



Report of: Corporate Director of Finance and Resources

Meeting of:	Date	Agenda Item	Ward(s)
Audit Committee	24 th January 2017		

COUNCIL TAX BASE AND NNDR 2017-18

1. SYNOPSIS

- 1.1 This report sets out the Council Tax base calculation and National Non Domestic Rates (NNDR) estimate for the financial year 2017-18.

2. RECOMMENDATIONS

- 2.1. To agree that the Council Tax base for the whole area for 2017-18 (or until rescinded) shall be 77,209.5 Band D equivalent properties after adjusting for non-collection.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the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2017-18 (or until rescinded) shall be 44.8 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.3 and Appendix B**)
- 2.3. To note the Council Tax forecast for 2016-17. (**Paragraph 5.1 and Appendix C**)
- 2.4. To agree the business rates estimate for 2017-18 and delegate authority to the Corporate Director of Finance and Resources for finalising the NNDR1 Form (detailed business rates estimate) in line with this estimate. (**Paragraph 6.1**)
- 2.5. To note the NNDR forecast for 2016-17. (**Paragraph 6.2 and Appendix D**)

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 2017-18 during the period commencing 1st December 2016 and ending 31st January 2017. The Council Tax base will be used to calculate the level of Council Tax to be set by Full Council on 23rd February 2017.
- 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.

4. COUNCIL TAX BASE ESTIMATE 2017-18

- 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 2016, adjusted for exemptions, discounts and disabled relief.
- 4.1.2. The Council Tax support scheme for 2017-18 was formally approved by Council on 15th December 2016.
- 4.1.3. The estimated collection rate for 2017-18 is 97.0%.
- 4.2. The Council Tax base calculation for the Council's whole area for 2017-18 is set out at **Appendix A**; applying a collection rate of 97.0% results in a Council Tax base figure of 77,209.5.
- 4.3. The Council Tax base calculation for the Lloyd Square Garden area for 2017-18 is set out at **Appendix B**; applying a collection rate of 97.0% results in a Council Tax base figure of 44.8.

5. COUNCIL TAX FORECAST POSITION 2016-17

- 5.1. In the 2015-16 Statement of Accounts the final Council Tax position was a surplus of £5.9m, of which £4.0m was budgeted in setting the 2016-17 Council Tax base and £1.9m was an additional unbudgeted surplus carried forward to 2016-17. A further £0.9m in-year surplus is forecast in 2016-17, resulting in a total forecast Council Tax surplus of £2.8m in 2016-17 (£2.2m Islington Council share; £0.6m Greater London Authority (GLA) share). The is set out at **Appendix C**. This one-off Council Tax surplus has arisen due to growth in the net tax base compared to the estimate before the start of the financial year, a buoyant collection rate and joint work with the GLA to improve arrears recovery. The GLA will be notified of this position and the Council's share of the one-off surplus will be included in the 2017-18 budget.

6. NATIONAL NON DOMESTIC RATES 2017-18 ESTIMATE AND 2016-17 FORECAST POSITION

- 6.1. The Council estimates that it will collect £261m in business rates in 2017-18, with £78.3m (30%) to be retained by Council and the remaining £182.7m (70%) to be shared between Central Government and the GLA. It is recommended that authority is delegated to the Corporate Director of Finance and Resources for finalising the NNDR1 Form (detailed business rates estimate) in line with this estimate.
- 6.2. In the 2015-16 Statement of Accounts the NNDR account was in balance. An unbudgeted surplus of £6.2m is forecast in 2016-17 (£1.9m Islington Council share; £3.1m Central Government share; £1.2m GLA share). The is set out at **Appendix D**. This one-off NNDR surplus has arisen due to growth in the net business rates base

compared to the estimate before the start of the financial year and a buoyant collection rate. 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 2017-18 budget.

7. IMPLICATIONS

Financial Implications

- 7.1. The financial implications of this report will be directly incorporated in the 2017-18 Budget Report and statutory Council Tax calculations to be considered by Executive on 9th February 2017 and Full Council on 23rd February 2017.

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 the next financial year before 11th 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 2017-18. Again, these calculations under Section 31A-36 of the 1992 Act need to be made before 11th 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 and the shares of that income payable to Central Government and the Greater London Authority for the next financial year and to notify those bodies of the amounts so calculated by 31st January of the preceding financial year (Regulation 3 of and Schedule 1 to the Non Domestic Rating (Rates Retention) Regulations 2013).
- 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 A**.

Background papers: None

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Signed by



Corporate Director of Finance and Resources

21st December
 2016

Date

Received by

Head of Democratic Services

Date