

<b>CABINET</b>	<b>AGENDA ITEM No. 7</b>
<b>19 JANUARY 2015</b>	<b>PUBLIC REPORT</b>

Cabinet Member(s) responsible:	Cllr 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, BUSINESS RATES, AND COLLECTION FUND DECLARATION 2015/16**

R E C O M M E N D A T I O N S	
<b>FROM :</b> Executive Director Resources	<b>Deadline date :</b> 9 January 2015
Cabinet is requested to:	
<p>1. Propose the calculation of the Council Tax Base for 2015/16 set at a level of 52,748.5 Band D equivalent properties based on a council tax support scheme of 40%, delegating authority of final confirmation of the Band D equivalent properties to Executive Director Resources following approval of the council tax support scheme by Council on 28 January;</p> <p>2. Note the estimated position on the Collection Fund in respect of Council Tax as at 31 March 2015 being:</p> <p style="padding-left: 40px;">Council Tax                      £0</p> <p>3. Note the estimated position on the Collection Fund in respect of Business Rates as at 31 March 2015 being a deficit position from increasing the appeals provision for the power station:</p> <p style="padding-left: 40px;">Business Rates                      £3.106m deficit</p> <p>4. Delegate to the Executive Director Resources authority for approving and returning the final NNDR1 return to the Secretary of State by 31 January 2015 to include any further revision to the business rates position 2014/15 and Business Rate income 2015/16.</p>	

**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	19 January 2015
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Date for relevant Council Meeting	4 March 2015	Date for submission to Government department	10 March 2015
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#### 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 60,903.5 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 59,989.9 which is 2.1% more than the equivalent taxbase for 2014/15 of 58,740.3.
- 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 2015/16 has therefore reduced to 52,748.5 which compares to 51,054.0 for 2014/15 and is based upon the draft scheme being consulted upon with a reduction of 40% by Council on 28 January 2015.
- 4.3 The figure of 52,748.5 Band D equivalents reflects the best estimate, based on the latest factual position on a proposed council tax support scheme of 40%. The regulations provide for the Billing Authority's records to be calculated on data as at 30 November 2014, together with a forecast of any changes arising after that date until the end of the relevant financial year, in this case, 31 March 2016.
- 4.4 The council tax support scheme is under consultation with three options. Council will approve the local scheme on 28 January 2015. The tax base calculation would be different dependent on the option approved by Council. The Band D equivalents for each option are as follows:

<b>Reduction in Council Tax Benefit to working age claimants within the Council Tax Support Scheme</b>	<b>Band D Equivalent</b>
No change to current scheme set at 30%	52,305.2
Increase reduction to 35%	52,526.8
Increase reduction to 40%	52,748.5

- 4.5 Cabinet have a separate report on council tax support scheme being considered during Cabinet's meeting on 19 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 28 January and will therefore meet the statutory deadline.
- 4.6 Cabinet's report on 23 February 2015 to recommend a budget to Council on 4 March will confirm the Band D equivalent used to set council tax following Council's decision made on 28 January 2015.

##### **Collection Fund**

- 4.7 For 2014/15 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.
- 4.8 The collection fund as at 31 March 2015 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.
- 4.9 The actual position of the collection fund in respect of business rates brought forward from 2013/14 is a deficit of £4.417m 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.

- 4.10 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. For 2013/14 the effect of this legislation was to turn the £4.417m deficit into a surplus of £0.547m and the council will receive its share of this over the two years 2014/15 and 2015/16. 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.
- 4.11 The actual collection fund deficit for 2014/15 in respect of business rates has been estimated at £6.415m but after the legislative adjustments the deficit reduces to £3.106m which is in line with the draft National Non-Domestic Rates (NNDR1) form to be submitted to government by 31 January 2015 included in Annex B. The deficit has not arisen due to non-collection of business rates.
- 4.12 The increased actual deficit is due to increasing the appeals provision in respect of the outstanding Power Station appeal. This issue was outlined in the current Medium Term Financial Strategy and was expected to conclude during the financial year 2014/15, however, the council has not yet been informed of the outcome. Below, the issue is explained further.
- 4.13 The power station has an appeal outstanding against the 2010 RV listing of £3.1m and had previously won an appeal in respect of the 2005 RV listing which reduced its 2005 RV to £1 from £1.12million. The valuation office is contesting this earlier decision through the land tribunal which has recently been concluded however it may still be some months until the judgement is issued. This will be a key decision nationally as all other power station appeal decisions are pending the outcome of this case. If the valuation office are not successful it is likely to have significant implications on the council's business rate income. The council has therefore taken a prudent approach and increased the appeals provision.
- 4.14 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.
- 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 Executive Director of Resources will make the formal calculation for council tax on 15 January 2015 and notify the relevant bodies at that time and will return the final NNDR1 by 31 January 2015.

#### **Calculation of Non-domestic rate income, relevant shares and notification (NNDR1) 2015/16**

- 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 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 2014 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 2015/16.

- 4.19 Any required update to the council's budget forecast on business rates will be updated accordingly as part of setting the formal budget for 2015/16.

## **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 2015/16, 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 2015/16 to the Executive 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. Furthermore, alternative tax base calculations have been prepared dependent on the option Council approve on the council tax support scheme for 2015/16.

## **9. IMPLICATIONS**

- 9.1 This report does not have any legal implications or those affecting crime and disorder, equalities, 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

PETERBOROUGH CITY COUNCIL  
COUNCIL TAX BASE FOR TAX SETTING PURPOSES 2015/16

Annex A

40%                      35%                      30%

Parish Council	Number of Properties on Valuation List in Bands								
	A	B	C	D	E	F	G	H	TOTAL
Ailsworth	11	21	97	41	53	30	7	0	260
Bainton	8	7	9	28	22	18	37	1	130
Barnack	76	105	28	90	75	41	42	1	458
Bretton	3,862	639	296	287	195	138	19	1	5,437
Castor	52	106	31	59	48	46	36	18	396
City (non-parished)	23,583	13,837	9,190	3,859	1,513	576	253	15	52,826
Deeping Gate	1	22	32	48	45	40	16	0	204
Etton	4	18	8	13	2	8	5	0	58
Eye	785	416	552	232	115	31	13	0	2,144
Glington	130	147	112	99	103	63	32	1	687
Hampton	434	1,054	816	1,289	793	92	11	1	4,490
Helpston	23	111	89	71	111	27	23	0	455
Marholm	1	20	9	12	13	10	10	1	76
Maxey	29	46	39	43	52	57	40	0	306
Newborough & Borough Fen	145	157	255	120	42	26	9	0	754
Northborough	39	177	153	84	73	42	11	1	580
Orton Longueville	2,337	1,297	517	348	225	103	74	3	4,904
Orton Waterville	1,599	801	709	567	602	244	78	2	4,602
Peakirk	17	22	34	42	22	32	9	0	178
Southorpe	1	0	6	9	15	13	15	1	60
St Martins Without	1	3	2	4	0	3	2	2	17
Sutton	0	0	0	7	6	23	12	2	50
Thorney	266	393	166	123	56	46	27	0	1,077
Thornhaugh	3	21	15	9	17	10	12	2	89
Ufford	17	3	7	8	19	31	20	3	108
Upton	0	14	0	4	2	3	2	0	25
Wansford	7	28	25	23	36	56	41	0	216
Wittering	784	248	66	32	7	3	3	4	1,147
Wothorpe	2	4	18	21	18	20	47	8	138
<b>Totals</b>	<b>34,217</b>	<b>19,717</b>	<b>13,281</b>	<b>7,572</b>	<b>4,280</b>	<b>1,832</b>	<b>906</b>	<b>67</b>	<b>81,872</b>

TAXBASE		FINAL	FINAL	FINAL
GROSS	NET	TAXBASE	TAXBASE	TAXBASE
248.6	244.9	232.6	232.3	231.9
153.6	151.3	147.2	147.0	146.9
447.9	441.1	406.6	405.5	404.4
3,699.5	3,644.0	3,056.1	3,038.1	3,020.1
394.3	388.4	365.5	364.8	364.1
37,664.2	37,099.2	32,064.1	31,910.0	31,756.0
220.7	217.4	209.0	208.8	208.5
56.2	55.3	51.7	51.6	51.5
1,617.5	1,593.2	1,411.7	1,406.1	1,400.6
622.8	613.4	582.1	581.1	580.2
3,877.5	3,819.3	3,527.1	3,518.2	3,509.2
439.9	433.3	419.2	418.8	418.4
75.2	74.1	71.0	70.9	70.8
329.0	324.1	313.1	312.7	312.4
618.5	609.2	571.4	570.2	569.1
519.3	511.5	486.2	485.4	484.7
3,541.1	3,488.0	3,029.7	3,015.7	3,001.6
3,732.5	3,676.6	3,326.0	3,315.3	3,304.5
175.8	173.2	168.3	168.2	168.0
75.5	74.4	74.1	74.1	74.1
19.4	19.1	19.1	19.1	19.1
69.0	68.0	67.4	67.4	67.4
863.2	850.3	774.4	772.1	769.7
95.9	94.4	91.3	91.2	91.1
127.2	125.3	122.1	122.0	121.9
24.1	23.7	22.5	22.4	22.4
248.1	244.3	237.8	237.6	237.4
770.1	758.6	729.7	728.8	727.9
176.9	174.3	171.5	171.4	171.3
<b>60,903.5</b>	<b>59,989.9</b>	<b>52,748.5</b>	<b>52,526.8</b>	<b>52,305.2</b>

2013/2014	33,877	19,284	12,933	7,318	4,206	1,818	897	68	80,402
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59,634.8	58,740.3	51,054.0
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**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2015-16**

All figures must be entered in whole £

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

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**Local Authority : Peterborough**

**PART 4: ESTIMATED COLLECTION FUND BALANCE**

**OPENING BALANCE**

	£	£
1. Opening Balance (From Collection Fund Statement)		-4,416,741

**CREDITS**

2. Total amount credited, or to be credited, to the Collection Fund in 2014-15	94,241,000	
3. Transitional protection payments received, or to be received in 2014-15	358,000	
4. Transfers/payments to the Collection Fund for end-year reconciliations	0	
5. Transfers/payments into the Collection Fund in 2014-15 in respect of a previous year's deficit	0	
<b>6. Total Credits</b>		<b>94,599,000</b>

**CHARGES**

7. Total amount charged, or to be charged, to the Collection fund in 2014-15	-2,682,000	
8. Transitional protection payments made, or to be made, in 2014-15	0	
9. Payments made, or to be made, to the Secretary of State in respect of the central share in 2014-15	-46,156,809	
10. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2014-15	-923,136	
11. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2014-15	-45,233,672	
12. 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 2014-15	0	
13. Transfers/payments from the Collection Fund for end-year reconciliations	-276,677	
14. Transfers/payments made from the Collection Fund in 2014-15 in respect of a previous year's s	-1,325,011	
<b>15. Total Charges</b>		<b>-96,597,305</b>
<b>16. Adjustment for 5-Year Spread</b>		<b>3,309,376</b>

**ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2014-15**

		£
17. Opening balance plus total credits, less total charges, plus adjustment for 5-year spread		-3,105,670

Checked by Chief Financial / Section 151 Officer :