



Report of: Assistant Director, Service Finance (Acting Section 151 Officer)

Meeting of	Date	Agenda Item	Ward(s)
Audit Committee	28 January 2020	Error! Reference source not found.	All
Delete as appropriate	Exempt	Non-exempt	

COUNCIL TAX BASE AND NNDR ESTIMATE

1. SYNOPSIS

- 1.1 This report covers the Council Tax base calculation and National Non Domestic Rates (NNDR) estimate for the financial year 2020/21, as well as the forecast Collection Fund position for the financial year 2019/20.

2. RECOMMENDATIONS

- 2.1. To agree that the Council Tax base for the whole area for 2020/21 (or until rescinded) shall be 81,221.2 Band D equivalent properties after adjusting for non-collection.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the Council Tax base for meeting the special expenses issued by the Lloyd Square Garden Committee for 2020/21 (or until rescinded) shall be 45.2 Band D equivalent properties after adjusting for non-collection. (**Paragraph 4.3** and **Appendix B**)
- 2.3. To note the Council Tax forecast for 2019/20. (**Paragraph 5.1** and **Appendix C**)
- 2.4. To note the latest NNDR forecast for 2019/20, subject to finalising in the 2020/21 NNDR1 (detailed business rates estimate) return that the Council is required to submit by 31 January 2020. (**Paragraph 6.1**)
- 2.5. To delegate authority to the Acting Section 151 Officer to finalise the 2020/21 NNDR1 estimate for Islington, which will feed into the estimates for the London Business Rates Retention Pool. (**Paragraph 6.3**)

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 January of the preceding financial year. On 26 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 27 February 2020.

- 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 2020/21

- 4.1. The Council Tax base calculation for 2020/21 has been prepared on the following basis:
 - 4.1.1. The number of dwellings on the Valuation List as at 30 November 2019, adjusted for estimated exemptions, discounts and disabled relief in 2020/21;
 - 4.1.2. The Council Tax support scheme for 2020/21 agreed by Council on 5 December 2019;
 - 4.1.3. Provision for the continuation of council tax relief for care leavers, foster carers and Shared Lives carers;
 - 4.1.4. The budgeted collection rate for 2020/21 of 98.0% (unchanged from 2019/20).
- 4.2. The Council Tax base calculation for the Council's whole area for 2020/21 is set out at **Appendix A**; applying a collection rate of 98.0% results in a Council Tax base figure of 81,221.2. This equates to a 2.13% increase in the Council Tax base in 2020/21 compared to 2019/20.
- 4.3. The Council Tax base calculation for the Lloyd Square Garden area for 2020/21 is set out at **Appendix B**; applying a collection rate of 98.0% results in a Council Tax base figure of 45.2.

5. COUNCIL TAX FORECAST 2019/20

- 5.1. In the 2018/19 Statement of Accounts the final Council Tax position was a surplus of £0.991m, of which £0.843m was forecast and allocated as part of 2019/20 budget setting and £0.148m was an additional unbudgeted surplus carried forward to 2019/20. A further £0.403m in-year surplus is forecast in 2019/20, resulting in a total forecast Council Tax surplus of £0.551m in 2019/20 (£0.434m Islington Council share; £0.117m 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 forecast surplus will be included in the 2020/21 budget.

6. NATIONAL NON DOMESTIC RATES 2019/20 FORECAST and 2020/21 ESTIMATE

- 6.1. In the 2018/19 Statement of Accounts the NNDR account was in surplus by £13.416m, of which £5.947m was forecast as part of 2019/20 budget setting and £7.469m was an additional unbudgeted surplus carried forward to 2019/20. Subject to finalising in the 2020/21 NNDR1 return that the Council is required to submit by 31 January 2020, a further £3.804m in-year surplus is currently forecast in 2019/20, resulting in a total forecast NNDR Collection Fund surplus of £11.273m in 2019/20 (£6.606m Islington Council share; £3.716m GLA share;

£0.951m Central Government share). The Council's share of the one-off forecast NNDR Collection Fund surplus will be included in the 2020/21 budget.

- 6.2. The Council is a member of the London Business Rates Retention Pilot Pool 2019/20 whereby business rates income across London is pooled and redistributed between the 33 billing authorities and the GLA. The forecast 2019/20 General Fund income from the pilot pool compared to the 2019/20 NNDR1 estimate will be updated based on the forecasts of individual pool members within their 2020/21 NNDR1 returns.
- 6.3. In 2020/21, the Council will participate in a non-pilot London Business Rates Retention Pool 2020/21, subject to formal agreement by the 33 billing authorities (the 32 London boroughs and the Corporation of the City of London) and the GLA. It is recommended that authority is delegated to the Acting Section 151 Officer to finalise the 2020/21 NNDR1 estimate for Islington, which will feed into the estimates for the pilot pool.

7. IMPLICATIONS

Financial Implications

- 7.1. The financial implications of this report will be incorporated in the 2020/21 Budget Report and statutory Council Tax calculations to be considered by Executive on 6 February 2020 and Council on 27 February 2020.

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 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 December and 31 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 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 and 31 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 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 the next financial year. Again, these

calculations under Section 31A-36 of the 1992 Act need to be made before 11 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 Pool 2020/21 comprising the 32 London boroughs, the Corporation of the City of London and the Greater London Authority.

Environmental Implications and contribution to achieving a net zero carbon Islington by 2030:

- 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 2020/21
Appendix B – Lloyd Square Garden Area Council Tax Base 2020/21
Appendix C – Council Tax Forecast 2019/20

Background papers: None

Final report clearance:

Signed by:		15 January 2020
	Assistant Director, Service Finance (Acting Section 151 Officer)	Date

Report Author:

Martin Houston, Strategic Financial Advisor

Legal Implications Author:

Peter Fehler (Acting Director of Law and Governance)