



Cabinet Meeting

22 January 2014

Report title	Council Tax Base and NNDR (Business Rates) Net Rate Yield 2014/15	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Delivery	
Accountable employee(s)	Mark Taylor	Assistant Director Finance
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Report to be/has been considered by	None	

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Set the Collection Fund Council Tax Base for 2014/15 at 56,299.12 Band D equivalents.
2. Set the Collection Fund NNDR (Business Rates) Net Rate Yield for 2014/15 at £74.4 million.
3. Delegate authority to the Cabinet Member for Resources in consultation with the Assistant Director Finance to approve amendments to:
 - a) the final NNDR1 as required as a result of changes to the NNDR1 form by the Department for Communities and Local Government (DCLG);
 - b) the Council Tax Base as a result of any data revisions and changes in projections.

1.0 Purpose

- 1.1 To set the estimates for the Wolverhampton Collection Fund for 2014/15, which the Council manages on behalf of local precepting bodies and central government.

2.0 Background

- 2.1 The Local Government Finance Act 2012 made a number of significant changes to the operation of local government finance. The two most important in relation to this report were:
- The abolition of Council Tax Benefit (in the Welfare Reform Act 2011) and its replacement by the requirement to establish a local Council Tax discount scheme in the Local Government Finance Act 2012.
 - The localisation of NNDR (Business Rates) such that a proportion of the change from a baseline set at the beginning of the year will be borne by the administering local authority. This means that local authorities can both benefit from, and are exposed to, variation in local business rates.
- 2.2 The Council must set a Council Tax Base before the end of January which will be used to set the Council Tax Requirement for the following financial year. It represents the total number of Band D equivalent council tax payers from whom the council will collect council tax in the year ahead. The total tax collected is shared in agreed proportions with the West Midlands Police Commissioner and the West Midland Fire and Civil Defence Authority.
- 2.3 The Council must also set a Business Rates baseline net rates yield which is used to estimate the amount that the authority will keep as its local share of business rates, and pay over to the West Midland Fire and Civil Defence Authority and central government. It represents the total estimated liability for business rates, net of certain discounts and reliefs, in the council's area in the year ahead.
- 2.4 The setting of the Council Tax Base and the Business Rates baseline net rates yield both impact directly on the council's General Fund budget and medium term financial strategy.
- 2.5 The Council Tax Base for 2014/15 must be determined by 31 January 2014 and notified to the West Midlands Police Commissioner and the West Midland Fire and Civil Defence Authority on or before that date, so that they can use the information in setting their precepts for 2014/15. This will determine cashflows between the Collection Fund and precepting bodies during 2014/15.
- 2.6 The Business Rates baseline net yield must be determined by 31 January 2014 and notified to the DCLG on their NNDR1 form. This will determine cashflows between the Collection Fund and central government and the Collection Fund and the West Midland Fire and Civil Defence Authority during 2014/15.

- 2.7 The completion of the NNDR1 Form which sets the Business Rates baseline net yield has been a requirement since the Local Government Finance Act 1988 and has to date been completed by employees. Following the localisation of NNDR the legislative requirement of the Local Government Finance Act 2012 referred to at paragraph 2.1 of this report, the NNDR1 Form takes on greater significance, in that, it provides the forecasting information upon which the retention of Business Rates on behalf of the Authority will be based.
- 2.8 Determination of the Council Tax base is delegated to the portfolio holder for Resources in consultation with the Chief Financial Officer as per Delegation 2.3 of the Council's Constitution, with specific Cabinet Member responsibility being delegated to the Leader and Cabinet Member for Resources.
- 2.9 The final NNDR1 form has not been issued as yet by the DCLG. For this reason, approval is sought to delegate authority to the cabinet member for Resources and the Chief Financial Officer to resolve any changes without further recourse to Cabinet approval prior to the deadline for submission of 31 January 2014.

3.0 Council Tax Base estimate

- 3.1 The method used to calculate the Council Tax Base for 2014/15 is set out in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 which came into force on 30 November 2012.
- 3.2 The calculation starts with the base figures from December 2013 and then adjusts these for known and projected growth.
- 3.3 The total Tax Base, expressed in terms of the number of Band D equivalents, has then been multiplied by a collection rate of 97.13%, consistent with the rate used in setting the Tax Base for 2013/14.

	Band D equivalent
December 2013 baseline	74,437.1
Benefit becomes discount	(16,846)
New build and growth to March 2015	371.94
Total taxbase before collectability adjustment	57,962.65
Final taxbase including collectability adjustment	56,299.12

4.0 Business rates yield estimate

- 4.1 The method used to calculate the Business Rates net rate yield for 2014/15 is set out in the NNDR1 form issued by central government and associated guidance.
- 4.2 It specifies that an authority starts with the base figures from the September 2013 Valuation Office Agency (VOA) list, then adjusts them for known and projected growth in

the base and in reliefs and losses from appeals which are currently in hand. In particular, this includes the effect of the transition of schools to academy status.

	£000
Baseline	89,717
Mandatory reliefs	(9,180)
Discretionary reliefs	(807)
Losses on collection	(1,595)
Cost of collection	(347)
Business rates	(2)
Reduction in RV predicted	(634)
Appeals	(2,495)
Transitional arrangements	(304)
Net rate yield	74,353

5.0 Financial implications

- 5.1 The recommended Tax Base would provide the Council with Council Tax income of £74.1 million before any increase in council tax.
- 5.2 Of the £74.4 million net rate yielded by business rates forecast to be collected in 2014/15 the council will retain £36.6 million. However, the final NNDR1 form has not yet been released so this figure is preliminary and subject to change.

[CF/06012013/Q]

6.0 Legal implications

- 6.1 Relevant legislation is contained in the body of the report.

[JH/14012014/F]

7.0 Equalities implications

- 7.1 There are no relevant equalities implications arising from this report.

8.0 Schedule of background papers

5 year budget and medium term financial strategy 2014/15 to 2018/19 – Cabinet 8
January 2014

Local Council Tax Reduction Scheme 2014/15 Onwards – Council 18 December 2013