

CABINET	AGENDA ITEM No. 9
18 JANUARY 2016	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor David Seaton, Cabinet Member for Resources		
Contact Officer(s):	John Harrison, Corporate Director: Resources	Tel. 452520	
	Steven Pilsworth, Service Director Financial Services	Tel. 384564	

COUNCIL TAX BASE, BUSINESS RATES AND COLLECTION FUND DECLARATION 2016/17

RECOMMENDATIONS					
FROM : Corporate Director: Resources	Deadline date : 18 January 2016				
Cabinet is requested to:					
<ol style="list-style-type: none"> 1. Propose the calculation of the Council Tax Base for 2016/17 set at a level of 54,100.4 Band D equivalent properties based on a council tax support scheme of 30%, delegating authority of final confirmation of the Band D equivalent properties to Corporate Director: Resources following approval of the council tax support scheme by Council on 27 January; 2. Note the estimated position on the Collection Fund in respect of Council Tax as at 31 March 2016 being: <table style="margin-left: 40px;"> <tr> <td>Council Tax</td> <td>£1.816m surplus</td> </tr> </table> 3. Note the estimated position on the Collection Fund in respect of Business Rates as at 31 March 2016 being: <table style="margin-left: 40px;"> <tr> <td>Business Rates</td> <td>£0.832m deficit</td> </tr> </table> 4. Delegate to the Corporate Director: Resources authority for approving and returning the final NDR1 return to the Secretary of State by 31 January 2016 to include any further revision to the business rates position 2015/16 and Business Rate income 2016/17. 		Council Tax	£1.816m surplus	Business Rates	£0.832m deficit
Council Tax	£1.816m surplus				
Business Rates	£0.832m deficit				

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	18 January 2016
Date for relevant Council Meeting	9 March 2016	Date for submission to Government department	15 March 2016

4. INFORMATION RELEVANT TO DECISIONS REQUIRED

Council Tax Base Calculation 2016/17 (Appendix 1)

- 4.1 The Council Tax Base calculation is part of the budget process. The gross tax base for 2016/17 is estimated at 61,957.34 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 61,027.98 which is 1.73% more than the equivalent taxbase for 2015/16 of 59,989.92.
- 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 proposed taxbase for 2016/17 has therefore reduced to 54,100.4 which compares to 52,305.2 for 2015/16 and is based upon the draft scheme being consulted upon with a reduction of 30% by Council on 27 January 2016.
- 4.3 The figure of 54,100.4 Band D equivalents reflects the best estimate, based on the latest factual position on a proposed council tax support scheme of 30%. The regulations provide for the Billing Authority's records to be calculated on data as at 30 November 2015, together with a forecast of any changes arising after that date until the end of the relevant financial year, in this case, 31 March 2017.
- 4.4 Cabinet have a separate report on council tax support scheme being considered during Cabinet's meeting on 18 January which will recommend to Council a scheme to be approved. The Police Authority, Fire Authority and Parish Council's will be notified of the provisional Band D equivalent properties and that this will be confirmed after the Council decision on 27 January and will therefore meet the statutory deadline.
- 4.5 Cabinet's report on 29 February 2016 to recommend a budget to Council on 9 March will confirm the Band D equivalent used to set council tax following Council's decision made on 27 January 2015.

Collection Fund

- 4.6 For 2015/16 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.
- 4.7 The collection fund as at 31 March 2016 in respect of council tax has been estimated to be a surplus of £1.8m from additional residential property growth and impact of measures following the localisation of council tax support from 2013/14 and therefore will be shared between the Council, the Police and the Fire authority.
- 4.8 Since the introduction of localisation of business rates from 2013/14, the actual position of the collection fund in respect of business rates has shown a deficit position which was calculated and processed into the council's accounts in accordance with relevant accounting regulations. The deficit is due to the setting up an appeals provision for all appeals including the appeals that were outstanding prior to 1 April 2013 when the localisation of business rates was introduced. Businesses could have their appeal back dated dependent on their circumstances to 1 April 2010.
- 4.9 However prior to the commencement of the new system the Government committed to allow authorities to spread the cost of backdated appeals over a five year period and legislation was brought in just prior to the end of the 2013/14 year to cover various scenarios regarding this issue. Specific legislation applies to those authorities, of which Peterborough was one, who opted for the five year spreading adjustment in their NNDR1 submission for 2013/14. The effect of this is that the council did not have to accommodate

the full impact of these costs in the first year and will effectively repay them in future years as further, but reducing, adjustments are made as these entries are processed. All things being equal the actual collection fund position and the notional position will be balanced and in line in 2017/18.

- 4.10 The actual collection fund deficit for 2015/16 in respect of business rates has been estimated at £2.487m but after the legislative adjustments in respect of pre 2013/14 appeals the deficit reduces to £0.832m. This is in line with the draft National Non-Domestic Rates (NNDR1) form to be submitted to government by 31 January 2016 included in Appendix 2. The deficit has not arisen due to non-collection of business rates.
- 4.11 The deficit position is in fact an improvement on the anticipated deficit at this point in the new business rates retention scheme. This is because the council chose the option to spread the cost of pre 2013/14 appeals over a five year period which resulted in removing a large deficit in 2013/14 and repaying this over 5 years. The actual deficit is approximately £0.8m less than it would be at this stage due to a better year end position at 2014/15 and an increase in forecast net income for 2015/16. The position is also in line with the forecasts built into the Council's phase 1 budget proposals for 2016/17.
- 4.12 Notwithstanding this the deficit has been affected adversely due to the impact of appeals during the year the key appeal being in respect of doctors surgeries and health centres which has cost more than the provision set aside.
- 4.13 In last year's report a key issue raised was in respect of the power station which has an appeal outstanding against the 2010 RV listing of £3.1m, a significant provision was set aside in the 2014/15 accounts and this remains in place as the appeal has not yet been heard. The position for the Power station in connection with the 2005 rating list has now been finalised to the benefit of the council and this one off income has been included within the figures for 2015/16 and mitigated the impact of the surgeries appeals.
- 4.14 Following the introduction of the new business rates system in April 2013 the Police and crime commissioner does not receive any business rates income but receives alternative funding directly from government.
- 4.15 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 Corporate Director: Resources will make the formal calculation for council tax on 15 January 2016 and notify the relevant bodies at that time and will return the final NNDR1 by 31 January 2016.

Calculation of Non-domestic rate income, relevant shares and notification (NNDR1) 2016/17

- 4.16 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 31 January each year.
- 4.17 The calculations in question are the total non domestic rate income for the year, the central share and the shares attributable to precepting authorities
- 4.18 The council is also part of a pilot scheme announced by Government during the March 2015 Chancellor's budget whereby council's achieving growth over and above a target set by Government would be able to keep Government's share of business rates. The Government will be issuing Regulations on how this pilot scheme will work prior to the year end. The scheme is in addition to the current Business rates retention scheme which will continue to operate in its current form.
- 4.19 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 form will be completed using the data as at

31 December 2015 with an update to forecast to the end of the financial year and will be used to determine the business rate income within the council's budget for 2016/17.

- 4.20 Any required update to the council's budget forecast on business rates will be updated accordingly as part of setting the formal budget for 2016/17.

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 proposes the draft calculation of the Council Tax Base and will be confirmed immediately after the Council approval of the council tax support scheme for 2016/17, notes the position on the collection fund for both the Council Tax and Business Rates and delegates the approval and notification requirements for the final NNDR1 for 2016/17 to the Corporate 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. Furthermore, alternative tax base calculations have been prepared dependent on the option Council approve on the council tax support scheme for 2016/17.

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

The Non-Domestic Rating (Rates Retention) Amendment Regulations 2014

11. APPENDICES

Appendix 1 – Council Tax Base Calculation 2016/17

Appendix 2 – Draft National Non-Domestic Rates (NNDR1) Form

PETERBOROUGH CITY COUNCIL

COUNCIL TAX BASE FOR TAX SETTING PURPOSES 2016/17

**Appendix 1
30%**

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	11	21	97	41	51	33	7	0	261	250.45	246.70	236.70
Bainton	8	7	9	27	22	18	37	1	129	152.64	150.35	147.25
Barnack	76	105	28	92	75	40	42	1	459	455.42	448.59	416.09
Bretton	3,870	647	296	287	195	137	19	1	5,452	3,717.36	3,661.60	3,098.34
Castor	52	105	31	58	48	46	36	18	394	395.97	390.03	368.44
City (non-parished)	23,631	14,350	9,262	3,821	1,532	581	262	15	53,454	38,339.89	37,764.75	32,932.48
Deeping Gate	1	22	32	49	46	40	16	0	206	224.00	220.64	214.69
Etton	4	18	8	13	2	8	5	0	58	54.03	53.22	49.68
Eye	791	419	581	246	136	31	13	0	2,217	1,693.19	1,667.79	1,496.11
Ginton	130	147	112	98	103	64	32	1	687	630.03	620.58	591.53
Hampton	463	1,058	837	1,293	803	91	13	2	4,560	3,952.56	3,893.27	3,598.00
Helpston	23	111	89	75	105	28	28	0	459	449.27	442.54	428.84
Marholm	1	20	9	12	13	10	10	1	76	78.44	77.27	74.32
Maxey	29	46	39	38	52	57	44	0	305	330.86	325.90	315.84
Newborough & Borough Fen	144	156	262	121	42	26	8	0	759	628.84	619.41	582.10
Northborough	41	177	152	84	71	42	12	1	580	518.07	510.30	488.86
Orton Longueville	2,340	1,297	516	347	224	104	77	3	4,908	3,563.79	3,510.34	3,081.88
Orton Waterville	1,708	801	752	592	600	245	78	2	4,778	3,855.03	3,797.21	3,472.90
Peakirk	17	22	34	42	22	32	10	0	179	180.47	177.76	173.95
Southorpe	1	0	6	9	14	13	15	1	59	74.57	73.45	73.45
St Martins Without	1	3	2	4	0	2	3	2	17	19.53	19.23	18.81
Sutton	0	0	0	7	6	23	12	2	50	67.36	66.35	65.80
Thorney	264	394	166	124	60	46	26	0	1,080	868.00	854.98	786.38
Thornhaugh	3	21	15	9	17	11	12	2	90	96.93	95.48	91.79
Ufford	17	3	7	9	19	31	21	3	110	128.36	126.44	122.72
Upton	0	14	0	4	2	4	2	0	26	24.90	24.53	23.18
Wansford	7	28	25	22	36	57	41	0	216	250.71	246.95	239.92
Wittering	784	248	66	32	4	6	3	4	1,147	774.22	762.61	731.88
Wothorpe	1	4	18	21	18	21	48	9	140	182.45	179.71	178.47
Totals	34,418	20,244	13,451	7,577	4,318	1,847	932	69	82,856	61,957.34	61,027.98	54,100.40
2015/2016 (with growth)	34,217	19,717	13,281	7,572	4,280	1,832	906	67	81,872	60903.47	59989.92	

PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

All figures must be entered in whole £

Please check the Validation tab and answer the validation queries that need to be answered

Ver 1.2

Local Authority : Peterborough

PART 4: ESTIMATED COLLECTION FUND BALANCE

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement)

£

£

-6,019,539

BUSINESS RATES CREDITS AND CHARGES

2. Business rates credited and charged to the Collection Fund in 2015-16

102,269,409

3. Sums written off in excess of the allowance for non-collection

0

4. Changes to the allowance for non-collection

-850,000

5. Amounts charged against the provision for appeals following RV list changes

4,222,000

6. Changes to the provision for appeals

-4,014,000

7. Total business rates credits and charges (Total lines 2 to 6)

101,627,409

OTHER RATES RETENTION SCHEME CREDITS

8. Transitional protection payments received, or to be received in 2015-16

0

9. Transfers/payments to the Collection Fund for end-year reconciliations

40,000

10. Transfers/payments into the Collection Fund in 2015-16 in respect of a previous year's deficit

3,106,000

11. Total Other Credits (Total lines 8 to 10)

3,146,000

OTHER RATES RETENTION SCHEME CHARGES

12. Transitional protection payments made, or to be made, in 2015-16

-4,744,409

13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2015-16

-48,090,503

14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2015-16

-961,810

15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2015-16

-47,128,692

16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2015-16

-314,992

17. Transfers/payments from the Collection Fund for end-year reconciliations

0

18. Transfers/payments made from the Collection Fund in 2015-16 in respect of a previous year's surplus

0

19. Total Other Charges (Total lines 12 to 18)

-101,240,406

20. Adjustment for 5-Year Spread

1,654,688

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2015-16

21. Opening balance plus total credits, less total charges, plus adjustment for 5-year spread (Total lines 1, 7, 11, 19 & 20)

£

-831,848

Checked by Chief Financial / Section 151 Officer :