Meeting: 19 December 2017

STOCKPORT BILLING AREA - 2018/19 COUNCIL TAX TAXBASE AND NON-DOMESTIC RATES FORECAST

Report of the Borough Treasurer

1. INTRODUCTION AND PURPOSE OF REPORT

1.1 The purpose of this report is to:

- Present the Collection Fund outturn forecasts for 2017/18 in relation to Council Tax and Business Rates;
- Set the Council Tax Taxbase for 2018/19;
- Present a forecast for Business Rates income for 2018/19; and
- Confirm the continued Pooling of Business Rates income with Greater Manchester Authorities, Cheshire East and Cheshire West and Chester Council in 2018/19.

2. 2017/18 COLLECTION FUND POSITION

Council Tax

2.1 The Collection Fund Council Tax forecast outturn for 2017/18 is a surplus of £1.287m. In line with statute, the surplus will be distributed between the Council, the Greater Manchester Police and Crime Commissioner (GMPCC) and the Greater Manchester Fire and Rescue Authority (GMFRA).

Table 1 – Council Tax 2017/18 Forecast Outturn

	Requirement £000s	Forecast Outturn £000s	Variance £000s
SMBC Council Tax Income	140,897	142,020	(1,123)
GMPCC Precept	15,027	15,147	(120)
GMFRA Precept	5,551	5,595	(44)
Total Surplus	**161,475**	**162,762**	**(1,287)**

Business Rates

2.2 The Collection Fund Business Rates forecast outturn for 2017/18 is a deficit of £3.228m. The forecast is based on the 100% Business Rates Retention Pilot. In line with statute the deficit will be distributed between the Council 99% and the Greater Manchester Fire and Rescue Authority (GMFRA) 1%.

AGENDA ITEM

Table 2 – Business Rates 2017/18 Forecast Outturn

	2017/18 NDR1 £000s	Forecast Outturn £000s	Variance £000s
SMBC Business Rates Income	81,093	77,897	3,196
GMFRA Business Rates Income	819	787	32
Total Deficit	**81,912**	**78,684**	**3,228**

2.3 During the year the Council's Business Rates income has fallen below expected levels due to the impact of the 2017 Revaluation, resulting transitional relief costs and the costs of successful Business Rates appeals. Furthermore mandatory Business Rate reliefs given in relation to unoccupied and empty properties are higher than originally expected.

2.4 The in-year Business Rates deficit position is also impacted by the way the in-year benefit of the 100% Retention Pilot has to be budgeted and accounted for within the statutory NDR1 (Collection Fund budget) and NDR3 (Collection Fund outturn) returns. The NDR1 base position required the Council to reflect an expected Business Rates position including the expected benefit of the 100% Retention Pilot within the Collection Fund (£81.093m). However, the 'No Detriment' agreement underpinning the 100% Retention Pilot guaranteed that the Council would receive at least the amount of resource it would have received under the 50% Scheme (£76.450m). Thus in line with this the Council prudently budgeted (within the MTFP) at the lower 50% Scheme level of resources and did not budget for the expected 100% Retention Pilot benefit within its General Fund.

2.5 The statutory budgeting and accounting requirements of the Collection Fund mean the full amount of £81.093m Business Rates income will be drawn down from the Collection Fund in 2017/18. This results in an in year deficit position on the Collection Fund and a corresponding in year surplus position on the Council's General Fund.

2.6 The overall 2017/18 forecast outturn position for the Collection Fund is a deficit of £1.941m. The Council's share of this deficit is £2.073m due to the differences in the proportion of the Council Tax surplus and Business Rates deficit allocated to the Council. In line with the statutory accounting and budgeting requirements of the Collection Fund, the Council's share of the deficit declared will need to be reimbursed in 2018/19.

Collection Fund 2016/17 Carry Forward Position

2.7 The Collection Fund 2016/17 outturn position per the NDR3 return was a surplus of £0.978m (Council Tax surplus of £1.139m offset by a Business Rates deficit of £0.160m). This compared to a forecast 2016/17 deficit declared of £0.301m (Council Tax forecast surplus of £0.424m offset by a Business Rates forecast deficit of £0.725m) reported to the Cabinet in December 2016.

2.8 In line with statutory accounting requirements of the Collection Fund the difference between the declared position and the outturn position on the Collection Fund needs to be distributed (if a surplus)/reimbursed (if a deficit) in 2018/19.

2.9 The table below shows how the Collection Fund 2016/17 carry forward position will be distributed:

Table 3 – Collection Fund 2016/17 Carry Forward Position

	Outturn (Surplus)/Deficit 2016/17 £000s	Declared (Surplus)/Deficit 2016/17 £000s	(Distributed) / Reimbursed £000s
SMBC*	(915)	0	(915)
GMFRA	(38)	(8)	(30)
GMPCC	(106)	(42)	(64)
Government	81	323	(242)
Total	**(978)**	**273**	**(1,251)**

SMBC net collection fund surplus declared in 2016/17 not taken in 2017/18

2.10 The Council's 2016/17 Collection Fund outturn surplus of £0.915m has been included in the MTFP Summer Review and will be included in the MTFP updates as part of the Council's 2018/19 budget setting process.

Impact of 100% Business Rates Retention Statutory Accounting Requirements on the Collection Fund Deficit

2.11 As a result of the statutory accounting requirement of the Collection Fund, the Council's forecast share of the in-year deficit position is £2.073m. The Council will need to reimburse the declared deficit position on the Collection Fund in 2018/19. This will be done using the surplus position created on the Council's General Fund in 2017/18 subject to the payment of the 100% Retention Pilot benefit share to the Greater Manchester Combined Authority (GMCA).

2.12 The table below demonstrates how the Collection Fund deficit position will be reimbursed in 2018/19:

Table 4 – Collection Fund Deficit Reimbursement

	£m
Business Rates General Fund Surplus @ 99%	(4.643)
Less GMCA Share of Forecast 100% Retention Pilot Benefit as at Quarter 2	1.200
Business Rates General Fund Surplus @ 99% Remaining	**(3.443)**
SMBC Share of Collection Fund Business Rates Deficit Declared	3.196
General Fund Surplus Remaining to Fund Collection Fund Deficit in 2018/19	(3.443)
SMBC Forecast Benefit of 100% Retention Pilot Realised in 2017/18	**(0.247)**
SMBC Share of Collection Fund Council Tax Surplus Declared	(1.123)
SMBC Share of Collection Fund Benefit in 2018/19	**(1.370)**

General Fund Section 31 Grants in lieu of Business Rates

2.13 Mandatory Business Rate reliefs are funded by Section 31 Grants paid by Government into the Council's General Fund. These grants are paid to the Council to compensate for the loss of Business Rates income as a result of the reliefs given to Ratepayers. In the main these grants fund the mandatory small business rates relief and the 2% multiplier cap.

2.14 The Council receives its Section 31 grants allocation from Government on an 'on account basis' in line with the Council's NDR1 and NDR3 returns. Any over/underpayment made by Government (compared to the actual reliefs given to Ratepayers during the financial year) is rectified by an adjusting payment/receipt in the following financial year.

2.15 In year monitoring indicates that the actual amount of reliefs given to Business Rates Ratepayers during the year will be slightly less than the current level of Section 31 grant being received by the Council to compensate for the loss of Business Rates income. This would result in a refund payment being made to Government in 2018/19. However it should be noted that this position may change by the financial year end due to additional business becoming eligible for Business Rates relief.

3 2018/19 COUNCIL TAX TAXBASE

3.1 The calculation of Council Tax is prescribed by Regulations published under the Local Government Finance Act 1992. Billing Authorities are required to prepare the calculation on a date specified by the Department for Communities and Local Government (DCLG) and submit details of the calculation on an annual Council Tax Taxbase (CTB) form.

3.2 The CTB form is the starting position for establishing the Council Tax Taxbase used in setting the 2018/19 budget. For budget setting purposes, the Council has discretion to allow for the following:

- The impact of local Council Tax support and discount schemes;
- Forecast changes that may occur to the Council Tax Taxbase in 2018/19; and
- The local collection rate for Council Tax including forecast changes in liabilities.

2018/19 Council Tax Taxbase Calculation

3.3 The CTB form was submitted to DCLG on 13 October 2017 and is included in Appendix 1 to this report. This used the Valuation List as at 11 September 2017 which specifies the number of dwellings in each Council Tax valuation band. Discounts and exemptions have been applied to the chargeable dwellings resulting in a net chargeable dwellings for each valuation band. This is shown on line 29 of the CTB form.

3.4 Chargeable dwellings (after discounts and exemptions) are then related to the Band D dwellings by a specified fraction known as the Relevant Proportion. This results in a Band D equivalent Council Tax Taxbase of 94,582.9 chargeable dwellings (CTB form line 31) for 2018/19.

3.5 In line with previous years an allowance can be made in the Taxbase for new dwellings that will come into liability during 2018/19. An allowance of 200 new dwellings is proposed based on forecasts and past trends covering current housing developments across the Borough.

3.6 For budget setting purposes the Council Tax Taxbase needs to be adjusted to take account of the local collection rate. Historic Council Tax collection experience suggests a rate of 98.5% is a prudent assumption of the collection rate. This rate reflects the discounts and reliefs given to Ratepayers as well as the amount of expected arrears and bad debts.

3.7 The table below reflects the proposed Council Tax Taxbase for the 2018/19 budget setting purposes which reflect the 98.5% collection rate.

Table 5 – 2018/19 Council Tax Taxbase

Summary	Taxbase for Budget Setting
Council Tax Taxbase	94,782.9
Collection Rate	98.5%
Council Tax Taxbase (for budget setting)	**93,361.2**

3.8 It is recommended that the 2018/19 Council Tax Taxbase for budget setting purposes is set at 93,361.2. This is 773.8 Band D equivalent dwellings higher than the 2017/18 Council Tax Taxbase and results in an increase of £1.178m (assuming no Council Tax increase).

3.9 The increase to the Council Tax Taxbase is due to:

- Increase in the number of properties on the valuation list;
- Reduction in the number of empty properties; and
- Lower demand for support through the local Council Tax Support Scheme.

3.10 This increase is above the assumed 2018/19 Council Tax Taxbase increase included in the Council's 2018/19 to 2022/23 MTFP presented to the Cabinet meeting on 4 October 2017. This results in additional resources being available to the Council of £0.530m (assuming no general Council Tax increase) and additional resources derived from the Adult Social Care Precept of £0.026m (assuming no Adult Social Care Precept increase). This increase will be reflected in the MTFP updates as part of the 2018/19 budget setting process.

4 2018/19 BUSINESS RATES INCOME FORECAST

4.1 The current local government finance system introduced on 1 April 2013 requires local billing authorities to submit a locally determined and approved Business Rates forecast through an NDR1 return by 31 January each year. This forecast is used to determine the 2018/19 demand and payment schedule for Business Rates between the billing authority and relevant precept authorities.

4.2 Business Rates is a highly complex and volatile tax which makes the accurate forecasting of movements over the short to medium term difficult. The Business

Rates Taxbase can fluctuate significantly during the year for a number of different reasons, the most common are listed below:

- Changes in occupancy resulting in changes to the Business Rates liability;
- Demolitions resulting in properties being removed from the rating lists;
- New builds and the point at which rateable occupation of these properties is triggered;
- Changes in building use, size, layout;
- Changes in entitlement to mandatory and discretionary Business Rate reliefs;
- Actions taken by property owners/occupier to avoid paying the full liability and maximise their eligibility for reliefs i.e. empty property and charity status;
- Appeals made against rating decisions; and
- Changes in the provision for doubtful debts.

4.3 To aide forecasting and monitoring during the year, the Council monitors the Business Rates liability each month. This helps to identify trends and movements set against the NDR1 base position for the year.

2018/19 Forecast for Retained Business Rates and NDR1 Return

4.4 The Council will remain part of the Greater Manchester 100% Business Rates Retention Pilot in 2018/19 (see section 5). The forecast below is based of the best available information supported by the in-year monitoring of Business Rates.

4.5 The table below shows the 2018/19 Business Rates forecast:

Table 6 – 2018/19 Forecast Business Rates

	2018/19 £000s	2018/19 %
Forecast Business Rates Income	83,135	
Stockport Council Share	82,304	99
Greater Manchester Fire and Rescue Share	831	1
Total	**83,135**	**100**

4.6 Forecast Section 31 grant receipts in lieu of Business Rates of £7.177m in 2018/19 are in line with this forecast. This forecast includes the impact of the change of the Business Rates multiplier increase from RPI to CPI from 1 April 2018 announced in the 2017 Autumn Budget. The Council will be fully compensated for this change which is assumed to be through an increase in Section 31 grants. The forecast Section 31 grant funding is included in the Council's 2018/19 resource budget.

4.7 The final NDR1 return will be submitted on 31 January 2018. The forecasts within the NDR1 return may vary to the forecasts above if there are significant and material developments associated with the 2017/18 Business Rates liability and collection rates between the time of writing this report and submitting the NDR1 return.

4.8 It is therefore recommended that any decision to vary the Business Rates forecast is delegated to the Borough Treasurer in consultation with the Cabinet Member for Reform and Governance.

Greater Manchester and Cheshire Pool Benefit Sharing

4.9 As a result of the Pooling arrangement, the Council and other Pool Authorities are part of two ongoing Pilots:

- Business Rates Growth Retention Pilot (see paragraph 4.19 to 4.22)
- 100% Business Rates Retention Pilot (see paragraph 4.23 to 4.26)

4.10 It is expected that as a result of these Pilots the Council and other Pooling Authorities will benefit from the retention of Business Rates income over and above what would have been retained outside of the Pool. This will help to support the Council's budget over the medium term period.

4.11 As well as benefits accruing to individual Authorities it was also the intention that the Greater Manchester region as whole would benefit from the Pooling arrangement and resulting Pilots. In terms of the Greater Manchester region this will support the ongoing work being carried out by the GMCA and the Association of Greater Manchester Authorities (AGMA).

4.12 The Greater Manchester Treasurers have discussed the appropriate share of benefits between individual Authorities and GMCA. At the AGMA Executive Board meeting held on 24 November 2017 the following benefit share was agreed:

- **Growth Retention Pilot** – Benefit relating to the 2016/17 Pilot be shared on the basis of 42% to individual Authorities and 58% retained by GMCA, subject to any unutilised centrally retained monies being considered for reallocation to all Authorities once AGMA and GMCA budgets have been agreed by the Authority Leaders.

- **100% Business Rates Retention Pilot** – Benefit relating to the 2017/18 Pilot be shared with a minimum of 50% being retained by Authorities and any balance retained by GMCA, subject to annual review as part of the budget setting process and agreement by Authority Leaders.

4.13 Treasurers were of the view that this basis of sharing would provide a balance between resources retained locally to support individual Authority budgets and those held centrally to deliver Greater Manchester priorities.

Budgeting for Future 100% Business Rates Retention Pilot Benefit

4.14 Business Rates income is a complex and volatile tax, particularly since the 2015 revaluation results were applied from 1 April 2017 and new system of 'check-challenge and appeal' was introduced. As a result it is difficult to give an accurate assessment of likely benefit from the 100% Retention Pilot in the current and future years. Whilst continuous monitoring and forecasting of Business Rates income across the Greater Manchester Authorities gives an indication of the likely benefit (see paragraph 4.23 to 4.26), the final benefit positon will be based on Authorities NDR3 returns following the completion and audit of Authorities year end accounts.

4.15 In line with the statutory Collection Fund budgeting requirements, the 2018/19 NDR1 base position has to reflect the full amount of Business Rates expected under the

100% Retention Pilot. However given the complexity and volatility of Business Rates the Council has prudently only budgeted for the level of resources it would have received under the 50% Scheme and not budgeted for the 100% Retention Pilot resources within its MTFP. The difference between the two figures can be considered as the expected 100% Retention Pilot benefit. The table below shows the calculation of the expected 100% Retention Pilot benefit in 2018/19 (the figure shown is the total expected benefit before any sharing with GMCA):

Table 7 – 2018/19 Expected 100% Business Rates Retention Pilot Benefit

	100% Scheme 2018/19 £000	50% Scheme 2018/19 £000	Variance 2018/19 £000
Business Rates - SMBC Share	82,304	40,736	41,568
Business Rates - Top Up/Tariff	(9,996)	5,551	(15,547)
Grants in lieu of Business Rates	7,177	3,590	3,587
Revenue Support Grant	0	10,240	(10,240)
Public Health Grant	0	15,663	(15,663)
Total	**79,485**	**75,780**	**3,705**
Forecast Expected Pilot Benefit	(3,705)	0	(3,705)
Total Including Forecast Expected Pilot Benefit	**75,780**	**75,780**	**0**

4.16 It is difficult for Finance Officers to accurately budget for the expected benefit at the beginning of the financial year. The above is based on in-year Business Rates monitoring and known/expected changes to the Business Rates Taxbase in 2018/19. However a small change in the gross Business Rates payable in-year as a result of changes in rateable value or increase in appeals by businesses is difficult to predict and could have a significant impact on the actual benefit realised at the end of the financial year. As a result the Council considers it prudent not to budget for 100% Retention Pilot expected benefit within its MTFP.
In-year monitoring of the 100% Retention Pilot will continue to give the Council an early indication of the likely benefit to be accrued which can then be considered as part of the Council's medium term financial planning.

Pool Levy Saving Scheme

4.17 Members are reminded that under the 50% Business Rates Retention Scheme at least one member of the Greater Manchester and Cheshire (GM&C) Pool needed to be a tariff Authority for the Pool to be worthwhile. Where the Business Rates income of a tariff Authority goes beyond its baseline, a levy is charged against the growth amount. As a standalone Authority the levy would be paid in full to Government. As part of a Pooling arrangement the baseline for tariff Authorities is combined with non-tariff (top-up) Authorities meaning growth is measured against an increased baseline. As a result the GM&C Pool is able to retain individual levy payments within the Pool and invest them locally.

4.18 Under the 100% Business Rates Retention Pilot the ability to retain the levy payments within the Pool was abolished. However the levy savings that would have been achieved under the 50% Scheme will still be considered as part of the 100%

Retention Pilot ‘No Detriment’ calculation to ensure Authority detriment positions are measured fairly.

Business Rates Growth Pilot

4.19 The Growth Pilot allows participating GM&C Pool Authorities to retain 100% of their Business Rates growth above a growth baseline set by Government.

4.20 Following discussions with Government, regulations relating to the 100% Growth Pilot for 2015/16 and 2016/17 were laid in March 2017. This resulted in the agreement of the formula and baselines to be used to calculate Business Rates growth in each year. The baseline set is based on the 2015/16 NDR1 and is index linked each year to RPI plus a 0.5% stretch target and adjusted for the 2017 Revaluation.

4.21 The Council has accrued for the receipt of £2.830m of 2016/17 growth funds from Government. The payment of this by Government is expected before the financial year end. In line with the agreed benefit share for the Pilot, the Council will be able to retain £1.189m of 2016/17 growth funds. This will be available to support the Council’s medium term financial planning.

4.22 2017/18 is the final year of the Growth Pilot with the expectation that the GM&C Pool will benefit from the Pilot again. However, as the Greater Manchester Authorities retain 100% of their Business Rates income under the 100% Retention Pilot, the Growth Pilot income will already have been retained. The Growth Pilot income will be included within the 100% Retention Pilot ‘No Detriment’ calculation to ensure Authority detriment positions are measured fairly.

Impact of the 100% Business Rates Retention Pilot

4.23 During the financial year, the Council has taken part in the Greater Manchester 100% Business Rates Retention Pilot. As a result of the 100% Retention Pilot the Council has not received Revenue Support Grant or Public Health Grant from Government. Instead the Council retains 100% of its Business Rates income to support the funding of Council Services.

4.24 The 100% Retention Pilot benefit is calculated based on the forecast Business Rates outturn position under the 100% Scheme compared to what the forecast Business Rates outturn position would have been under the 50% Scheme. In year monitoring of the 100% Retention Pilot forecasts that the Greater Manchester region expect a significant benefit from the Pilot but the complexity and volatility of Business Rates make this difficult to forecast until all Pilot Authorities 2017/18 NDR3 forms are completed and audited.

4.25 The Council is forecast to benefit by £2.4m (gross) and £2.1m (net). It should be noted that this is still based on in-year forecasts and the risks and volatility of Business Rates (see paragraph 4.2) can impact on this. In line with the agreed benefit share, based on the Quarter 2 forecast outturn positon for Business Rates only, the Council will benefit by circa £1.2m. However as detailed above actual Business Rates income received during the year has been lower than expected per the Council’s NDR1 return. As a result the Collection Fund is forecast to have an in-year deficit relating to Business Rates which will need to be reimbursed in 2018/19. Thus the real net benefit to the Council is circa £0.247m (see Table 4).

4.26 The final in year benefit position of the 100% Retention Pilot will not be known until the GM Pilot Authorities Collection Fund outturn positions have been fianlised.

100% Business Rates Retention Pilot Going Forward

4.27 The result of the General Election and Queens Speech to Parliament has increased the uncertainty around the reform of the Local Government Financing Regime and the Fair Funding Review linked to the 100% of retention of Business Rates by local authorities. Prior to the General Election, the Finance Bill enabling the roll out of the 100% retention of Business Rates income by all local authorities from 2020 (a major element of the reform), was part of Government's agenda. However following the General Election the Government's sole focus is on the negotiations for leaving the European Union (EU) following the EU referendum in June 2016. As a result a number of expected consultations on the reform proposals have been postponed.

4.28 It is unlikely that the Finance Bill will now be considered by Government in the foreseeable future. This was confirmed by the absence of the Finance Bill in the Queens Speech which set out the Government's priorities over the next two years. As a result the timeline for the roll out of the 100% retention of Business Rates income by all local authorities by 2020 looks unlikely to be achieved. However the Government has confirmed that it remains committed to the reform of the Local Government Financing Regime over the medium term period.

4.29 In conversations with SIGOMA (Special Interest Group of Metropolitan Authorities) DCLG has confirmed that Government Ministers remain committed to Local Government taking greater control of their income as outlined in the Conservative Manifesto. Furthermore SIGOMA and the Local Government Association (LGA) continue to lobby Government to identify ways in which further Business Rates retention can be achieved within the existing legislation.

4.30 DCLG continue to engage with Government Ministers on the options for the future reform of local government financing including the fairness of current funding distributions. Government Ministers have reaffirmed their commitment to a thorough, evidence based review and will continue to work with the LGA and Local Government on this.

4.31 It is assumed that the Greater Manchester 100% Business Rates Retention Pilot will continue, at least until 2020 (as originally agreed with Government). It is still considered by the Council and the other Greater Manchester Authorities that being part of this Pilot enables the Authorities and the Greater Manchester region to be influential in the policy decisions being made to support the full roll out of 100% Business Rates Retention. The Council's MTFP forecasts reflect this assumption.

Impact of Spring Budget 2017

4.32 The 2017 Spring Budget announced three additional Government measures to provide support to businesses following the 2017 Business Rates Revaluation. The aim of the additional reliefs was to support those businesses most adversely affected by the changes in rateable values as a result of the revaluation and support their transition to the new rateable values.

- **Supporting small businesses** – Small Business who have fallen outside of the Small Business Relief thresholds as a result of the 2017 Business Rates Revaluation will have their increase capped at £600 next year (£50 per month) and future years increases will be capped at the transitional relief cap or £600 (£50 per year) whichever is higher.
- **Business Rates Relief for Pubs** – A scheme for one year only to provide a £1K discount to qualifying pubs.
- **Discretionary fund** - A national fund of £300 million over four years from 2017/18 has been made available to support those businesses which face the steepest increase in their Business Rates as a result of revaluation. The Council will receive £0.337m in 2017/18, £0.164m in 2018/19, £0.067m 2019/20 and £0.010m in 2020/21.

4.33 The Council has developed mechanisms to ensure the additional reliefs and funding announced within the Spring Budget reach eligible businesses within the Borough.

Impact of Autumn Budget 2017

4.34 As part of the announcements made to address the ‘housing challenge’, Government has committed to pass legislation giving local authorities the power to charge a 100% Council Tax premium (previously 50%) on empty properties. However given that this will require primary legislation, the earliest it is expected to be in place is 1 April 2019. Furthermore the premium can only be charged against those properties which have been empty for two or more years and is expected to have a minimal impact.

4.35 A number of announcements made in relation to Business Rates which will see £2.3bn of support being made available over the next 5 years. The Council will be fully compensated through Section 31 Grants for the loss of Business rates income as a result of these measures.

- Confirmation that 100% Business Rate Retention Pilots will continue (including the Greater Manchester Pilot);
- The planned switch from RPI to CPI for the calculation of the Business Rates multiplier will be brought forward to 1 April 2018;
- Continuing for one year (from 1 April 2018) the current relief scheme of up to £1,000 for Pubs with a rateable value up to £100,000 subject to state aid limits; and
- Increasing the frequency of property revaluations from 5 years to 3 years. Government will consult on the implementation of this change in Spring 2018.

2018/19 Available Resources

4.36 The table below shows the resources available to the Council in 2018/19 to support its medium term financial planning based on the 2016/17 Collection Fund carry forward and 2017/18 forecast outturn position declared.

Table 8 – 2018/19 Available Resources

	2018/19 £000s
SMBC Share 2016/17 Collection Fund Carry Forward	915
SMBC Share 2016/17 Growth Pilot Funds	1,189
SMBC Share 2017/18 Collection Fund Forecast Position Declared	1,370
Total	**3,474**

4.37 The £0.915m Council share of the 2016/17 carry forward position has already been considered as part of the MTFP Summer Review and will be included in MTFP updates as part of the Council's 2018/19 budget setting process. It is recommended that the £2.559m Council share of the 2016/17 growth funds and 2017/18 forecast position declared is considered as part of the Council's medium term financial planning and its Reserve Policy to increase the Capital Programme Investment Reserve to support future Town Centre investments.

5 BUSINESS RATES POOLING ACROSS GREATER MANCHESTER

5.1 In 2018/19, the Council will continue to be part of the Greater Manchester and Cheshire Business Rates Pooling arrangement covering the 10 Greater Manchester Authorities and the two Cheshire Authorities. As a result of the Pooling arrangement a number of opportunities have been made available to the Pool Authorities to retain Business Rates income locally which outside of the Pool would have been paid to Government. In addition the Council will continue to be part of the Greater Manchester 100% Business Rates Retention Pilot.

5.2 For 2018/19, the Council, as expected, has signed up to the Greater Manchester and Cheshire East and Cheshire West and Chester Business Rates Pool (GM&C) with effect from 1 April 2018.

5.3 It should be noted that there are risks in entering a Pooling arrangement in relation to 'No Detriment' and safety net payments if one or more of the Pool Authorities suffers a significant loss of Business Rates income during 2018/19. Outside of a Pool, a significant loss in Business Rates income would trigger a safety net payment from Government ensuring the Authority concerned still received sufficient funding in line with its assessed baseline need. Within a Pooling arrangement, it falls on the other Authorities in the Pool to fund this payment.

5.4 In order to mitigate this risk, the following is monitored by the GM&C Pool Authorities during the year:

- Forecast Business Rates outturn position compared to NDR1;
- That all GM&C Pool Authorities have a reasonable Taxbase; and
- There is a low risk of triggering a 'No Detriment' and/or safety net payment during the year (based on the in-year monitoring).

6 RECOMMENDATIONS

6.1 It is recommended that the Cabinet:

- Declare a forecast Collection Fund deficit of £1.941m in 2017/18 relating to a Council Tax surplus of £1.287m and Business Rates deficit of £3.228m;

- Approve the 2018/18 Council Tax Taxbase for budget setting purposes of 93,361.2 Band D equivalent properties;
- Provisionally approve the 2018/19 forecast for Business Rates income of £83.135m; and
- Approve the use of the Collection Fund 2016/17 growth funds and 2017/18 forecast position declared to support the Council's MTFP and to increase the Council's Capital Programme Investment Reserve as part of the Reserves Policy.

6.2 It is recommended that the Cabinet delegates the following decisions to the Borough Treasurer in consultation with the Cabinet Member for Reform and Governance:

- The decision to vary the Business Rates forecast presented in Table 6.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Jonathan Davies on 0161 218 1025 or by email at jonathan.davies@stockport.gov.uk

CTB(October 2017)

Calculation of Council Tax Base

Please e-mail to : ctb.statistics@communities.gsi.gov.uk
Please enter your details after checking that you have selected the correct local authority name

Ver 1.0

Please select your local authority's name from this list

Stafford
Staffordshire Moorlands
Stevenage
Stockport
Stockton-on-Tees
Stoke-on-Trent

Check that this is your authority :	Stockport
E-code :	E4207
Local authority contact name :	Nick Long / Andrea Griffiths
Local authority contact telephone number :	0161 218 1700 / 0161 218 1075
Local authority contact e-mail address :	nick.long@stockport.gov.uk / andrea.griffiths@stockport.gov.uk

CTB(October 2017) form for : Stockport

Completed forms should be received by DCLG by Friday 13 October 2017

Part 1

Dwellings shown on the Valuation List for the authority on Monday 11 September 2017	Band A entitled to disabled relief reduction COLUMN 1	Band A COLUMN 2	Band B COLUMN 3	Band C COLUMN 4	Band D COLUMN 5	Band E COLUMN 6	Band F COLUMN 7	Band G COLUMN 8	Band H COLUMN 9	TOTAL COLUMN 10
1. Total number of dwellings on the Valuation List		31,034	27,602	27,960	19,160	12,672	6,239	3,355	190	128,212.0
2. Number of dwellings on valuation list exempt on 2 October 2017 (Class B & D to W exemptions)		652	337	350	234	118	61	44	1	1,797.0
3. Number of demolished dwellings and dwellings outside area of authority on 2 October 2017 (please see notes)		0	0	0	0	1	0	0	0	1.0
4. Number of chargeable dwellings on 2 October 2017 (treating demolished dwellings etc as exempt) (lines 1-2-3)		30,382	27,265	27,610	18,926	12,553	6,178	3,311	189	126,414.0
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 2 October 2017		35	128	157	125	112	75	48	35	715.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	35	128	157	125	112	75	48	35		715.0
7. Number of chargeable dwellings adjusted in accordance with lines 5 and 6 (lines 4-5+6 or in the case of column 1, line 6)	35	30,475	27,294	27,578	18,913	12,516	6,151	3,298	154	126,414.0
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 2 October 2017	12	16,984	10,634	8,376	4,575	2,458	940	395	15	44,389.0
9. Number of dwellings in line 7 entitled to a 25% discount on 2 October 2017 due to all but one resident being disregarded for council tax purposes	3	262	297	260	182	110	55	19	0	1,188.0
10. Number of dwellings in line 7 entitled to a 50% discount on 2 October 2017 due to all residents being disregarded for council tax purposes	1	18	26	29	32	30	31	42	3	212.0
11. Number of dwellings in line 7 classed as second homes on 2 October 2017 (b/fwd from Flex Empty tab)		213	135	130	107	51	34	23	1	694.0
12. Number of dwellings in line 7 classed as empty and receiving a zero% discount on 2 October 2017 (b/fwd from Flex Empty tab)		545	339	241	149	106	37	26	1	1,444.0
13. Number of dwellings in line 7 classed as empty and receiving a discount on 2 October 2017 and not shown in line 12 (b/fwd from Flex Empty tab)		187	152	98	57	33	13	11	0	551.0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 2 October 2017 (b/fwd from Flex Empty tab)		117	48	45	21	12	8	11	2	264.0
15. Total number of dwellings in line 7 classed as empty on 2 October 2017 (lines 12, 13 & 14).		849	539	384	227	151	58	48	3	2,259.0
16. Number of dwellings that are classed as empty on 2 October 2017 and have been for more than 6 months. NB These properties should have already been included in line 15 above.		445	250	210	133	88	38	31	2	1,197.0
16a. The number of dwellings included in line 16 above which are empty on 2 October 2017 because of the flooding that occurred between 1 December 2013 and 31 March 2014 and are only empty because of the flooding.		0	0	0	0	0	0	0	0	0.0
16b. The number of dwellings included in line 16 above which are empty on 2 October 2017 because of the flooding that occurred between 1 December 2015 and 31 March 2016 and are only empty because of the flooding.		0	0	0	0	0	0	0	0	0.0
17. Number of dwellings that are classed as empty on 2 October 2017 and have been for more than 6 months and fall to be treated under empty homes discount class D (formerly Class A exemptions). NB These properties should have already been included in line 15 above. Do NOT include any dwellings included in line 16a and 16b		13	18	16	13	10	3	5	0	78.0
18 Line 16 - line 16a - line 16b - line 17. This is the equivalent of line 18 on the CTB(October 2016) and will be used in the calculation of the New Homes Bonus.		432	232	194	120	78	35	26	2	1,119.0
19. Number of dwellings in line 7 where there is liability to pay 100% council tax before Family Annexe discount	19	12,907	16,137	18,770	14,046	9,873	5,104	2,820	134	79,810.0
20. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annexe discount	16	17,568	11,157	8,808	4,867	2,643	1,047	478	20	46,604.0

21. Reduction in taxbase as a result of the Family Annexe discount (b/fwd from Family Annexe tab)	0.0	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4
22. Number of dwellings equivalents after applying discounts and premiums to calculate taxbase	30.8	26,026.6	24,424.8	25,333.3	17,665.3	11,835.8	5,879.0	3,169.3	149.8	114,514.4
23. Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
24. Total number of band D equivalents *(to 1 decimal place)* (line 22 x line 23)	17.1	17,351.1	18,997.0	22,518.4	17,665.3	14,465.9	8,491.9	5,282.1	299.5	105,088.3
25. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2017-18 (to 1 decimal place)										0.0
26. Tax base (to 1 decimal place) (line 24 col 10 + line 25)										105,088.3

Part 2

27. Number of dwellings equivalents after applying discounts amd premiums to calculate tax base (Line 22)	30.75	26,026.60	24,424.75	25,333.25	17,665.25	11,835.75	5,879.00	3,169.25	149.75	114,514.4
28.Reduction in taxbase as a result of local council tax support (b/fwd from CT Support tab)	11.57	8,565.73	3,103.33	1,537.74	592.63	217.71	75.24	22.40	1.62	14,128.0
29. Number of dwellings equivalents after applying discounts, premiums and local tax support to calculate taxbase	19.2	17,460.9	21,321.4	23,795.5	17,072.6	11,618.0	5,803.8	3,146.9	148.1	100,386.4
30. Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
31. Total number of band D equivalents after allowance for council tax support *(to 1 decimal place)* (line 29 x line 30)	10.7	11,640.6	16,583.3	21,151.6	17,072.6	14,199.8	8,383.2	5,244.8	296.3	94,582.9
32. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2017-18 (to 1 decimal place)(line 25)										0.0
33. Tax base after allowance for council tax support (to 1 decimal place) (line 31 col 10 + line 32)										94,582.9

Certificate of Chief Financial Officer

I certify that the information provided on this form is based on the dwellings shown in the Valuation List for my authority on 11 September 2017 and that it accurately reflects information available to me about exemptions, demolished dwellings, disabled relief, discounts and premiums applicable on 2 October 2017 and, where appropriate, has been completed in a manner consistent with the form for 2016.

Chief Financial Officer : .... Date : ....