policy to Executive, but this would limit our financial flexibility in the future.

## **7.0 Implications**

### **Financial and Resource Implications**

- 7.1 When Discretionary Rate Relief applications are considered the financial impact on the Collection Fund and the impact on the Council's Business Rates income is a key factor in the final decision. It is estimated we will award £162,000 discretionary

rate relief in 2017-2018 (with CDC meeting £64,800 of this) and by reviewing the Discretionary Rate Relief Policy and requiring reapplication on a two yearly basis we will give ourselves more financial flexibility in the future.

Comments checked by:

George Hill, Interim Corporate Finance Manager 01295 751731  
[george.hill@cherwellandsouthnorthants.gov.uk](mailto:george.hill@cherwellandsouthnorthants.gov.uk)

### **Legal Implications**

- 7.2 Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the criteria for awarding discretionary rate relief. Section 69 of the Localism Act 2011 amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to reduce the business rates of any ratepayer (not just those who can be currently granted discretionary relief) via a local discount scheme.

Comments checked by:

Kevin Lane, Head of Law and Governance, 0300 0030107  
[kevin.lane@cherwellandsouthnorthants.gov.uk](mailto:kevin.lane@cherwellandsouthnorthants.gov.uk)

### **Risk Management**

- 7.3 The report highlights the need to monitor business rates income against budget to understand the implications of any significant variances. Risk 'S02 – Financial Resilience' is monitored on a regular basis as part of the Council's Corporate Risk Register and will also be monitored through the operational risk register. Any increase in risk will be reviewed and acted upon.

Comments checked by:

Louise Tustian, Senior Performance and Improvement Officer 01295 221786  
[Louise.tustian@cherwellandsouthnorthants.gov.uk](mailto:Louise.tustian@cherwellandsouthnorthants.gov.uk)

## **8.0 Decision Information**

### **Wards Affected**

All

### **Links to Corporate Plan and Policy Framework**

This links to the Council's priority of Sound Budgets and a Customer Focused Council.

### **Lead Councillor**

Councillor Ken Atack, Lead Member for Financial Management

## Document Information

Appendix No	Title
A	Discretionary Rate Relief Policy
None	
Report Author	Geni Hotchkiss, Business Support Unit Manager
Contact Information	01327 322170 <a href="mailto:geni.hotchkiss@cherwellandsouthnorthants.gov.uk">geni.hotchkiss@cherwellandsouthnorthants.gov.uk</a>

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## Discretionary Rate Relief Policy

DRAFT

## **1. Introduction and scope**

- 1.1 Cherwell District Council recognises the importance of supporting local businesses, charities and voluntary organisations to promote the provision of local facilities, support economic growth and investment and improve prosperity.
- 1.2 Councils have the power to award relief from the payment of Non-Domestic Rates ('business rates') to organisations and businesses that meet certain criteria. Public funds are not, however, unlimited and a proportion of any relief granted is met by the council taxpayers of the district. We therefore need to be satisfied that money invested this way will be repaid in economic and/or community benefit.
- 1.3 The power for granting discretionary rate relief is provided for by Section 47 of the Local Government Finance Act 1988. This has been amended by subsequent legislation which gives wider powers to grant discretionary relief to any ratepayer where the authority feels the granting of such relief would be of benefit to the local community.
- 1.4 This policy is designed to provide guidance to Council Officers and ratepayers on the application of Discretionary Rate Relief. The policy covers the following types of discretionary relief:
  - Charitable rate relief
  - Community Amateur Sports Clubs (CASCs)
  - Rate relief for not-for-profit organisations
  - Discretionary rural settlement relief
  - Hardship Relief
  - Temporary relief for partly occupied properties
  - Local discounts and incentives
- 1.5 This policy document outlines the various areas of local discretion and the Council's approach to the various reliefs. This approach has regard to the impact:
  - of granting discretionary relief on the Council's wider financial position and council taxpayers;
  - on the organisations and businesses that currently receive or may apply for relief in the future;
  - on the residents of the Cherwell district if relief is awarded and the economic benefits to the district;

## **2. The Discretionary Rate Relief Scheme**

2.1 Discretionary Rate Relief (DRR) is granted in accordance with Section 43 of the Local Government Finance Act 1988 and Sections 47 and 49 of the Local Government Finance Act 1988 as amended by the Localism Act 2011.

Section 69 of the Localism Act amended Section 47 of the Local Government Finance Act 1988 to allow billing authorities to fund their own local discounts. The Council is able to grant business rates discounts and incentives as it sees fit within the limits of primary legislation and European rules on state aid. These powers can be used to encourage new business and investment as well as support local shops or services to the community.

2.2 The legislation requires the Council to maintain a Discretionary Rate Relief (DRR) scheme to award rate relief of up to 100% to certain organisations which operate within specified criteria. This includes:

- charitable bodies already in receipt of Mandatory Relief of 80%. The Council has the discretion to 'top-up' this relief to 100% of the business rates due;
- registered Community Amateur Sports Clubs (CASCs) already in receipt of Mandatory Relief of 80%. The Council has the discretion to 'top-up' this relief to 100% of business rates due;
- non-profit making organisations – the Council has the discretion to grant relief of up to 100% of the business rates due;
- property that is in a qualifying rural settlement and is a qualifying food shop, general store, post office, sole public house or sole petrol station already in receipt of Mandatory Relief of 50%. The Council has further discretion to 'top-up' this relief to 100% of the business rates due.
- Discretionary Rate Relief for 'other rural businesses'
- Relief on the grounds of hardship
- Relief for part-occupied premises
- Local discounts and incentives

2.3 In making decisions about applications the Council may:

- grant relief up to a maximum 100% of the business rates due;

- grant relief for a sum less than 100% of the business rates due; or
  - refuse any application for full or additional relief
- 2.4 Whilst awards for Mandatory Relief can be backdated for previous financial years, legislation permits Discretionary Relief only to be awarded back to the start of the previous financial year where the application is submitted prior to the end of September in a relevant year.
- 2.5 It is the Council's policy that Discretionary Relief will only be awarded from the date of the application or, in the case of hardship where the hardship occurred at that point in time. Only in the most exceptional circumstances will consideration be given to awarding relief for a prior period. The ratepayer must provide valid reasons for not having submitted their application at an earlier date.
- 2.6 In the majority of cases Discretionary Relief will be granted for a period of two financial years only. Successful applicants will be sent a letter confirming the award of Discretionary Relief. This letter will also explain that the relief has been granted for two financial years only.

### **3. The Application Process**

- 3.1 Applications for relief must be made on the Council's application form. Applicants are encouraged to apply online at [www.cherwell.gov.uk](http://www.cherwell.gov.uk) Businesses and other organisations needing support or advice on making their application can contact the Council's Business Support Unit on [businesssupportunit@cherwellandsouthnorthants.gov.uk](mailto:businesssupportunit@cherwellandsouthnorthants.gov.uk)
- 3.2 Applications should be submitted with the relevant supporting information which includes:
- details of the applicant's main purposes and objectives (where applicable) as set out in a written constitution, a memorandum of association or membership rules;
  - a full set of audited accounts relating to the two years prior to the date of application. Where audited accounts are not available, projections should be provided instead.
  - details of how the organisation meets the relevant criteria detailed in these guidelines.

## Appendix A

- 3.3 Any applications which are made without the supporting information will be subject to a decision being made solely on the information that is available at the time of the decision.
- 3.4 As a guide, to be eligible for Discretionary Relief a charity/organisation must not have enough unrestricted funds/reserves available to continue to operate for more than 12 months unless a business plan exists detailing how these additional funds are to be used to benefit the local community.
- 3.5 In exceptional cases, Discretionary Relief will be granted to organisations which have enough financial resources in unrestricted funds/reserves to continue to operate for more than 12 months. This may include charities and community organisations which require a large amount of available resources to sustain the service they deliver to the community. In such cases the applicant must be able to prove it offers a service which the district's residents depend on and which they would be unlikely to find elsewhere in the district.
- 3.6 The Council will aim to make a decision within a maximum of 4 weeks of the application and supporting information being received. Decisions on the award of discretionary rate relief will be taken by the Chief Finance Officer in consultation with the Head of Strategic Planning and the Economy, where applicable. Ratepayers are required to continue to pay business rates whilst their application is being considered. Failure to make payment will result in the Council pursuing collection through the usual enforcement procedures which could result in Court action.
- 3.7 There is no statutory right of appeal against a decision other than by way of judicial review. An unsuccessful applicant may make a request for the authority to review a decision, but only where:
1. Additional information relevant to the application that was not made available at the time the decision was made becomes available.
  2. There are good grounds to believe the application or supporting information was not interpreted correctly at the time the decision was made.
- A request for review must be within 28 days of notification of the decision and must set out the reasons for the request and any supporting information.
- Cases will be reviewed by the Director for Strategy and Commissioning.
- 3.8 All amounts of relief awarded are subject to the state aid limits as defined by European legislation. Relief will not exceed €200,000 in any 3 year financial period.

## Appendix A

3.9 The cost of awarding Discretionary Relief is apportioned as follows:

50% will be funded by Central Government

40% will be funded by Cherwell District Council

10% will be funded by Oxfordshire County Council

In view of the additional cost in awarding discretionary relief the Council has determined a Discretionary Rate Relief Policy is introduced to ensure that any award of Discretionary Rate Relief is focused to maximise the benefits to the residents and Council taxpayers of Cherwell District Council.

3.10 Any decision regarding rate relief will be communicated to the applicant in writing. Where the decision is a refusal of the award, reasons for the refusal will be provided in the letter.

3.11 A review of the guidelines will be undertaken every five years in line with the Valuation Office Agency's revaluation cycle, or if Business Rates legislation is amended, or as necessary to ensure it complies with current legislation and Cherwell District Council's priorities.

3.12 The ratepayer must inform the Council immediately of any change in their circumstances which may affect eligibility for relief.

## **4. Charitable Rate Relief**

4.1 Mandatory Rate Relief of 80% is granted to charities where:

- The ratepayer is a charity or the trustees of a charity; and
- the property is wholly or mainly used for charitable purposes (including charity shops where the goods sold are mainly donated and the proceeds are used for the purposes of the charity)

4.2 Registration under the Charities Act 1993 is conclusive evidence of charitable status. Bodies which are excepted from registration or are exempt charities are also eligible for Mandatory Relief.

4.3 In cases where a charity is in receipt of Mandatory Relief of 80% the Council has discretion to grant up to 20% additional Discretionary Relief. This is also known as DRR 'top-up'. The Council will consider applications for Discretionary Relief from charities based on their own merits on a case by case basis. The principal consideration in awarding the relief is that it is in the best interests of the residents and council taxpayers of the Cherwell district to

## Appendix A

do so and it produces a local benefit as the Council must contribute to the cost of each award.

4.4 Each case will be assessed on its own merits, but generally top-up Discretionary Relief will only be awarded to the following charities or excepted organisations:

- Scouts, guides, cadets and other clubs and organisations for young people;
- Organisations providing support in the form of advice, employment training and counselling;
- Community schemes including those providing support for those over retirement age, community transport and volunteer organisations;
- Charitable supporting clubs;
- Armed Forces veterans associations;
- Locally based leisure and cultural organisations;

4.5 The following general exclusions will apply:

- 'Top-up' relief will only be granted to local charities (defined as those set up with the sole purpose of assisting residents of the Cherwell district and whose main office is situated in the district);
- unless a special case for financial hardship can be proved, 'top-up' relief to national charities (including charity shops) will not be granted;
- Academy, free, grant maintained, faith and trust schools are classified as charities and therefore receive 80% mandatory relief. 'Top up' relief for schools and education establishments which receive central or local government support should not be granted unless a special case for hardship can be shown.
- 'Top up' relief for Housing Associations will not be granted.

## 5. Registered Community Amateur Sports Clubs (CASCs)

5.1 Registered Community Amateur Sports Clubs (CASCs) are entitled to 80% Mandatory Relief. The Council will consider applications for Discretionary

Rate Relief 'top-up' from CASCs based on their own merits on an application by application basis.

5.2 The Council will consider applications that can demonstrate:

- the contribution the organisation makes to the Cherwell district;
- the club is open to the whole community and its membership fees are not excessive;
- it is a non-profit making organisation;
- evidence that every effort is made by the organisation to encourage open membership from groups such as young people, disabled persons, women and those over retirement age;
- schemes of education and training are provided, particularly for young people, disabled persons, women and those over retirement age;
- evidence that every effort is made by the organisation to encourage open membership from groups such as young people and disabled persons;
- how the CASC supports and links into the Council's priorities.

5.3 The Council will also take into consideration if the building is accessible to disabled people or if reasonable attempts are being made to make it accessible.

5.4 Applications will only be considered where the club has an open access policy. If a club only accepts members who have reached a certain standard, rather than seeking to promote the attainment of excellence by developing sporting aptitude, it does not fulfil the requirements.

5.5 Although clubs should be open to all without discrimination, single sex clubs may be permitted where such restrictions are a genuine result of a physical restraint (such as changing room facilities) or the requirements of the sport. In such cases the applicant will be required to provide proof of these factors.

5.6 It should be noted that sports clubs which run a bar are unlikely to be awarded Discretionary Relief if their main purpose is the sale of food and drink. If the sale of food or drink by the organisation aids the overall operation and development of the organisation meaning it achieves its objectives this is permissible as long as the principal objectives of the organisation meet the eligibility criteria detailed at 5.2. If the bar makes a profit this profit must be



reinvested to help the organisation meet its principal objectives. Financial information will be required to evidence any profit and its use.

## **6. Rate relief for not-for-profit organisations**

6.1 Not-for profit organisations which are not classed as registered charities or CASCs can apply for Discretionary Rate Relief of up to 100%. Such organisations include those which are philanthropic, religious, concerned with education or social welfare, science, literature, the fine arts, recreation or are otherwise beneficial to the community.

6.2 The Council will consider applications from organisations which can demonstrate:

- its activities support at least one of the Council's priorities;
- it promotes its service for the benefit of Cherwell District Council's residents;
- membership of the organisation is open to all members of the community regardless of ability;
- the facilities of the organisation are be made available, where practicable, to other bodies and groups;
- operates in such a way that it does not discriminate against any section of the community;
- it is not conducted or established for the primary purpose of profit.

### **6.3 Membership and entry fees**

If the organisation applying for discretionary rate relief requires membership or an entry fee the Council will consider whether:

- Membership is open to everyone regardless of race, ethnic origin, sex, marital or parental status, sexual orientation, creed, disability, age, religious affiliation or political belief;
- The subscription or fee is set at a level which is not prohibitively high and considered to be affordable by most sections of the community;
- Fee reductions are offered for certain groups for example the under 18s and over 60s;

## Appendix A

- Membership is encouraged from the unemployed, young people not in employment, education or training, those of retirement age and people with disabilities.

6.4 Where the applicant organisation requires membership, at least 50% of members should reside within the Cherwell district. Proof of this will be required.

6.5 The organisation must provide a copy of their constitution and copies of the latest two years of audited annual accounts where available.

### **7. Discretionary Rural Rate Relief**

7.1 Mandatory Rural Rate Relief of 50% is awarded to properties within a defined rural settlement which have a population of less than 3,000; this is the Council's rural settlement list which is published by the Council at the end of December each year.

Further, the rateable value of the property must be:

- For a qualifying sole food shop, general store or post office the rateable value must not exceed £8,500.
- For a qualifying petrol filling station or pub the rateable value must not exceed £12,500.

7.2 Businesses that qualify for Mandatory Rural Rate Relief can also request the Council considers increasing the amount of relief up to 100%.

7.3 Applications for Discretionary Relief can also be made by any business in a designated rural settlement that doesn't qualify for Mandatory Rural Rate Relief. The rateable value of the property must not be more than £16,500. For example where there are two general stores in a rural settlement, neither would be entitled to Mandatory Rural Rate relief, but both could apply for Discretionary Rural Rate Relief depending on the rateable value threshold.

7.4 Discretionary Rural Rate Relief for 'other rural businesses' will be considered where:

- the rateable value of the property is not more than £16,500;
- the property is used for purposes which are of benefit to the local community;
- the award of the relief is in the interests of Cherwell district residents and its Council taxpayers.

## Appendix A

- 7.5 As a general guide, a ratepayer must have not have enough resources available in unrestricted funds or reserves (i.e. those not being held for a specific purpose) to continue to operate for more than 12 months unless it can show how these additional reserves are to be used to benefit the local community.
- 7.6 The following will also be taken into consideration when assessing an application for Discretionary Rural Rate Relief:
- the number of staff employed by the business who are resident in the community in which the business is located; and
  - whether there are any other suppliers of the goods or services which are easily accessible to residents in the rural settlement.
- 7.7 Every application must be accompanied by the latest trading accounts or equivalent/relevant documentation and evidence as to the proportion of expenditure attributable to rates. In determining the application the Council will give consideration to the financial viability of the business concerned, thereby having regard to the interests of the council taxpayers in general. This will be balanced by the detrimental effect on the rural community should the business have to cease trading either as a direct or indirect result of not awarding relief.
- 7.8 The amount awarded will be up to 50% of the total business rates payable for those businesses already receiving Mandatory Rural Rate Relief. For 'other rural businesses' the amount awarded will be up to 100% of the total business rates payable.

## **8. Hardship Relief**

- 8.1 The Council has discretion under Section 49 of the Local Government Finance Act 1988 to grant relief of up to 100% where hardship is experienced. Hardship Relief can only be considered if it would be reasonable to do so in the interests of council taxpayers in general.
- 8.2 Hardship Relief will be awarded where the business is suffering from unexpected hardship which is outside of normal risks associated with the business. Reduction or remission of business rates on the grounds of hardship will only be awarded in exceptional circumstances.
- 8.3 Hardship Relief is granted at the discretion of the Council which can reduce or remit the amount of business rates due, provided it is satisfied that:

## Appendix A

- the ratepayer would sustain hardship if it did not do so; and
- it is reasonable for the Council to do so having regard to the interests of its council taxpayers

### 8.4 The following factors will be considered in assessing the application:

- the test of hardship needs not be confined strictly to financial hardship. All relevant factors affecting the ability of the business to meet its rates liability will be considered.
- the interests of council taxpayers in the area may be wider than direct financial interests. Examples of this include where employment prospects in the area would be worsened by a company going out of business or the amenities of the area being reduced.
- the ratepayer must provide evidence of hardship, for example a severe loss or marked decline in trade compared to similar periods in previous years.
- the business must be able to show evidence of its viability for the foreseeable future which is considered to be three years for these purposes.

### 8.5 A business will not be considered for Hardship Relief in the following circumstances:

- where the business is profitable;
- where the business has experienced a minor loss in trade;
- where the drawings/remunerations of directors, partnerships or sole traders are above a 'reasonable' amount;
- where the business is new and Hardship Relief is being requested to fund the initial progression of the business;
- where the property is empty;
- where similar goods or services are already being provided in the same locality or within a reasonable distance.

## Appendix A

8.6 Prior to any award being made the business is expected to take action to mitigate or alleviate their hardship by:

- contacting the Council's Economic Growth Team;
- considering other options such as renegotiating with its creditors;
- having in place a business plan to address the hardship

8.7 Applications for Hardship Relief shall be regarded as a last resort and will only be considered after consideration of any other forms of rate relief for which the applicant may be eligible.

8.8 The period and amount of any award will be determined on a case by case basis, but may be up to 100% of the business rates liability.

8.9 Hardship Relief will only be granted for short periods of time and usually up to a maximum of 6 months.

### **9. Properties partly occupied for a temporary period**

9.1 There may be occasions where a property is only partly occupied for a short period of time. This may be due to a business moving in or relocating to a new property. In certain circumstances, the Council may use its discretion to award part occupied relief which is also known as Section 44a relief (Section 44A of the Local Government Finance Act 1988).

9.2 In these circumstances the Council may request that the Valuation Officer apportions the rateable value of the property between the occupied and unoccupied elements.

9.3 Section 44a relief may be awarded in the following circumstances:

- where the occupied and unoccupied parts of the property can easily be separately assessed.
- where there are short term practical or financial difficulties in either occupying or vacating the premises.

9.4 The part occupation must be for a temporary period only.

9.5 Rate relief will not be awarded where the partial occupation is due to the normal day to day operation of the business for example where a warehouse and despatched a large order and no longer needs to store stock.

## Appendix A

- 9.6 For the purposes of this policy a period of up to 6 months will be considered to be temporary. Periods of time exceeding 6 months will be treated as a permanent change and will not be eligible for partly occupied relief.
- 9.7 Relief will not be awarded where it appears to the Council that part of the property is being kept empty for the sole purpose of claiming rate relief.
- 9.8 Prior to an award being made, a visit to the premises will be made by a Council Officer to establish the exact area of the property that is empty. The application must be supported by a plan of the property which clearly marks the boundary of the empty and occupied parts. This plan will be given to the Valuation Officer to apportion the rateable value.
- 9.9 Further visits may be made to the property throughout the duration of the relief to establish that the property is still partly empty.
- 9.10 Further applications for part empty relief may be considered where there is a change to the area of the property that is unoccupied.
- 9.11 Part occupied relief will end if one of the following applies:
- the financial year comes to an end;
  - the end of the award;
  - where part or all of the unoccupied parts become occupied;
  - where the whole of the property becomes unoccupied;
  - where the liability for the property changes;

## **10. Local discounts and incentives**

- 10.1 The Council is able to grant business rates discounts entirely as it sees fit within the limits of the primary legislation and European Rules on state aid. These powers will generally be used as appropriate to support local shops and other key businesses, but also to complement the strategic priorities and key objectives of the Council including increasing employment at strategic employment sites, investing in town centres and encouraging new business and investment to the district.
- 10.2 Using the general exception from the State Aid rule where the aid is below the 'de minimis' level, the Council will limit awards to a maximum of €200,000 to any one business over any three year period.
- 10.3 Applications will be considered in accordance with section 10.1 and where applicants seeking rate relief in respect of Localism Act powers the application

should include information about how the business complements the strategic priorities and key objectives of the Council.

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## Cherwell District Council

### Budget Planning Committee

17 January 2017

<p><b>Medium Term Revenue Plan and draft 2017/18 Revenue and Capital Budgets</b></p>
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### Report of the Chief Finance Officer

This report is public  
Appendices 1, 2, 3 and 4 to this report are exempt from publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972

#### Purpose of report

To set out the Medium Term Revenue Plan including the Revenue and Capital budget proposals for the Committee to consider and recommend to Executive.

#### 1.0 Recommendations

The meeting is recommended:

- 1.1 To consider and recommend the Medium Term Revenue Plan (MTRP) set out in Appendix 1 to Executive and then Full Council in February.
- 1.2 To consider and recommend the 2017/18 draft revenue budget set out in Appendix 2 to Executive and then Full Council in February.
- 1.3 To consider and recommend the 2017/18 capital programme set out in Appendix 3 to Executive and then Full Council in February.
- 1.4 To consider and recommend the list of reserves set out in Appendix 4 to Executive and then Full Council in February.
- 1.5 To consider and recommend to Executive the level of Council Tax increase for 2017/18 before this is formally approved by Full Council in February.

#### 2.0 Introduction

- 2.1 This report sets out the latest position on the 2017/18 revenue and capital budgets and reserves for Cherwell District Council based on the information currently available. The budgets will be considered by Executive at its meeting of the 6 February and by Full Council at its meeting on the 20 February.

- 2.2 The report sets out the current position for the budget following the provisional local government finance settlement announced in December 2016, and previous reports to this Committee.
- 2.3 The Council's efficiency plan was accepted by the Government and the figures for grant, business rates and new homes bonus are in line with the four year settlement originally proposed in December 2015. Whilst the final settlement is not expected until the end of January, it is not anticipated that there will be a significant change to the funding previously announced.

### **3.0 Report Details**

- 3.1 The 2017/18 budget is being developed within the context of the Government's austerity programme. This is a continuation of recent government policy with reductions in government grant support for local authorities. There will be a presentation to the Committee updating the Council's MTRP in light of the provisional settlement and significant changes in the budget for 2017/18. **(Exempt)**.
- 3.2 Throughout the autumn, officers have been preparing the budget in line with the guidelines approved by this Committee in September 2016. Taking account of the guidance and the impact of the settlement, the draft revenue budget 2017/18 is set out in **Appendix 1 (Exempt)**.
- 3.3 The draft budget assumes no increase in Council Tax for 2017/18. The settlement indicated that the referendum threshold would remain at the higher of a 2% or £5 Council Tax increase. If agreed, this will be the 8<sup>th</sup> year that Cherwell District Council has proposed a Council Tax freeze.
- 3.4 Following on from the settlement and the calculation of the budget for 2017/18, work is ongoing to refresh the MTRP and to establish the position for 2018/19 and beyond. This will look at the current assumptions, the impact of the settlement, the move towards full business rates retention, removal of the Revenue Support Grant and changes to New Homes Bonus. The MTRP is set out at **Appendix 2 (Exempt)** and will be refreshed throughout 2017 and the five year forecasts will be presented to this Committee.
- 3.5 The Committee considered capital bids put forward by officers at its meeting on 29 November 2016. The draft capital programme, which includes and highlights, all of the new bids is attached at **Appendix 3 (Exempt)** for Budget Planning Committee to endorse before going to Executive for formal consideration.
- 3.6 The Committee reviews reserves as part of the budget monitoring process, the impact, on reserves, of the proposed budget are shown at **Appendix 4 (Exempt)**. The proposed use of existing earmarked reserves and contributions to reserves are highlighted in the appendix.

### **4.0 Conclusion and Reasons for Recommendations**

- 4.1 The above position outlines a balanced budget for the Council for 2017/18. There is some additional work to be completed on the budget particularly as further detail becomes known but it is not expected that the overall position will change

dramatically. The Committee is asked at this stage to consider the report as it presents the budget.

## **5.0 Consultation**

There is a requirement to consult on the draft budget and this consultation will take place as part of the budget setting process.

Councillor Atack, Lead member with responsibility for Financial Management has been consulted

## **6.0 Alternative Options and Reasons for Rejection**

6.1 The following alternative options have been identified and rejected for the reasons as set out below.

The setting of the budget is a requirement and will need to be approved by Council at its meeting in February.

## **7.0 Implications**

### **Financial and Resource Implications**

7.1 These are contained within the report.

Comments checked by:  
George Hill, Corporate Finance Manager  
01295 221731 [george.hill@cherwellandsouthnorthants.gov.uk](mailto:george.hill@cherwellandsouthnorthants.gov.uk)

### **Legal Implications**

7.2 There are none arising from this report.

Comments checked by:  
Kevin Lane, Head of Law and Governance, 0300 0030107  
[kevin.lane@cherwellandsouthnorthants.gov.uk](mailto:kevin.lane@cherwellandsouthnorthants.gov.uk)

### **Risk Management**

7.3 The position to date highlights the relevance of maintaining a minimum level of reserves and budget contingency to absorb the financial impact of changes during the year. Any increase in risk will be escalated through the corporate risk register.

Comments checked by:  
Ed Bailey, Corporate Performance Manager, 01295 221605  
[edward.bailey@cherwellandsouthnorthants.gov.uk](mailto:edward.bailey@cherwellandsouthnorthants.gov.uk)

## Equality and Diversity

7.4 Impact assessments will be carried out in advance of setting the 2016/17 budget.

Comments checked by:

Caroline French, Business Transformation Project Officer, 01295 221586

[caroline.french@cherwellandsouthnorthants.gov.uk](mailto:caroline.french@cherwellandsouthnorthants.gov.uk)

## 8.0 Decision Information

**Wards Affected** - All

**Links to Corporate Plan and Policy Framework** - Accessible Value for Money.

**Lead Councillor** - Councillor Ken Atack, Lead Member for Financial Management

## Document Information

Appendix No	Title
Appendix 1	Draft Budget 2017/18 – To follow
Appendix 2	Medium Term Revenue Plan 2017/18 to 2021/22 – To follow
Appendix 3	Capital Programme 2017/18 – To follow
Appendix 4	Proposed Reserves 2017/18 – To follow
Background Papers	
None	
Report Author	Paul Sutton, Chief Finance Officer
Contact Information	0300 003 0106 <a href="mailto:Paul.Sutton@cherwellandsouthnorthants.gov.uk">Paul.Sutton@cherwellandsouthnorthants.gov.uk</a>

Date	Agenda Items
28 February	Q3 Budget Monitoring Q3 reserves Monitoring Q3 Procurement Monitoring Q3 Business Rates Monitoring/Business Rates Incentives Q3 Write Offs

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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