

SOUTH HOLLAND DISTRICT COUNCIL

Report of: Portfolio Holder for Strategic Finance and Democratic Services and the Assistant Director Finance (S151)

To: Cabinet – 18 February 2014

(Author: Mark Finch, Assistant Director – Finance)

Subject: General Fund Draft Estimates and Financial Medium Term Plan

Purpose: To consider the General Fund revenue and capital estimates and the Financial Medium Term Plan, the Capital Strategy and the Treasury Management Strategy Statement prior to formal adoption by Council.

Recommendation to Council:

- a) That the General Fund revenue estimates (Appendix A), use of reserves (Appendix D) and Fees and Charges (Appendix H) be approved;
- b) That the Council Tax for a Band D property in 2014-15, to be set at £155.61, be approved;
- c) That the Spalding Special Expenses estimates (Appendix C) be approved;
- d) That the Spalding Special Expense for a Band D property in 2014-15, to be set at £23.22, be approved;
- e) That the Medium Term Financial Plan (Appendices A and B) be approved
- f) That the Capital Strategy and Programme (Appendices E and F) be approved and
- g) That the Treasury Management Strategy Statement, including the Minimum Revenue Provision Policy and Annual Investment Strategy (Appendix G) be approved.
- h) 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 of Finance in consultation with the Portfolio Holder for Strategic Finance and Democratic Services, following publication of the final scheme by Government.

1.0 BACKGROUND

- 1.1 The appendices to this report outline the draft 2014-15 revenue and capital estimates for the General Fund; the outline financial position through to 2018-19 and the financial medium term plan.
- 1.2 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.
- 1.3 This report highlights General Fund estimates. A separate report on the Housing Revenue Account (HRA) budget and 30 year Business plan has been presented to Cabinet and approved by Council, following scrutiny by Governance and Audit Committee.

- 1.4 The attached appendices set out the draft General Fund estimates and supporting papers. The final Local Government Settlement has been confirmed and Central Government funding has therefore been included within the estimates. Whilst the Council has prepared a balanced budget for 2014-15, future years will require further efficiencies in order to produce balanced and sustainable budgets. The attached appendices set out the proposed General Fund estimates and supporting papers.
- 1.5 The existing five year capital programme has been amended to reflect revised budgets and scheme forecasts. Managers were made aware that the Council has limited resources to finance all of these schemes without the need for further borrowing
- 1.6 To achieve a programme that can be funded the majority of new schemes have not been included in the proposed five year capital programme. This will be reviewed as resources are identified to fund these schemes in conjunction with the efficiency scheme projects which may also need capital resourcing. The schemes have been categorised as essential or desirable to indicate the relative priorities as set out in Appendix E.
- 1.7 Following its meeting on 10th December 2013 the budget consultation process began. Responses were invited from residents and businesses through the Council website. This report supersedes those draft estimates and reflects confirmation of the Local Government settlement and the retained business rates for 2014-15.
- 1.8 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.
- 1.9 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.
- 1.10 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.
- 1.11 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.
- 1.12 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.
- 1.13 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.
- 1.14 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.

- 1.15 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.
- 1.16 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.
- 1.17 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 as follows:
- 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 To note the report and make changes if necessary.

3.0 REASONS FOR RECOMMENDATIONS

3.1 To comply with the budgetary and policy framework

4.0 EXPECTED BENEFITS AND TIMELINES

4.1 To present a balanced budget for the coming year.

5.0 IMPLICATIONS

5.1 Carbon Footprint & Environmental Issues

5.1.1 It is the opinion of the Report Author that there are no implications.

5.2 Constitution & Legal

5.2.1 It is the opinion of the Report Author that there are no implications.

5.3 Contracts

5.3.1 It is the opinion of the Report Author that there are no implications.

5.4 **Crime and Disorder**

5.4.1 It is the opinion of the Report Author that there are no implications.

5.5 **Equality and Diversity & Human Rights**

5.5.1 It is the opinion of the Report Author that there are no implications.

5.6 **Financial**

5.6.1 The report is of a financial nature and financial implications are covered within the report.

5.7 **Risk Management**

5.7.1 Risks are set out in Appendix A

5.8 **Staffing**

5.8.1 It is the opinion of the Report Author that there are no implications.

5.9 **Stakeholders / Consultation**

5.9.1 The consultation has taken place

6.0 **WARDS/COMMUNITIES AFFECTED**

6.1 The implications of the report and appendices cover all wards.

Background papers:- None

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Key Decision: No

Exempt Decision: No

Appendices attached to this report:

Appendix A - General Fund Budget 2014-15 and Financial Medium Term Plan 2014-15 to 2018-19.

Appendix B - General Fund Summary 2014-15 to 2018-19

Appendix C - Spalding Special Expenses

Appendix D - Reserves

Appendix E - General Fund Capital Programme 2014-15 to 2018-19.

Appendix F - Capital Strategy

Appendix G - Treasury Management Strategy Statement

Appendix H - Fees and Charges

Appendix I - Business Rates-Retail Relief Guidance