

CABINET	AGENDA ITEM No. 6
15 JANUARY 2018	PUBLIC REPORT

Cabinet Member(s) responsible:	Cllr David Seaton	
Contact Officer(s):	Marion Kelly, Interim Corporate Director Resources Peter Carpenter, Service Director Financial Services	Tel. 452520 Tel. 384564

COUNCIL TAXBASE, BUSINESS RATES, AND COLLECTION FUND DECLARATION 2018/19

R E C O M M E N D A T I O N S	
FROM : Interim Corporate Director Resources	Deadline date : 5 January 2018
Cabinet is requested to:	
<ol style="list-style-type: none"> 1. Propose the calculation of the Council Tax Base for 2018/19 set at a level of 56,259.29 Band D equivalent properties based on the existing council tax support scheme of 30%; 2. Note the estimated position on the Collection Fund in respect of Council Tax as at 31 March 2018 being: <p style="text-align: center;">£1.431m surplus</p> 3. Note the estimated position on the Collection Fund in respect of Business Rates as at 31 March 2018 being: <p style="text-align: center;">£0.194m deficit</p> 4. Delegate to the Interim Corporate Director Resources authority for approving the final estimated position on the collection fund balance and for returning the final NNDR1 return to the Secretary of State by 31 January 2018 to include any further revision to the business rates position 2017/18 and Business Rate income 2018/19. 	

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	15 January 2018
Date for relevant Council Meeting	7 March 2018	Date for submission to Government department	16 March 2018

4. INFORMATION RELEVANT TO DECISIONS REQUIRED

Council Tax Base Calculation 2018/19 (Appendix 1)

- 4.1 The Council Tax Base calculation is part of the budget process. The gross tax base for 2018/19 is estimated at 63,426.54 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 62,479.47, which is 1.25% more than the equivalent tax base for 2017/18 of 61,709.62.

- 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 tax base for 2017/18 has therefore reduced to 56,259.29 which compares to 54,879.00 for 2017/18 and as there are no plans to amend the scheme continues to be based upon the existing 30% scheme.
- 4.3 The figure of 56,259.29 Band D equivalents reflects the best estimate, based on the latest factual position on the current council tax support scheme of 30%. The regulations provide for the Billing Authority's records to be calculated on data as at 30 November 2017, together with a forecast of any changes arising after that date until the end of the relevant financial year, in this case, 31 March 2019.

Collection Fund

- 4.4 The collection fund is split into two sections; in respect of council tax and business rates and has 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 31 March 2018 in respect of council tax has been estimated to be in surplus by £1.431m from 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 in proportion to the band D council tax levels.
- 4.6 The collection fund deficit as at 31st March 2018 in respect of business rates has been estimated at £0.194m. This is in line with part 4 of the draft National Non-Domestic Rates (NNDR1) form to be submitted to government by 31 January 2018. The values are based on information as at November and will be updated to December figures prior to submission, a copy of part 4 of NNDR1 is attached at Appendix 2. The deficit will be shared between the parties in the following proportions, government 50%, Peterborough city council 49%, Cambridgeshire fire authority 1%.
- 4.7 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.
- 4.8 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 Corporate Director of Resources will make the formal calculation for council tax on 15 January 2018 and notify the relevant bodies at that time and will return the final NNDR1 by 31 January 2018.

Calculation of Non-domestic rate income, relevant shares and notification (NNDR1) 2017/18

- 4.9 The 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.
- 4.10 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 and major preceptors (Fire Authority). The form will be completed using the data as at 31 December 2017 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 2018/19. Note the current figures used for 2017/18 reported above for the collection fund deficit are based on November figures and will be updated accordingly.
- 4.12 For 2018/19 the NNDR1 was issued very late, (22 December) due to the complexities arising from the rating revaluation 2017 and the structural changes to certain reliefs provided to businesses e.g. Small

business rate relief (SBRR). Indeed the form does not provide a full picture as DCLG are still discussing how to deal with some elements with 'Local Government'.

4.13 The impact of this is that the Corporate Director of Resources will need to determine the final figures for the submission of the NNDR1, including part 4 (2017/18 outturn) which has an ongoing effect, very late in January prior to submission by 31 January 2018.

4.14 Any required update to the council's budget forecast on business rates will be updated accordingly as part of setting the formal budget for 2018/19.

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 calculation of the Council Tax Base, notes the position on the collection fund for both the Council Tax and Business Rates and delegates the final calculation of these balances and the approval and notification requirements for the final NNDR1 for 2018/19 to the Interim Corporate Director of 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

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

11. APPENDICES

Appendix 1 – Council Tax Base for Tax Setting Purposes 2018/19

Appendix 2 – Provision National Non-Domestic Rates Return

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