

CABINET	AGENDA ITEM No. 4
20 JANUARY 2014	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources	
Contact Officer(s):	John Harrison, Executive Director Resources Steven Pilsworth, Head of Strategic Finance	Tel. 452520 Tel. 384564

COUNCIL TAX BASE, COLLECTION FUND SURPLUS & BUSINESS RATES 2014/15

R E C O M M E N D A T I O N S					
FROM : Executive Director Resources	Deadline date : 20 th January 2014				
<p>Cabinet is requested to:</p> <ol style="list-style-type: none"> Endorse the calculation of the Council Tax Base for 2014/15 at a level of 51,054.03 Band D equivalent properties; and Note the estimated position on the Collection Fund balances as at 31st March 2014 of: <table style="margin-left: 40px;"> <tr> <td>Council Tax</td> <td>£0</td> </tr> <tr> <td>Business Rates</td> <td>£2,204,026 Surplus</td> </tr> </table> Delegate to the Executive Director Resources responsibility for approving and returning the final NNDR1 return to the Secretary of State by 31st January 2014 to include any further revision to the business rates surplus 2013/14 and Business Rate income 2014/15. 		Council Tax	£0	Business Rates	£2,204,026 Surplus
Council Tax	£0				
Business Rates	£2,204,026 Surplus				

1. ORIGIN OF REPORT

1.1 This report forms part of the preparation for setting the council's budget. It needs to be considered so that figures for the tax base, the Collection Fund and the amount of business rates to be collected can be used in setting the Council Tax and business rate Income and can be notified to other affected authorities.

2. PURPOSE AND REASON FOR REPORT

2.1 This report is before Cabinet to consider under its delegated function No 3.2.7. 'to be responsible for the council's overall budget and determine action required to ensure that the overall budget remains within the total cash limit'.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	Yes (Part of budget setting)	If Yes, date for relevant Cabinet Meeting	20 January 2014
Date for relevant Council Meeting	5 March 2014	Date for submission to Government department	11 March 2014

4. INFORMATION RELEVANT TO DECISIONS REQUIRED

Council Tax Base Calculation 2014/15 (Annex A)

- 4.1 The Council Tax Base calculation is part of the budget process. The gross tax base for 2014/15 is estimated at 59,634.81 Band D equivalents. This is reduced by 1.5% to allow any in year variation from the estimates e.g. for properties not being built or occupied, additional discounts being available or for losses on collection, to give a net council tax base of 58,740.29 which is 2.05% more than the equivalent taxbase for 2013/14 of 57,557.88.
- 4.2 A further reduction to the taxbase to reflect the changes to the funding of council tax benefits which came into effect for the first time in 2013/14 is necessary. The final taxbase for 2014/15 has therefore reduced to 51,054.03 which compares to 50,158.11 for 2013/14.
- 4.3 The figure of 51,054.03 Band D equivalents reflects the best estimate, based on the latest factual position. The regulations provide for the Billing Authority's records to be calculated on data as at 30 November 2013, together with a forecast of any changes arising after that date until the end of the relevant financial year, in this case, 31 March 2015.

Collection Fund

- 4.4 For 2013/14 the collection fund is effectively split into two sections; in respect of Council Tax and Business Rates and needs to have separate calculations of the surplus/deficit at the year end. This is because prior to 2013/14 the total amount of business rates was transferred to the government whereas under the new system it is shared between the Council, the Fire Authority and the Government.
- 4.5 The collection fund as at 31st March 2014 in respect of Council Tax has been estimated to be in balance and therefore there is no amount to be shared between the Council, the Police and the Fire authority.
- 4.6 The collection fund surplus for 2013/14 in respect of business rates has been estimated at £2,204,026 in line with the mid year estimate submitted to government in November 2013, copy attached at Annex B. The surplus has mainly arisen because like a number of other authorities the council took a prudent approach to setting the first years business rate income levels by matching our forecast to the figures provided by government. This was done because the system of funding was in its first year, had a number of uncertainties and involves external issues such as appeals which can have a significant effect on the income. When the income levels were set the rateable value for the authority was £227.006m but due to a number of new properties including new units at the hospital by April 2013 it had risen to £231.37m and is still at £230.31m as at 5th January 2014. These increases in rateable value have contributed the bulk of the surplus being reported.
- 4.7 The collection fund surplus will be shared as follows:

	%	£
Government	50	1,102,013
Cambridgeshire Fire Authority	1	22,040
Peterborough City Council	49	1,079,973
Total	100	2,204,026

Following the introduction of the new business rates system in April 2013 the Police Authority does not receive any business rates income but receives alternative funding directly from government. In line with regulations the impact of the 2013/14 surplus is made in 2014/15 and the councils budget planning has been based on these figures. Each of the authorities also need to take into account a separate calculation to determine the amount of

any safety net payment to be received on losses or as in Peterborough's case the levy to be paid on growth which for 2013/14 will be £161k and will be reflected in that years accounts. The levy will reduce the councils share of the £1,080k

- 4.8 The relevant share of both elements of the collection fund surplus/deficit calculation is used by each of the relevant bodies in setting its budget for the following year. The figures in this report are provided for information as the Executive Director Resources will make the formal calculation for council tax on 15th January 2014 and notify the relevant bodies at that time and will return the final NNDR1 by 31st January 2014.

Calculation of Non-domestic rate income, relevant shares and notification (NNDR1)

- 4.9 The new system of local government finance which allows local authorities to retain locally 50% of the total non domestic rates collected nationally requires by virtue of the Non-Domestic Rating (Rates Retention) Regulations 2013, regulation 3(1-3) a billing authority to make certain calculations and notify relevant bodies by 31st January each year.
- 4.10 The calculations in question are the total non domestic rate income for the year, the central share and the shares attributable to precepting authorities.
- 4.11 The NNDR1 form is completed on the basis of regulations and guidance and it is a requirement that it is signed by the Council's chief financial officer. The form includes all the relevant information required by the regulations and effectively provides the calculations and notification to the Secretary of State. The format and detail of the NNDR1 and the associated regulations will not be finally available until 17th January 2014. This is due to the major revisions by government to reflect the new system and some elements e.g. the treatment of appeals are still being reviewed and require changes to legislation.
- 4.12 The councils budget for 2014/15 onwards has been based on the mid year estimate for 2013/14 projected forward and latest information continues to be in line with these projections which are likely to be reflected in the NNDR1 form, subject to final confirmation of the requirements from government. This means that the impact of the surplus for 2013/14 is now fully reflected on an ongoing basis but due to the ongoing complexities and uncertainties surrounding the system no further assumptions have been made at this stage for increased income.

5. CONSULTATION

- 5.1 Consultation is not required in making the calculations referred to in this report, however the council are in contact with the Police and fire authority during the budget setting process.

6. ANTICIPATED OUTCOMES

- 6.1 That Cabinet endorses the calculation of the Council Tax Base, notes the position on the collection fund for both the Council Tax and Business Rates, notes the figures in the mid year estimate as the basis for the final return for 2014/15 and delegates the approval and notification requirements for the final NNDR1 for 2014/15 to the Executive Director Resources.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The Council Tax Base could be set at a higher or lower level. However, this could have the effect of either inflating unnecessarily the amount of Council Tax to be set or setting the tax at a level insufficient to meet the Council's budget requirements. A similar position could arise if the surplus or deficit were set at a higher or lower level.
- 7.2 The calculation and return of the information included in the NNDR1 is a statutory requirement which can be formally delegated to an officer. As with council tax if the amount of business rates estimated to be collected is increased or reduced or the surplus or deficit is set at a higher or lower level then the amount of income available to the council will change with the consequent effect on service provision or council tax levels.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 This report covers calculations that are all prescribed by regulations with the effect that no other options need to be considered.

9. IMPLICATIONS

- 9.1 This report does not have any implications effecting legal, human rights act or human resource issues.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985):

Local Government Finance Act 1992

Local Government Act 2003

The Local Authorities (Calculation of Council Tax Base) (Amendment) (England) Regulations 2003

The Council Tax (Prescribed Classes of Dwellings) (England) Regulations 2003.

Council Tax Banding List

The Non-Domestic Rating (Rates Retention) Regulations 2013

PETERBOROUGH CITY COUNCILCOUNCIL TAX BASE FOR TAX SETTING PURPOSES 2014/15

Parish Council	Number of Properties on Valuation List in Bands									TAXBASE		FINAL
	A	B	C	D	E	F	G	H	TOTAL	GROSS	NET	TAXBASE
Ailsworth	9	21	99	40	50	30	7	0	256	245.22	241.54	228.57
Bainton	8	8	9	28	22	18	36	1	130	152.89	150.60	146.14
Barnack	76	105	28	91	75	41	39	1	456	448.44	441.72	405.39
Bretton	3,838	639	296	288	194	138	19	1	5,413	3,670.19	3,615.14	2,984.43
Castor	52	106	31	58	48	46	35	18	394	389.22	383.38	359.17
City (non-parished)	23,300	13,441	8,901	3,641	1,494	568	253	17	51,615	36,659.06	36,109.18	30,764.03
Deeping Gate	1	22	32	48	45	39	15	0	202	217.70	214.43	205.98
Etton	4	17	8	13	2	8	5	0	57	54.94	54.12	50.27
Eye	779	419	535	223	115	31	14	0	2,116	1,592.41	1,568.53	1,377.47
Glington	130	148	112	99	104	63	32	1	689	629.27	619.83	586.93
Hampton	433	1,021	788	1,273	780	88	11	1	4,395	3,782.04	3,725.31	3,414.72
Helpston	31	94	104	79	88	27	23	0	446	424.82	418.45	403.38
Marholm	1	20	9	12	13	10	10	1	76	77.76	76.59	73.39
Maxey	29	46	39	38	54	60	36	0	302	321.57	316.75	304.79
Newborough & Borough Fen	136	158	252	118	42	26	9	0	741	612.91	603.72	564.38
Northborough	40	177	154	83	70	42	11	1	578	516.03	508.29	481.62
Orton Longueville	2,362	1,298	516	347	224	103	71	3	4,924	3,549.34	3,496.10	3,010.97
Orton Waterville	1,557	806	684	557	593	242	79	2	4,520	3,665.01	3,610.04	3,240.56
Peakirk	17	22	35	41	22	32	9	0	178	173.06	170.46	165.59
Southorpe	0	0	6	10	14	12	15	1	58	73.53	72.43	72.22
St Martins Without	1	3	2	4	0	3	2	2	17	19.78	19.48	19.48
Sutton	0	0	0	7	6	23	12	2	50	68.75	67.72	67.12
Thorney	261	392	163	122	56	46	27	0	1,067	850.68	837.92	756.79
Thornhaugh	3	21	15	9	17	10	12	2	89	92.86	91.47	87.89
Ufford	17	3	7	8	19	32	20	3	109	128.75	126.82	123.42
Upton	0	14	0	4	2	3	2	0	25	24.11	23.75	22.43
Wansford	6	29	24	24	36	55	41	0	215	247.22	243.51	236.30
Wittering	784	250	66	32	4	2	4	4	1,146	769.49	757.94	728.85
Wothorpe	2	4	18	21	17	20	48	8	138	177.75	175.08	171.76
Totals	33,877	19,284	12,933	7,318	4,206	1,818	897	69	80,402	59,634.81	58,740.29	51,054.03
2013/2014	33,783	19,024	12,783	7,142	4,170	1,790	883	67	79,642	58,434.39	57,557.88	50,158.11

NATIONAL NON-DOMESTIC RATES RETURN - MID-YEAR FORECAST
2013-14

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than **Wednesday 13 November 2013**

Any enquiries should be directed to Dennis Herbert, Department for Communities and Local Government,
Zone 5/J6, Eland House, Bressenden Place, London SW1E 5DU

All figures should be rounded to the nearest pound.

Ver 1.2

Select your local authority's name from this list:

Oldham	▲
Oxford	
Pendle	
Peterborough	▼

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority fax number
Local authority e-mail address

Peterborough
E0501

FORECAST NON-DOMESTIC RATING INCOME 2013-14

£

NET RATES PAYABLE

1. Gross sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs

94,764,704

(LESS) ACCOUNTING ADJUSTMENTS:

LOSSES IN COLLECTION

2. Provision for bad debt

1,167,963

LOSSES ON APPEAL

3. Provision for appeals

2,773,283

4. Full provision for backdated appeal costs

8,273,440

5. Has the authority taken advantage of the ability to spread the cost of the provision for backdated appeal costs over 5 years

Yes ▼

6. If "Yes" what is the notional year 1 provision for backdated appeal costs?

1,654,688

COLLECTIBLE RATES

7. Equals: net rates payable (line1) less accounting adjustments

89,168,770

TRANSITIONAL PROTECTION PAYMENTS

8a. Addition revenue received because reductions in rates have been deferred

213,727

0

8b. Revenue foregone because increases in rates have been deferred

1,545,595

0

9. Transitional protection (payments) / receipts (Line 8b minus line 8a)

1,331,868

COST OF COLLECTION

10. Allowance for cost of collection (Line 22 NNDR1 2013-14)

275,537

SPECIAL AUTHORITY DEDUCTIONS

11. City of London Offset

0

DISREGARDED AMOUNTS

12. Amounts retained in respect of NDD areas

0

13. Amounts retained in respect of Enterprise Zones

0

14. Amounts retained in respect of Renewable Energy Schemes

0

15. Sums retained by billing authority

of which:

16. Sums retained by major precepting authority

NON-DOMESTIC RATING INCOME

17. Equals: collectible rates (line 7) plus line 9 less lines 10 - 14

90,225,101

18. Non-Domestic Rating Income (Line 36 NNDR1 2013-14)

88,021,075

19. Difference between NNDR1 and mid-year forecast (line 17 minus line 18)

2,204,026

Surplus on collection fund