

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: Stockport Billing Area - 2019/20 Council Tax Taxbase and Non-Domestic Rates Forecast

Report to Cabinet Meeting

Date: 18 December 2018

Report of: (a) Leader of the Council and Cabinet Member for Policy, Finance & Devolution

Key Decision: (b) Y

Forward Plan ☒ General Exception ☐ Special Urgency ☐ (Mark with a Y if applicable)

Summary:

This report deals with the forecast Collection Fund outturn position for 2018/19, the setting of the Council Tax Taxbase for 2019/20 and also presents a forecast for Business Rates income for 2019/20. These items form an integral and important part of the Council's budget setting process.

Within the Collection Fund, Council Tax and Business Rates revenues are separately identified. For the Council Tax element, an in-year surplus of £1.607m is forecast for 2018/19 of which the Council's share is £1.396m. The 2018/19 forecast for the Business Rates element is an in-year deficit of £0.088m of which the Council's share is £0.087m. Further details are provided in section two of the report.

The calculation of the Council Tax Base is highly prescribed and set out in government regulations. The calculation is prepared at a specified date and is submitted in a statutory return to Government. This calculation and the associated collection rate represents the Council Tax Taxbase to be used for budget setting purposes. A 2019/20 Council Tax Taxbase for budget setting purposes of 94,302.9 is recommended and the calculation and assumptions are set out in section three of the report. However if the proposed changes to the Council's Council Tax Discount Scheme (set out in the Council Tax and Business Rates Discounts Annual Review report elsewhere on this agenda) are approved this would result in a final Council Tax Taxbase of 95,100.8 being recommended. The Council's final 2019/20 Council Tax Taxbase will be presented for approval to the Council meeting on 18 January 2019.

Section three of the report sets out the Business Rates income forecast for 2019/20 which, assuming no further adjustment is required, will form the basis of the NNDR1 return to Central Government in January 2019. The latest forecast suggests income of £82.367m will be achieved; Stockport's share being £81.543m based on the 100% Business Rates Retention Pilot. The forecast may vary following publication of the Provisional Local Government Finance Settlement expected in mid-December and the completion of the 2019/20 NNDR1 form. The report therefore recommends delegating any decision to vary the Business Rates forecast to the Borough Treasurer in consultation with the Cabinet Councillor for Reform and Governance.

Section four of the report confirms the continuation of the Council's participation in the Greater Manchester, Cheshire East and Cheshire West and Chester Council Business Rates Pool in 2019/20. However this is subject to the application by Cheshire East to become a 75% Business Rates Retention Pilot Authority in 2019/20. The report therefore recommends delegating the decision to continue in the Greater Manchester and Cheshire

Comments/Views of the Cabinet Councillor: (c)

This is an important report in the context of the Council's 2019/20 Budget and the Council's Medium Term Financial Plan.

Despite delays to the reform of the Local Government Financing Regime and the approach to fairer funding across Local Government, the Council is still working towards being self-financing in terms of its funding. The retention of local tax in the form of Council Tax and Business Rates will be a key element and put the Council in the best position to achieve this. For this reason it is important that we are able to accurately forecast these income streams and understand the impact of changes being made particularly in relation to the 100% retention of Business Rates income.

The continuation of the Business Rates Pool across Greater Manchester and Cheshire enables resources (raised through local taxes) to be retained and invested locally rather than being paid over to Government. Furthermore the Pool enables the Council alongside the other Greater Manchester Authorities to continue to participate in the Greater Manchester 100% Business Rates Retention Pilot in 2019/20.

Recommendation(s) of Cabinet Councillor: (d)

It is recommended that the Cabinet:

- Declare a forecast Collection Fund surplus of £2.029m (£1.767m attributable to the Council) in 2018/19 relating to:
 - An in-year Council Tax surplus of £1.607m (£1.396m attributable to the Council);
 - an in-year Business Rates deficit of £0.088m (£0.087m attributable to the Council; and
 - A Collection Fund carry forward position of £0.510m (£0.458m attributable to the Council).
- Note the 2019/20 Council Tax Taxbase for budget setting purposes of 94,302.9 Band D equivalent dwellings rising to 95,100.8 subject to the approval of the CTD proposal;
- Note the impact that the approval of the proposed changes on the Council's Council Tax Discount scheme will have on the 2019/20 Council Tax Taxbase;
- Provisionally approve the 2019/20 forecast for Business Rates income of £82.367m subject to the completion of the Council's 2019/20 NNDR1 form in January;
- Note the £1.802m forecast benefit from the 2018/19 Pilot and the indexation compensation grant adjustment of £0.720m in 2019/20 against this;
- Note the transfer of the 100% Retention Pilot 2018/19 outturn benefit to Collection Fund Reserves as part of the financial year end process;
- Note the available resources to support the Council's 2019/20 investment decisions and MTFP.

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 7.
 - The decision to continue in the Greater Manchester and Cheshire Business Rates pooling arrangement.
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Relevant Scrutiny Committee (if decision called in): **(e)**
Corporate, Resource Management & Governance

Background Papers (if report for publication): **(f)**

Contact person for accessing
background papers and discussing the report

Officer: Jonathan Davies
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'Urgent Business': **(g)**

No

Certification (if applicable)

This report should be considered as 'urgent business' and the decision exempted from 'call-in' for the following reason(s):

The written consent of Councillor _____ and the Chief Executive/Monitoring Officer/ Borough Treasurer for the decision to be treated as 'urgent business' was obtained on /will be obtained before the decision is implemented.
