
Report to: Cabinet

Date of Meeting: 31 January 2013

Subject: Setting the Council Tax Base and approval of the National Non-Domestic Rates Return 1 2013-14

Report of: Head of Corporate Finance & ICT **Wards Affected:** All

Is this a Key Decision? Yes

Is it included in the Forward Plan? Yes

Exempt/Confidential No

Purpose/Summary

To seek Cabinet approval of the National Non-Domestic Rates Return 1 2013-14.

To set the various Council Tax Bases for 2013-14

Recommendation(s)

National Non-Domestic Rates Return

1. Cabinet is asked to approve the National Non-Domestic Rates Return 1 2013-14 attached as Annex B for submission to the Government.

Council Tax Base

2. That, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 1992 as amended the amount calculated by Sefton Council as the council tax base for Sefton and for each Parish Area for 2013-14 shall be as follows:

In the Metropolitan Borough of Sefton	76,516.20
In the Parish of Aintree Village	1,953.05
" " " " Formby	8,756.63
" " " " Hightown	832.29
" " " " Ince Blundell	158.05
" " " " Little Altcar	262.31
" " " " Lydiate	1,951.38
" " " " Maghull	6,256.29
" " " " Melling	942.90
" " " " Sefton	220.73
" " " " Thornton	725.13

3. Cabinet is asked to agree the following payments to Parish Councils in 2013-14 to compensate them for the cost of the Council Tax Reduction Scheme:

Parish	£
Aintree Village	12,972
Formby	3,070
Hightown	246
Ince Blundell	311
Little Altcar	226
Lydiate	19,959
Maghull	77,638
Melling	2,470
Sefton	721
Thornton	505
	118,118

4. It be noted that the Leader of the Council and the Chair of the Overview and Scrutiny Committee (Performance and Corporate Services) have given their consent under Rule 46 of the Overview and Scrutiny Procedure Rules, for the decision to be taken by the Cabinet at its meeting on 31 January 2013 on the Council Tax Base, to be treated as urgent and not subject to “call in”, because legislation requires local authorities to notify the Department for Communities and Local Government and precepting bodies of the Council Tax Base by no later than 31st January 2013.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		

Reasons for the Recommendation:

The Council is required to set its Council Tax Bases for 2013-14 and approve its NNDR1 Return for submission by 31st January 2013.

What will it cost and how will it be financed?

(A) Revenue Costs

NNDR1: As part of the Local Government Finance Settlement the Government has calculated Sefton's business rates baseline at £33.378m for 2013/14. This is the amount the Government expects the Council to retain as its share of business rates in the year. The NNDR1 return forecasts the Council's actual share of business rates at £32.167m, leaving a shortfall of £1.261m. This is expected to be offset by small business rate relief funding of £1.171m, which will be provided outside of the rate retention scheme. The net budget shortfall is forecast at £0.090m.

Council Tax Base: The Council's tax base has reduced by 16,603.38 Band D equivalent properties. This will lead to a reduction in forecast council tax income of £21.031m in 2013/14. In part this will be offset by council tax support funding of £20.508m, giving a net funding reduction of £0.523m, assuming no increase in the Council's Band D tax in 2013/14. This is £0.023m higher than the £0.5m incorporated in the Medium Term Financial Plan for the additional cost of non-payment associated with the Council Tax Reduction Scheme.

Parish Funding: The proposed Parish funding for council tax support will cost £0.118m in 2013/14. This is £0.047m lower than the amount currently assumed in the Medium Term Financial Plan.

(B) Capital Costs

None

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	The Rules for the calculation of Council Tax Base are contained within the Local Authorities [Calculation of Council Tax Base][England] Regulations 1992 as amended	
Human Resources	None	
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Head of Corporate Finance & ICT (FD2092/13) and Head of Corporate Legal Services (LD1408/13) have been consulted and any comments have been incorporated into the report.

Are there any other options available for consideration?

None

Implementation Date for the Decision

Immediately following the Cabinet meeting.

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Background Papers:

None

1. Introduction

- 1.1 This report seeks approval of the Council Tax Base for the Authority as well as approval of the National Non-Domestic Rates Return 1 (NNDR1) for 2013/14. The key issues relating to the completion of the NNDR1 are set out in Annex A of this report and a copy of the NNDR1 return is provided in Annex B. The main body of this report concentrates on the calculation of the Council's Tax Base.
- 1.2 The Council Tax Base is the link between the Council's budget and the level of Council Tax. The tax base will be used to calculate the Council Tax in Sefton, once the Council's budget has been agreed. The Council is required to calculate the various Council Tax Bases and have them approved by Cabinet by the 31 January 2013.
- 1.3 The calculation of the Council Tax Base takes into account many factors such as the rate of new building and the trends in people living on their own. (Sole Occupier Discount).
- 1.4 The tax base calculation assumes a collection rate of 96.5%, which reflects that fact that collection is proving challenging in the current economic climate and is likely to deteriorate as a result of the Government's decision to end council tax benefit from 1st April 2013.

2. Council Tax Base 2013-14

- 2.1 The new tax base for 2013/14 is 76,516.20 Band D equivalent dwellings for Sefton, a significant reduction in comparison with the tax base for 2012-13 that was 93,119.58. A comparison between the 2012/13 and 2013/14 tax base is provided in the table below:

Change in Tax Base	Band D Equivalents		
	2012/13	2013/14	Variation
Dwellings on the Banding List	108,343.6	108,809.2	465.6
Exemptions / Discounts etc			
Exempt Dwellings	-3,570.8	-2,600.9	969.9
Dwellings subject to DPR	-144.6	-143.7	0.9
Second Homes Discount	-36.5	0	36.5
Dwellings Subject to 25% Discount	-9,470.8	-9,578.9	-108.1
Dwellings Subject to 50% Discount	-212.9	-907.7	-694.8
Net Additions / Deletions	104.8	51.7	-53.1
MOD Properties	7.0	7.0	0.0
Empty Homes Premium	0	308.6	308.6
Council Tax Support Scheme	0	-16,654.3	-16,654.3
Losses in Collection			
Collection Rate Adjustment	-1,900.3	-2,774.9	-874.6
Tax Base for Year	93,119.6	76,516.2	-16,603.4

2.2 The main reasons for the change in the tax base are:

Dwellings on the banding List: The increase is mainly due to the refurbishment of the tower blocks and ongoing developments in the Housing Market Renewal area.

Exempt Dwellings / Dwellings Subject to 50% Discount: A number of exemptions relating to short-term empty properties have been replaced with discounts in 2013/14.

Net Additions / Deletions: A number of properties in the Housing Market Renewal area in the possession of Adactus Housing Association are expected to be removed from the Banding List before 1st April 2013.

Empty Homes Premium: A new 50% premium is to be charged on homes that have been empty for more than 2 years from 1 April 2013.

Council Tax Reduction Scheme: Council tax benefit has been replaced with local council tax support schemes from 1 April 2013. The funding for the scheme is now recorded in the General Fund rather than the Collection Fund. This change has led to a significant reduction in the tax base in 2013/14.

Losses in Collection: The assumed collection rate has been reduced from 98% to 96.5% in 2013/14 to take account of a potential increase in non-payment as a result of the ending of council tax benefit.

3. Parish Areas

3.1 There are also new tax base figures for parish areas, the details of which are set out in the recommendation.

3.2 The tax base in Parish Areas has reduced in 2013/14 primarily as a result of the introduction of the local council tax support scheme. The Government have built £165,303 into Sefton's start-up funding baseline for 2013/14 to provide Parish Areas with compensation for the loss of council tax income as a result of this change. How much, if any, of this funding is to be passed on to Parish Council's has been left to Council's to decide in discussion with the parishes.

The Government made the following comments on the funding for parish councils in their response to the consultation on council tax base and funding for local precepting authorities:

Certainty of Funding for Parish and Town Councils

B8. As there is not a mechanism for providing funding through the business rates retention system directly to parish and town councils the Government is providing the funding attributable to them to the billing authority. To enable this funding to reduce the local precepting authority's council tax requirement, and so potentially offset some or all of the costs of offering support, the billing authority will need to pass funding down to the local precepting authority.

B9. To support considerations over funding, the Government has published provisional funding allocations, setting out how much funding might be attributable to the local precepting authorities, based on its share of council tax in the billing authority area.

B10. This figure is intended as a starting point: Precisely how much funding should be passed down will depend on a number of factors, including the design of the scheme and the number of claimants in the local precepting authority area.

B11. In line with the localism agenda there will not be a legislative duty to pass down funding. Billing and local precepting authorities should be able to come to agreement on arrangements for passing down the funding attributable to the local precepting authority, reflecting the factors outlined above, and other relevant local circumstances. The total amount of funding allocated to local authorities is 90% of forecast subsidised council tax benefit expenditure for 2013/14.

- 3.3 The simplest and most straightforward way to ensure that parishes are protected from the impact of the council tax reforms is to provide them with an amount that compensates them for the reduction in council tax income. The following table shows the loss of council tax income in each parish area assuming they froze their Band D charge in 2013/14:

Parish	£
Aintree Village	12,972
Formby	3,070
Hightown	246
Ince Blundell	311
Little Altcar	226
Lydiate	19,959
Maghull	77,638
Melling	2,470
Sefton	721
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	118,118

Paying each parish council the amount shown in the table above would allow them to set their budgets at the same level as 2012/13 without increasing their band D charge, even after allowing for other changes in their tax base.

The total estimated cost of £118,118 is lower than the amount of Government funding of £165,303. This is because the Government have assumed that the incidence of council tax benefit payments is the same across all areas of the borough. In reality the number and value of claims is higher in those areas which do not have a parish council. As a result the Government has overestimated the proportion of the total funding that is attributable to the parish areas and underestimated the funding attributable to those areas without a parish council.

Cabinet is recommended to approve payment of the amount shown for each parish area to compensate them for the cost of the council tax reduction scheme.