



Report of: Corporate Director of Finance and Resources

Meeting of:	Date	Agenda Item	Ward(s)
Audit Committee	29 th January 2015		

COUNCIL TAX BASE AND NNDR 2015-16

1. SYNOPSIS

- 1.1 This report sets out the Council Tax base calculation and National Non Domestic Rates (NNDR) estimate for the financial year 2015-16.

2. RECOMMENDATIONS

- 2.1. To agree that the Council Tax base for the whole area for 2015-16 (or until rescinded) shall be 72,001.07 Band D equivalent properties after adjusting for non-collection.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the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2015-16 (or until rescinded) shall be 44.34 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.3 and Appendix B**)
- 2.3. To note the council tax forecast for 2014-15. (**Paragraph 5.2 and Appendix C**)
- 2.4. To agree the completed NNDR1 Form for submission to the Secretary of State. (**Paragraph 6.1 and Appendix D**)
- 2.5. To note the NNDR forecast for 2014-15. (**Paragraph 6.2 and Appendix E**)

3. BACKGROUND

- 3.1. The Local Government Finance Act 1992 (as amended) and associated Regulations require the Council to calculate its proposed Council Tax base for 2015-16 during the period commencing 1st December 2014 and ending 31st January 2015. The Council Tax base will be used to calculate the level of Council Tax to be set by Full Council on 26th February 2015.
- 3.2. The Local Government Act 2003 enables the Council to delegate responsibility for determining the Council Tax base to a committee or sub-committee. On 26th June 2008, the Council established an Audit Committee and delegated responsibility for determining the Council Tax base to that committee.

- 3.3. The Lloyd Square Garden Committee, under The Levying Bodies (General) Regulations 1992, issues a levy on the Council to meet the expenditure involved in the maintenance of the private garden in Lloyd Square. The Local Government Finance Act 1992 requires authorities to carry out separate calculations for all areas that are subject to special expenses. It is therefore necessary for the Council to calculate separately the tax base for the Lloyd Square Garden area.
- 3.4. The Council is required to estimate the amount of NNDR it will collect in 2015-16. This is done by way of the NNDR1 Form to be submitted to the Secretary of State, the approval of which has also been delegated to Audit Committee.

4. COUNCIL TAX BASE ESTIMATE 2015-16

- 4.1. The Council Tax base calculation is based on the number of dwellings in the borough, the approved local Council Tax support scheme and the collection rate, as follows:
 - 4.1.1. The number of dwellings reflects those on the Valuation List as at 30th November 2014, adjusted for exemptions, discounts and disabled relief.
 - 4.1.2. The Council Tax support scheme (unchanged from the 2014-15 scheme) was formally approved by Council on 4th December 2014.
 - 4.1.3. The collection rate for 2015-16 is unchanged from 2014-15: 94.5% for the Council's whole area and 96.8% for the Lloyd Square Garden area. The lower collection rate for the Council's whole area reflects the greater risk of non-collection following the localisation of Council Tax support in 2013-14.
- 4.2. The Council Tax base calculation for the Council's whole area for 2015-16 is set out at **Appendix A**; applying a collection rate of 94.5% results in a Council Tax base figure of 72,001.07.
- 4.3. The Council Tax base calculation for the Lloyd Square Garden area for 2015-16 is set out at **Appendix B**; applying a collection rate of 96.8% results in a Council Tax base figure of 44.34.

5. COUNCIL TAX FORECAST POSITION 2014-15

- 5.1. In 2013-14 the final Council Tax position in the Collection Fund was a surplus of £2.5m, carried forward to 2014-15. This surplus arose due to the prudent approach taken by the Council when setting the 2013-14 Council Tax base, reflecting the new risks from the localisation of Council Tax support and the technical changes to discounts and exemptions. A similarly prudent approach was taken when setting the 2014-15 Council Tax base in January 2014 and as a result a further £2.5m in-year surplus is forecast in 2014-15.
- 5.2. In total, taking into account the £2.5m surplus brought forward from 2013-14 and the forecast in-year surplus of £2.5m in 2014-15, a one-off Council Tax surplus of £5m is forecast on the Collection Fund in 2014-15 (£3.8m Islington Council share; £1.2m Greater London Authority (GLA) share). This is set out at **Appendix C**. The GLA will be notified of this position and the Council share of the one-off surplus will be included in the 2015-16 budget.

6. NATIONAL NON DOMESTIC RATES ESTIMATE 2015-16

- 6.1. The completed NNDR1 Form is provided at **Appendix D**. In summary, the Council estimates that it will collect £191m in business rates in 2015-16, with £57.3m (30%) to be retained by Council and £95.5m (50%) and £38.2m (20%) to be paid over to Central Government and the GLA respectively.
- 6.2. The NNDR forecast for 2014-15 is a balanced position. In 2013-14 the final NNDR position in the Collection Fund was a deficit of £5.1m, carried forward to 2014-15. This deficit was due to it being the first year of the new business rates retention system and the need to set up a new provision for the potential impact of outstanding business rate appeals. The in-year forecast for 2014-15 is a surplus of £5.1m, offsetting the deficit of the same amount brought forward from 2013-14 and resulting in an overall balanced position for 2014-15. This is set out at **Appendix E** and reflected in the NNDR1.

7. IMPLICATIONS

Financial Implications

- 7.1. The financial implications of this report will be directly incorporated in the 2015-16 Budget Report and statutory council tax calculations to be considered by Full Council on 26th February 2015.

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 31st 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 between 1st December and 31st January to enable those authorities to calculate their budgetary requirement for the following year and the precept they will issue to the Council before 31st 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 1st and 31st December of the preceding 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 2015-16 before 11th March 2014 (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 2015-16. Again, these calculations under Section 31A-36 of the 1992 Act need to be made before 11th March 2014 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 and the shares of that income payable to Central Government and the Greater London Authority for the 2015-16 financial year and to notify those bodies of the amounts so calculated by 31st January 2015 (Regulation 5 of and Schedule 1 to the Non Domestic Rating (Rates Retention) Regulations 2012).
- 7.9. The Council is required to consult persons or bodies who appear to be representative of non-domestic ratepayers in the borough. The consultation must take place in regard to each financial year and in relation to the Council's proposed expenditure (both revenue and capital expenditure) in that financial year, prior to the Council finalising its budget (Section 65 of the 1992 Act).

Environmental Implications

- 7.10. This report does not have any direct environmental implications.

Resident Impact Assessment

- 7.11. The Council Tax (Reductions for Disability) Regulations 1992 (as amended) make provision for billing authorities to reduce by one band the Council Tax due on properties occupied by people with disabilities who fulfil certain criteria. This is reflected in the Council Tax base figures at **Appendix 1**.

Background papers: None

Responsible Officer:

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Signed by ...



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Executive Member for Finance and
Performance

Date

Received by

Head of Democratic Services

Date