

## **RECOMMENDATIONS TO CABINET 1 APRIL 2014 FROM THE MEETING OF THE RESOURCES AND PERFORMANCE PANEL 25 MARCH 2014**

### **RP124: CABINET REPORT: PAY AWARD 2014/2015**

In presenting the report, the Executive Director, Central and Community Services explained that the Council's annual pay increase for all employees was locally determined having regard to national, regional and local pay and labour market information. The report recommended the pay increase for 2014/2015 and outlined the budget implications.

The Panel's attention was drawn to the following sections of the report:

- Background.
- General Pay and Prices.
- National Negotiations.
- Proposal.
- Trade Union Comments – to be received at the Joint Employee Committee on 26 March 2014.
- Financial Implications.
- Personnel and Risk Management Implications/Options.

In response to questions from Councillor Cousins in respect of the living wage, the Director, Central and Community Services explained that if the Council paid the living wage level, the cost to the Council would be an additional £160,000.

Councillor Cousins commented that when the economy improved and the national wage was increased, the Council would also have to consider increasing wage levels in order to maintain the "good" employees. In response, the Leader, Councillor Daubney, commented that the Council would follow the Chancellor's recent statement and that the Borough Council would try to strike the right balance in a fair way, in particular, for the lower paid employees. The Council would therefore match the lowest point on the national pay scales.

Councillor D J Collis thanked the Director, Central and Community Services for a helpful report. He commented that it would make sense for the Council to pay the living wage and that employees deserved a reasonable life style. Councillor D J Collis asked if there would be a reduction in the number of staff. In response, the Director, Central and Community Services explained that the Council had recently approved a Financial Plan for 2013/2017 and that staffing costs included a provision for a 1% pay award and a separate sum of £150,000 as a contingency to deal with the implications of an increase in the minimum wage. The Director, Central and Community Services advised the Panel that the Council was therefore confident that the 1% pay award could be accommodated and that staff were fully committed to identifying further cost savings and that there would not be a reduction in the number of employees.

Councillor Wareham commented that with the level of staff turnover at 9.5% it appeared that staff were satisfied.

Councillor Collop disagreed with the comment made by Councillor Wareham and stated that there seemed to be a higher level of staff turnover and added that he was concerned that the Borough Council was keeping pay levels down and that at some stage would need to look at matching employers outside of the Borough Council, in order to attract the correct category of potential employees. In response, the Leader, Councillor Daubney explained that not all employees were paid the minimum wage. The Council's wage rates reflected the national picture and locally were well received. The movement in the Borough Council's staff turnover was similar to other Councils. The Leader acknowledged that over the past 3 to 4 years it had been difficult for staff when a pay freeze had been implemented. However, the Borough Council was aware of the consequence of staff attitude and morale and it had been careful to monitor the situation to maintain staff morale in order to operate an efficient and effective Council.

Councillor Cousins stated that the country was in a bad recession and that responsible Councils had no choice but to keep the wage bill down and that it was necessary for the workforce to live within its means.

In response to questions from Councillor Gourlay relating to staff turnover, the Director, Central and Community Services undertook to circulate the information which detailed the departments where staff turnover occurred.

The Chairman, Councillor Beal thanked the Director, Central and Community Services for an informative report.

**RESOLVED:** That the Panel support the recommendations to Cabinet as follows:

- (1) That an annual pay award of 1% be implemented with effect from 1 April 2014.
- (2) That the authority introduces a minimum wage of £7 per hour and adjusts the bottom of PG13 accordingly.
- (3) That the authority continues its practice of matching the bottom point of PG13 to the lowest point on the national pay scales should this exceed £7 per hour following negotiations.

PR125: **CABINET REPORT: BUSINESS RATES AND COUNCIL TAX – DISCRETIONARY RELIEFS**

The Revenues and Benefits Manager presented the report and explained that Central Government had recently introduced a number of temporary measures to help businesses and taxpayers. Those measures were introduced through the Discretionary Reliefs system and therefore required Council approval. The Panel was advised that all the measures were fully funded by Central Government.

### Business Rates Retail Relief

Members were informed that a new business rates relief was introduced for 2014/2015 and 2015/2016 where properties were wholly or mainly used as a shop, restaurant or drinking establishment could benefit from an annual £1,000 reduction on their rates bill. The criteria for the relief were outlined as set out in paragraph 2.2 of the report.

The Revenues and Benefits Manager explained that the relief would be a maximum of £1,000 a year and was awarded after all other reliefs. It was noted that Central Government had produced guidance on Retail Relief listing the property uses that were, and were not, considered 'retail' for the purpose of the reduction. The Panel was advised that an initial estimate had been completed and identified approximately 1,300 properties that might qualify for Rates Relief. Those properties would need to complete an application form to confirm they did not breach State Aid limits so this number was expected to reduce.

### Business Rates Retail Reoccupation Relief

The Panel was advised that a new Business Rates Relief was introduced for 2014/2015 and 2015/2016 that allowed ratepayers to claim a 50% reduction on their business rates bill for 18 months if they occupied retail premises that were previously empty for more than a year. The criteria for the relief were set out at paragraph 3.2 of the report.

The Revenues and Benefits Manager explained that there were no criteria as to the locality of a property and businesses need not be in a town centre or 'high street' type of location to qualify.

### Business Rates Flooding Relief

The Panel noted that on 12 February 2014 the Prime Minister announced a new Business Rates Relief for properties that had been flooded. Members were informed that the relief was a discount of 100% for three months from the date of the flooding whilst the business remained adversely affected. It was highlighted that although the relief was discretionary, Central Government had stated that they expected Councils to award the reduction as they were fully funding the cost.

The Revenues and Benefits Manager drew Members' attention to the criteria for the relief as set out at paragraph 4.4 of the report.

It was noted that Central Government guidance stated that any small or minor impact from flooding would not be enough to qualify for the scheme. Central Government guidance also defined what was meant by 'flood' and this was shown at Appendix D. An application process would be put in place, but where the Council was satisfied the relief should be granted it would automatically be awarded.

## Council Tax Flooding Relief

The Revenues and Benefits Manager explained that on 19 February 2014 the Prime Minister announced that £4 million would be made available to reimburse Councils who awarded a Council Tax discount to people whose homes had been flooded. However, it was highlighted that Central Government had not specified any criteria for the relief as Councils already had powers to award discretionary Council Tax discounts. The guidance suggested the £4 million would support a three month discount period. Therefore, for consistency a similar scheme to the Business Rates Flooding Relief was recommended.

In response to questions from Councillor Humphrey relating to section 5.6 and the penalty for empty homes, the Revenues and Benefits Manager explained that the Council Tax Flooding Relief discount was in addition to any other discounts that were available. The Council had undertaken an analysis exercise and the results indicated that the majority of properties were second homes.

Councillor Gourlay referred to Appendix B – State Aid Rules and asked which properties were likely to breach the 200,000 euros threshold. In response, the Revenues and Benefits Manager explained that state aid was available to any Government within the European Union and informed Members that Boots, for example, would qualify for relief in any location where their business operated. The Deputy Chief Executive advised that Greggs located in the Vancouver area was below £50,000, however, because of the national chain it was likely to break the De Minimis threshold.

Councillor Collop referred to the Business Rates Retail Relief and asked if shop owners who had converted top floors to flats would be affected. In response, the Revenues and Benefits Manager explained that where a conversion had been undertaken to provide flats, they would be subject to Council Tax. The Business Rate Retail Relief only applied to retail premises. The Deputy Chief Executive commented that the shop owner may achieve a better return on rental income, however, this was an individual business choice.

In response to further questions from Councillor Collop relating to financial implications, the Deputy Chief Executive advised that the staff undertaking the relevant administrative duties would not receive an increase in salary and would carry out the required work as part of their day job and therefore there were no financial implications.

In response to questions and comments made relating to Business Rates Flooding Relief, the Deputy Chief Executive explained that individual businesses could apply for flooding relief and highlighted that there were also other business support schemes available to assist businesses during the recovery period.

**RESOLVED:** That the Panel support the recommendations to Cabinet as follows:

- (1) Cabinet recommend to Council to agree to temporarily amend the Discretionary Relief Policy to include the following new Discretionary Reliefs:
  - (a) A Business Rates Retail Relief for properties meeting the criteria at 2.2 and the description of 'Retail' as shown at Appendix C, where a valid application form had been received (paragraph 2.7).
  - (b) A Business Rates Retail Reoccupation Relief for properties meeting the criteria shown at 3.2, where a valid application form has been received (paragraph 3.4).
  - (c) A Business Rates Flooding Relief for properties meeting the criteria shown at paragraph 4.4 and the definition of 'flood', whether or not a valid application form has been received (paragraph 4.8).
  - (d) A Council Tax Flooding Relief for properties meeting the criteria shown at paragraph 5.4 where the definition of 'flood' is also met, whether or not a valid application form has been received (paragraph 5.8).

PR126: **BUSINESS IMPROVEMENT DISTRICT (BID) VOTE**

In presenting the report, the Deputy Chief Executive reminded Members that at its meeting on 28 November 2013, Council approved the Business Plan for King's Lynn Town Centre submitted by the Business Improvement District representatives.

The Panel was informed that the Council had an interest in the ballot in that there were Council owned premises within the defined area of the BID that would be subject to the levy. The Council as an owner of the premises had received notification that the ballot would be held on 10 April 2014 and had been invited to vote.

The Deputy Chief Executive outlined the areas where the Borough Council would gain a vote. It was noted that the Borough Council therefore had a total of 22 votes.

The options to be considered were noted as set out below:

- The Council could place a vote for or against the Business Plan or abstain. The proposal was led by businesses in the town centre and was seen by the Council as the creation of investment that would enhance the environment and attract more shoppers, visitors and businesses to King's Lynn.
- It was proposed that the Council continued with its support of the BID

and the Business Plan and instructed the Deputy Chief Executive to vote accordingly on behalf of the Council.

In response to questions from Councillor Langwade, Members were advised that if the Business Improvement District Vote was successful the Council would make a levy estimated to be £17,500 as an addition to the rate bills for the various premises. In the November 2013 Cabinet report it was agreed that the 2014/2017 Financial Plan would include a budget to make such payments.

The Deputy Chief Executive advised that if the BID was successful, it would bring £270,000 per annum for the BID representatives to determine and allocate monies for improvements within the town centre. A payment would be made to the Borough Council for administering the scheme.

In response to questions from Councillor Gourlay relating to out of town retailers contributing to town centre improvements, the Deputy Chief Executive explained that boundaries had been identified within the town centre for the BID and therefore did not include out of town businesses. However, Sainsbury's and Tesco had contributed to town centre improvements through Section 106 Agreements as part of the planning process.

Councillor Chenery enquired when and where the BID count would take place. In response, the Deputy Chief Executive advised that the Count would take place on 11 April at the Borough Council Offices, King's Court, Chapel Street.

Councillor Cousins informed the Panel that a copy of the BID brochure could be obtained from Democratic Services.

**RESOLVED:** That the Panel support the recommendation to Cabinet as follows:

Cabinet is recommended to instruct the Deputy Chief Executive to vote in favour of the BID on behalf of the Council.