



## Report of: Corporate Director Resources

Meeting of:	Date	Ward(s)
Audit Committee	23 <sup>rd</sup> January 2018	All

Delete as appropriate	Exempt	Non-exempt

## COUNCIL TAX BASE AND NATIONAL NON DOMESTIC RATES 2018-19

### 1. SYNOPSIS

- 1.1 This report covers the Council Tax base calculation and National Non Domestic Rates (NNDR) estimate for the financial year 2018-19, as well as the forecast Collection Fund position for the financial year 2017-18.

### 2. RECOMMENDATIONS

- 2.1. To agree that the Council Tax base for the whole area for 2018-19 (or until rescinded) shall be 78,175.8 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.2** and **Appendix A**)
- 2.2. To agree that the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2018-19 (or until rescinded) shall be 44.9 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.3** and **Appendix B**)
- 2.3. To note the Council Tax forecast for 2017-18. (**Paragraph 5.1** and **Appendix C**)
- 2.4. To note the NNDR forecast for 2017-18. (**Paragraph 6.1** and **Appendix D**)
- 2.5. To delegate authority to the Corporate Director Resources for finalising the NNDR1 Form (detailed business rates estimate) for 2018-19, which will feed into the estimate for the London Business Rates Retention Pilot Pool 2018-19. (**Paragraph 6.2**)

### 3. BACKGROUND

- 3.1. The Council is required to calculate its Council Tax base for the next financial year and notify precepting authorities by 31<sup>st</sup> January of the preceding financial year. On 26<sup>th</sup> June 2008, the Council

established an Audit Committee and delegated responsibility for determining the Council Tax base to that committee. The Council tax base will be used to calculate the level of Council Tax to be set by Council on 23<sup>rd</sup> February 2017.

- 3.2. The Lloyd Square Garden Management Committee issues a special levy on the Council to meet the expenditure involved in the maintenance of the private garden in Lloyd Square. It is therefore necessary for the Council to calculate separately the tax base for the Lloyd Square Garden area.
- 3.3. The Council is also required to forecast whether there will be a surplus or deficit in its Collection Fund (both Council Tax and NNDR) at the end of the current financial year and incorporate its share of any surplus or deficit in its budget for the next financial year.
- 3.4. Since the introduction of business rates retention for local authorities in 2013-14, the Council is also required to estimate its retained share of NNDR for the next financial year for inclusion in its budget.

#### **4. COUNCIL TAX BASE ESTIMATE 2018-19**

- 4.1. The Council Tax base calculation for 2018-19 has been prepared on the following basis:
  - 4.1.1. The number of dwellings on the Valuation List as at 30<sup>th</sup> November 2017, adjusted for exemptions, discounts and disabled relief;
  - 4.1.2. The Council Tax support scheme for 2018-19 agreed by Council on 7<sup>th</sup> December 2017;
  - 4.1.3. Provision for existing relief for care leavers and new Council Tax reliefs for foster carers and Shared Lives carers with effect from 1<sup>st</sup> April 2018 (to be agreed by Council as part of the 2018-19 budget report);
  - 4.1.4. The estimated collection rate for 2018-19 of 98.0%.
- 4.2. The Council Tax base calculation for the Council's whole area for 2018-19 is set out at **Appendix A**; applying a collection rate of 98.0% results in a Council Tax base figure of 78,175.8.
- 4.3. The Council Tax base calculation for the Lloyd Square Garden area for 2018-19 is set out at **Appendix B**; applying a collection rate of 98.0% results in a Council Tax base figure of 44.9.

#### **5. COUNCIL TAX FORECAST 2017-18**

- 5.1. In the 2016-17 Statement of Accounts the final Council Tax position was a surplus of £3.146m, of which £2.776m was budgeted in setting the 2017-18 Council Tax base and £0.370m was an additional unbudgeted surplus carried forward to 2017-18. A further £0.108m in-year surplus is forecast in 2017-18, resulting in a total forecast Council Tax surplus of £0.478m in 2017-18 (£0.379m Islington Council share; £0.099m Greater London Authority (GLA) share). This is set out at **Appendix C**. The GLA will be notified of this position and the Council's share of the one-off surplus will be included in the 2018-19 budget.

#### **6. NATIONAL NON DOMESTIC RATES 2017-18 FORECAST and 2018-19 ESTIMATE**

- 6.1. In the 2016-17 Statement of Accounts the NNDR account was in surplus by £6.359m, of which £6.199m was budgeted in the 2017-18 NNDR1 Form (detailed business rates estimate) and £0.160m was an additional unbudgeted surplus carried forward to 2017-18. An in-year surplus of £12.674m is forecast in 2017-18, resulting in a total forecast NNDR surplus of £12.834m in 2017-18 (£3.850m 30% Islington Council share; £4.749m 37% GLA share; £4.235m 33% Central Government share). This is set out at **Appendix D**. This surplus has arisen due to growth in the net business rates base compared to the estimate before the start of the financial year, including a reduction in the total rateable value of outstanding appeals in the past year. Central Government and the GLA will be notified of this position and the Council's share of the one-off surplus will be included in the 2018-19 budget.

- 6.2. In 2018-19, the Council will participate in the proposed London Business Rates Retention Pilot Pool, subject to formal agreement by the 33 billing authorities (the 32 London boroughs and the Corporation of the City of London) and the GLA. All pool members will share the benefits of future growth (15% set aside as a Strategic Investment Pot and the remaining net growth shared between the 33 billing authorities and the GLA in the ratio 64:36), and there is a guarantee that no member will be worse off inside the pool than they would be outside it. It is recommended that authority is delegated to the Corporate Director Resources to finalise the 2018-19 NNDR1 Form (detailed business rates estimate) for Islington, which will feed into the estimate for the pilot pool.

## **7. IMPLICATIONS**

### **Financial Implications**

- 7.1. The financial implications of this report will be incorporated in the 2018-19 Budget Report and statutory Council Tax calculations to be considered by Executive on 1<sup>st</sup> February 2018 and Council on 22<sup>nd</sup> February 2018.

### **Legal Implications**

- 7.2. The Council, as billing authority, is required to calculate the amount which will be its Council Tax base for the next financial year by 31<sup>st</sup> January of the preceding financial year. (Section 31B of the Local Government Finance 1992 Act (as amended) and the Local Authorities (Calculation of Council Tax Base) Regulations 2012).
- 7.3. The Council must make similar calculations in relation to any items of expenditure which relate to a part only of the Council's area. This enables the Council to collect, as Council Tax, the contributions of the local residents for these expenses. In Islington, the expenses of meeting the special levy issued by the Lloyd Square Garden Management Committee qualify and the Council can take such expenses into account in calculating its budgetary requirements provided it has defined them as "special expenses" in a resolution in force at the time it calculates such requirements (Section 34 of the 1992 Act and the 2012 Regulations).
- 7.4. The precepting authorities must be notified by the Council of its Council Tax base calculation for the next financial year between 1<sup>st</sup> December and 31<sup>st</sup> January of the preceding financial year to enable those authorities to calculate their budgetary requirement for the next financial year and the precept they will issue to the Council before 31<sup>st</sup> March. If the Council fails to comply with the end of January deadline, the regulations prescribe a notional formula for the precepting authorities to use in default, which will bind the Council. Similar rules require the precepting authorities to notify the Council of relevant prescribed information between 1<sup>st</sup> and 31<sup>st</sup> December of the preceding financial year.
- 7.5. The calculation of the Council Tax base may, but no longer has to, be approved by full Council. It may be approved by a Council committee or sub-committee, but not by the Executive (Section 84 of the Local Government Act 2003 and Regulation 4(9) to (11) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended)).
- 7.6. The Council must set the Council Tax for the next financial year before 11<sup>th</sup> March of the preceding financial year (although it will not be invalid merely because it is set on or after that date). Before the Council can decide this amount, it has to complete a further series of statutory calculations to establish its budgetary requirements for 2018-19. Again, these calculations under Section 31A-36 of the 1992 Act need to be made before 11<sup>th</sup> March of the preceding financial year and are usually made at the same time as the Council Tax is set.
- 7.7. The Council, as billing authority, must estimate for each financial year whether there is a surplus or deficit in its Collection Fund. Any surplus or deficit in respect of Council Tax must be shared between the Council and its relevant major precepting authorities and the Council is required to inform them should this be applicable (The Local Authorities (Funds) (England) Regulations 1992).

- 7.8. The Council, as billing authority, is required to estimate its national non domestic rates income, which will feed into the estimate for the London Business Rates Retention Pilot Pool 2018-19 comprising the 32 London boroughs, the Corporation of the City of London and the Greater London Authority.

### **Environmental Implications**

- 7.9. This report does not have any environmental implications.

### **Resident Impact Assessment**

- 7.10. The Council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The Council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The Council must have due regard to the need to tackle prejudice and promote understanding.
- 7.11. A Resident Impact Assessment has not been completed because this report in itself does not have any such implications.

## **8. REASON FOR RECOMMENDATIONS**

- 8.1. The Council is required to set a Council Tax base for the next financial year and estimate the surplus or deficit on its Collection Fund (both Council Tax and NNDR) for the current financial year.

### **Appendices**

- Appendix A – Islington Whole Area Council Tax Base 2018-19
- Appendix B – Lloyd Square Garden Area Council Tax Base 2018-19
- Appendix C – Council Tax Forecast 2017-18
- Appendix D – NNDR Forecast 2017-18

**Background papers:** None

Final report clearance:

**Signed by:**



11<sup>th</sup> January 2018

Corporate Director Resources

Date

Report Author: Martin Houston  
Tel: 020 7527 1852  
Email: martin.houston@islington.gov.uk

Financial Implications Author: Martin Houston  
Tel: 020 7527 1852  
Email: martin.houston@islington.gov.uk

Legal Implications Author: David Daniels  
Tel: david.daniels@islington.gov.uk  
Email: 020 7527 3277