

## **STOCKPORT BILLING AREA - 2019/20 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 2018/19 in relation to Council Tax and Business Rates;
- Set the Council Tax Taxbase for 2019/20;
- Present a forecast for Business Rates income for 2019/20;
- Provide an update on the pooling of Business Rates income with the Greater Manchester Authorities, Cheshire East, and Cheshire West and Chester councils; and
- Confirm the continuation of the pooling arrangement in 2019/20.

## **2. 2018/19 COLLECTION FUND POSITION**

### **Council Tax**

- 2.1 The Collection Fund Council Tax forecast outturn for 2018/19 is a surplus of £1.607m. In line with statute, the declared surplus will be distributed in 2019/20 between the Council, the Greater Manchester Police and Crime Commissioner (GMPCC) and the Greater Manchester Fire and Rescue Authority (GMFRA). The Council's share of the surplus is £1.396m. Surpluses relating to GMPCC and GMFRA will be distributed alongside the 2019/20 Mayoral Precepts.

**Table 1 – Council Tax 2018/19 Forecast Outturn**

	<b>Requirement</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
SMBC Council Tax Income	149,164	150,560	(1,396)
GMPCC	16,273	16,425	(152)
GMFRA	6,344	6,403	(59)
<b>Total Surplus</b>	<b>171,781</b>	<b>173,388</b>	<b>(1,607)</b>

### **Business Rates**

- 2.2 The Collection Fund Business Rates forecast outturn for 2018/19 is a deficit of £0.088m. The forecast is based on the 100% Business Rates Retention Pilot. In line with statute the declared deficit will be distributed between the Council 99% and the Greater Manchester Fire and Rescue Authority (GMFRA) 1%. The Council's share of the deficit is £0.087m

**Table 2 – Business Rates 2018/19 Forecast Outturn**

	<b>2018/19 NNDR1 £000s</b>	<b>Forecast Outturn £000s</b>	<b>Variance £000s</b>
SMBC Business Rates Income	80,128	80,041	87
GMFRA Business Rates Income	809	808	1
<b>Total Deficit</b>	<b>80,937</b>	<b>80,849</b>	<b>88</b>

**Collection Fund 2017/18 Carry Forward Position**

- 2.3 In line with statutory accounting requirements of the Collection Fund, the difference between the declared (estimated) outturn position for 2017/18 and the actual outturn position for 2017/18 on the Collection Fund needs to be distributed (if a surplus)/reimbursed (if a deficit) in 2019/20.
- 2.4 The table below shows the amounts to be distributed in 2019/20:

**Table 3 – Collection Fund 2017/18 Carry Forward Position**

	<b>Declared (Surplus)/ Deficit 2017/18 £000s</b>	<b>Outturn (Surplus)/ Deficit 2017/18 £000s</b>	<b>Distributed £000s</b>
SMBC	1,169	711	(458)
GMFRA	(41)	(60)	(19)
GMPCC	(184)	(217)	(33)
Government	(282)	(282)	0
<b>Total</b>	<b>662</b>	<b>152</b>	<b>(510)</b>

*\*The total amount to be distributed is higher due to a lower deficit at outturn than declared*

**Overall Collection Fund Balance Position**

- 2.5 The overall 2018/19 forecast outturn position for the Collection Fund is a surplus of £1.519m. The Council's share of the declared surplus is £1.309m 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 declared surplus will be distributed to the Council's General Fund in 2019/20.
- 2.6 In addition the Council's proportion of the Collection Fund carry forward balance of £0.458m is also required to be distributed to the Council's General Fund in 2019/20.
- 2.7 The MTFP Summer Review identified £1.362m of available resources relating to the Collection Fund to support the Council's 2019/20 Budget. The declared forecast outturn position detailed above shows a position of £1.767m. Thus additional resources of £0.405m in addition to those identified in the MTFP Summer Review are available to support the Council's investment decisions and MTFP.

## **Greater Manchester 100% Business Rates Retention Pilot**

- 2.8 2018/19 is the second year that the Council has taken part in the Greater Manchester 100% Business Rates Retention Pilot. As a result, the Council retains 100% of its Business Rates income to support the funding of Council Services. The 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.
- 2.9 The Council is working with colleagues across the Greater Manchester Authorities to monitor the expected benefit of the Pilot. In year monitoring of the 100% Retention Pilot forecasts that the Greater Manchester region expect a significant benefit from the 2018/19 Pilot. However, the complexity and volatility of Business Rates make this difficult to forecast until all Pilot Authorities 2018/19 NNDR3 forms are completed and audited in April 2019. Members are reminded that it was agreed at the AGMA Executive Board meeting held on 24 November 2017 that the Pilot benefit is shared with a minimum of 50% being retained by the Greater Manchester Authorities and any balance retained by GMCA, subject to annual review as part of the budget setting process by Authority Leaders. It is the view that this basis of sharing provides a balance between resources being retained locally to support individual Authority budgets and those held centrally to deliver Greater Manchester priorities.
- 2.10 Given the complexity and volatility of Business Rates and as a result, the difficulty in forecasting the expected benefit of the Pilot at the start of the financial year, the Council prudently does not budget for the Pilot benefit in-year. Instead the Pilot benefit is accounted for a year in arrears and thus is available to support the Council's investment decisions and MTFP. Based on the latest round of monitoring, the expected benefit of the Pilot is £3.604m. Of this the Council will retain £1.802m in 2018/19. 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 finalised.
- 2.11 In line with the statutory accounting requirements for the Collection Fund the Pilot benefit will be released into the Council's General Fund at the end of the financial year. This will be transferred to the Collection Fund Reserve as part of the financial year end process. This can then be considered for use to support the Council's investments decisions and MTFP. The decision on the use of this resource will be dependent upon the 2018/19 Pilot outturn position which could be less than the forecast shown above.
- 2.12 It is also noted that as part of its 2019/20 budget setting process, the GMCA have indicated that their share of previously retained Business Rates can be returned to Districts. This is subject to a to a full budget review by GMCA that is expected to be completed in January. If the GMCA is able to return monies to Districts, these resources will be available to support the Council's investment decisions and MTFP.

## **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 NNDR1 and NNDR3 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 more 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 an additional payment being made by Government in 2019/20. However it should be noted that this position may change prior to year-end due to changes across the business demographics and their eligibility for Business Rates relief.

### **Indexation Compensation Section 31 Grant**

- 2.16 The 2017/8 Local Government Finance Settlement confirmed that the Council would be fully compensated for the change to the indexation factor used to CPI for calculating the Business Rates multiplier in 2018/19 and 2019/20. As a result the Council expected to receive £0.720m of indexation compensation grant in 2019/20.
- 2.17 However, further clarification during the year has confirmed that the indexation compensation is not an additional grant, but is included in the Business Rates Multiplier Cap Section 31 grant in line with the Council's 2018/19 NNDR1 form. As a result of the correction the Council's MTFP needs to be adjusted by £0.720m in 2019/20.
- 2.18 This will be adjusted against the Council's 2018/19 Pilot benefit to ensure there is no impact on the Council's 2019/20 Budget.

## **3. 2019/20 BUDGET SETTING**

### **2019/20 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 Ministry for Housing, Communities and Local Government (MHCLG) 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 2019/20 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 2019/20;
  - and

- The local collection rate for Council Tax including forecast changes in liabilities.

- 3.3 The CTB form was submitted to MHCLG on 12 October 2018 and is included in Appendix 1 to this report. This used the Valuation List as at 10 September 2018 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 number 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 95,539.0 chargeable dwellings (CTB form line 31) for 2019/20.
- 3.5 In line with previous years an allowance can be made in the Taxbase for new dwellings that will come into liability during 2019/20. 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 is 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. Given the proposed changes to the Council's Local Council Tax Discount scheme (see paragraph 3.9 to 3.14) and the unknown impact this will have on discounts and reliefs given to Ratepayers, it is considered prudent not to increase the collection rate percentage.
- 3.7 The table below reflects the proposed 2019/20 Council Tax Taxbase for budget setting purposes:

**Table 4 – 2019/20 Council Tax Taxbase**

	<b>Taxbase for Budget Setting</b>
Council Tax Taxbase	95,739.0
Collection Rate	98.50%
<b>Council Tax Taxbase (for budget setting)</b>	<b>94,302.9</b>

- 3.8 It is recommended that the 2019/20 Council Tax Taxbase for budget setting purposes is set at 94,302.9. This is 941.8 Band D equivalent dwellings higher than the 2018/19 Council Tax Taxbase and results in an increase of £1.505m (assuming no Council Tax increase). However, of this £1.505m increase, £0.850m has already been forecast in the Council's MTFP approved in February 2018. Thus additional resources of £0.655m (assuming no general Council Tax increase) are available to support the Council's investment decisions and MTFP.

## Proposed Changes to the Local Council Tax Discount Scheme

- 3.9 Included elsewhere on this agenda, is the Council Tax and Business Rates Discounts Annual Review report. This sets out the proposed changes to the Council's Local Council Tax Discount Scheme (CTD) in relation to the Council Tax discounts currently given to empty properties. If the proposed changes to the CTD are approved then the Council Tax Taxbase will need to be adjusted to account for those properties that will no longer receive Council Tax discount and become chargeable.
- 3.10 It is also noted that as part of the MTFP Proposal relating to the Supports Fund Coordination, a £0.175m Cash Limit budget is proposed to support a Discretionary Support Fund which the Council will be able to use at its discretion to support the most vulnerable residents in the Borough. In addition, the Revenue and Benefits Digital by Design initiative relating to the creation of online forms and automation of processes enables savings of £0.100m to be achieved through improvements in the collection of outstanding income.
- 3.11 It is recommended that the following adjustments are made (subject to the approval of the proposed CTD changes)
- Set aside £0.100m of the forecast additional Council Tax income from the proposed changes to the CTD to support the creation of the Discretionary Support Fund;
  - Reduce the existing Council Tax discretionary relief fund within the Collection Fund by £0.075m to support the creation of the Discretionary Support Fund. As a result an additional £0.075m of Council Tax income will be generated from those properties no longer receiving relief; and
  - Set aside £0.100m of the forecast additional Council Tax income from the proposed changes to the CTD to support the Digital by Design saving target.
- 3.12 Assuming that the proposed changes to the CTD are approved, £1.275m of additional Council Tax income is forecast to be generated. This equates to an additional 797.9 Band D Properties being chargeable and thus added to the 2019/20 Council Tax Taxbase. This would be offset by additional expenditure of £0.275m; £0.175m to support the creation of the Discretionary Support Fund and £0.100m to support the Digital by Design income target. Thus the additional resource of £1m (£1.275m less £0.275m) would be available to support the Council's investment decisions and MTFP.

**Table 5 – Impact of the Proposed CTD Changes and DbD Initiative**

Additional Chargeable Band D Properties (A)*	797.9
Band D Council Tax Charge (assumes no increase) (B)	£1,597.71
<b>Additional Council Tax Income (A*B) - £000s</b>	<b>£1,275</b>
Creation of Discretionary Support Fund - £000s	(£175)
Digital By Design Initiative Income Target - £000s	(£100)
<b>Additional Resource Available - £000s</b>	<b>£1,000</b>

\*At collection rate of 98.5%

- 3.13 The table below reflects the proposed 2019/20 Council Tax Taxbase for budget setting purposes if the proposed changes to the Council's CTD are approved:

**Table 6 – Impact of Proposed CTD changes to Council Tax Taxbase**

	<b>Taxbase for Budget Setting</b>
Council Tax Taxbase	95,739.0
Collection Rate	98.50%
<b>Council Tax Taxbase (for budget setting)</b>	<b>94,302.9</b>
Additional Properties arising from proposed CTD changes*	797.9
<b>Revised Council Tax Taxbase</b>	<b>95,100.8</b>

*\*At collection rate of 98.5%*

- 3.14 The final Council Tax Taxbase will be presented for approval to the Council meeting on 18 January 2019.

### **2019/20 Business Rates Income Forecast**

- 3.15 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 NNDR1 return by 31 January each year. This forecast is used to determine the 2019/20 demand and payment schedule for Business Rates between the billing authority and relevant precept authorities.
- 3.16 Business Rates forecasting can be very complex and volatile evidenced by the current drive to simplify the Business Rates retention system supported by Government (see paragraph 5.6 and 5.7). The Business Rates income forecast is based on the Government's assessment of what can be collected adjusted by local knowledge and experience of collection rates. 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 can have a significant impact on the actual benefit realised at the end of the financial year. As a result of the complexity and volatility, accurate forecasting of movements over the short to medium term is difficult. A recent example of this relates to the appeal on the valuation of cash (ATM) machines which could impact the Council to the region of £1m in backdated refunds to businesses affected.
- 3.17 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.

3.18 To aid 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 NNDR1 base position for the year.

3.19 The table below shows the 2019/20 Business Rates forecast. The forecast is based on the best available information supported by the in-year monitoring of Business Rates.

**Table 7 – 2019/20 Forecast Business Rates Income**

	<b>2019/20 £000s</b>	<b>2019/20 %</b>
Forecast Business Rates Income	82,367	
Stockport Council Share	81,543	99
Greater Manchester Fire and Rescue Share	824	1
<b>Total</b>	<b>82,367</b>	<b>100</b>

3.20 The 2019/20 Budget includes £9.358m of Section 31 grants to be paid by Government to the Council in 2019/20. This reflects the compensation expected for loss of Business Rates income as a result of Business Rate reliefs given to businesses. This is based on the 2018/19 Section 31 grants received and the in-year monitoring of Business Rate reliefs given to businesses.

3.21 The final NNDR1 return will be submitted on 31 January 2019. It is possible that the forecasts within the NNDR1 return to vary to the forecasts above. If there are significant and material differences between the forecasts, it is recommended that the Business Rates forecasts included in the Council's 2019/20 Budget and MTFP are updated to reflect the NNDR1 figures.

3.22 It is therefore recommended that any decision to vary the 2019/20 Business Rates income forecast is delegated to the Borough Treasurer in consultation with the Cabinet Member for Reform and Governance.

#### **2019/20 Forecast 100% Business Rates Retention Pilot Benefit**

3.23 The Government has confirmed that the Greater Manchester 100% Business Rates Retention Pilot will continue on a 100% basis underpinned by a 'No Detriment' agreement in 2019/20. The Council alongside the other Greater Manchester Authorities expect to achieve a significant benefit (based on the 2017/18 and 2018/19 Pilots) in terms of the retention of the 100% retention Business Rates income within Greater Manchester.

3.24 The Council has prudently only budgeted for the level of Business Rates income it would have received under the 50% Scheme on the basis that:



- The risk and volatility of Business Rates make it difficult to accurately forecast the expected benefit of the Pilot at the start of the financial year;
- The Pilot is underpinned by the 'No Detriment' agreement meaning the Council is guaranteed to receive the same level of resources as it would have done under the 50% Scheme. On this basis the Council can budget for this level of Business Rates income knowing that the resources will be received;
- The Pilot ends in 2019/20. Assuming there are no changes to Government's approach to future Business Rates retention, the Council will move to the 75% Retention Scheme alongside all other Local Authorities in 2020/21; and
- Government have yet to decide on the approach to resetting Authorities Business Rates baselines as part of the move to the 75% Retention Scheme in 2020/21. It is noted that a full reset would result in the Council's benefit from Business Rates growth being redistributed nationally (see paragraph 5.4 to 5.5) thus reducing any benefit to the Council currently being achieved through the Pilot.

3.25 The calculation of the forecast Pilot benefit is the difference between the level of Business Rates income under the 100% Pilot and the 50% Scheme. As detailed above, given the complexity and volatility of Business Rates the Council considers it prudent not to budget for the Pilot expected benefit within its 2019/20 Budget. It is important to note that this benefit is taken a year in arrears (rather than being budgeted for) when the final benefit position is known (determined by the submission of the Council's NNDR3 form in April each year) and can be used to support the Council's investment decisions and MTFP.

3.26 In-year monitoring of the 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.

3.27 The table below shows the calculation of the forecast Pilot benefit in 2019/20 (the figure shown is the total forecast benefit before any sharing with GMCA):

**Table 8 – 2019/20 Forecast Pilot Benefit**

	<b>100% Scheme 2019/20 £000</b>	<b>50% Scheme 2019/20 £000</b>	<b>Variance 2019/20 £000</b>
Business Rates - SMBC Share	81,543	40,349	41,194
Business Rates - Top Up/Tariff	(17,073)	6,216	(23,289)
Grants in lieu of Business Rates	9,358	4,679	4,679
Revenue Support Grant	0	3,191	(3,191)
Public Health Grant	0	15,253	(15,253)
<b>Total</b>	<b>73,828</b>	<b>69,688</b>	<b>4,141</b>
Forecast Pilot Benefit	(4,141)	0	(4,141)
<b>Total Including Forecast Pilot Benefit</b>	<b>69,688</b>	<b>69,688</b>	<b>0</b>

## Available Resources to Support the Investment Decisions and MTFP

3.28 The table below details the resources available the Council as a result of the statutory accounting requirements for the Collection Fund:

**Table 9 – Available Resources Identified**

	One-off £000s	Recurrent £000s
Council Share of Declared Collection Fund Forecast	1,767	0
Increase in Council Tax Taxbase	0	655
Council Share of Expected 100% Business Rates Retention Pilot Benefit	1,802	0
Less Council Share of Declared Collection Fund Forecast included in the MTFP Summer Review	(1,362)	0
Less Indexation Compensation Grant Adjustment	(720)	0
<b>Total Available Resource</b>	<b>1,487</b>	<b>655</b>
Changes to the Council Tax Discount Scheme (subject to approval)*	0	1,000
<b>Total Available Resource</b>	<b>1,487</b>	<b>1,655</b>

*\*Changes to the Council Tax Discount Scheme are subject to Cabinet and Council approval of the recommendations included in the Council Tax and Business Rates Discounts Annual Review report elsewhere of this agenda.*

3.29 It is recommended that the £1.487m of additional available one-off resources identified are considered for use to support the Council's investment decisions including Merseyway and Stockport interchange, as well as the Council's MTFP.

## 4. BUSINESS RATES POOLING ACROSS GREATER MANCHESTER

### Pool Levy Saving Scheme

4.1 In 2019/20, the Council will continue to be part of the Greater Manchester and Cheshire Business Rates (GM&C) pooling arrangement covering the 10 Greater Manchester Authorities and the two Cheshire Authorities. This is, however, subject to an application by Cheshire East to become a 75% Retention Pilot Authority in 2019/20. If their application is successful, the current pooling arrangement would need to be dissolved and a new pooling arrangement created with a revised Memorandum of Understanding (MoU). The decision on which councils will be new 75% Retention Pilot Authorities is expected to be confirmed in the 2019/20 Provisional Local Government Finance Settlement.

4.2 It is noted that as a result of the GM&C pooling arrangement a number of opportunities have been made available to the Council and other Authorities. Most notably this has been the ability to retain 100% of Business Rates income locally. In 2017/18 the Council retained £2.180m of Business Rates income to support the Budget and it is expected £1.802m will be retained in 2018/19. Outside of the pooling arrangement this additional income would have been paid to Government.

4.3 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 2019/20. 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.

4.4 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 NNDR1; and
- That there is a low risk of triggering a 'No Detriment' and/or safety net payment during the year (based on the in-year monitoring).

4.5 It is recommended that the Cabinet delegates the decision to continue in the GM&C pooling arrangement in 2019/20 to the Borough Treasurer in consultation with the Cabinet Member for Reform and Governance.

## **5. FUTURE DEVELOPMENTS AND CONSIDERATIONS**

### **2018 Autumn Budget**

5.1 A number of announcements were made by Government in the 2018 Autumn Budget relating to Business Rates reliefs. The cost of these reliefs (in terms of lost Business Rates income) will be fully compensated through Section 31 grant payments.

- For 2019/20 and 2020/21 all business with a rateable value of £51k or less will have their Business Rates bill cut by a third;
- Local newspaper Business Rates relief will continue for a further year into 2019/20; and
- Local Authorities will be given the power to award 100% Business Rates relief on public lavatories, whether publically or privately own.

### **Business Rates Retention**

5.2 The 2017/18 Local Government Finance Settlement confirmed that from 2020/21 the Government will roll out 75% retention of Business Rates to all Local Authorities. However, it is unclear how this will impact on the Council's Government assessed Business Rates baselines and how this links into Government's wider Fair Funding Review. For this reason the Council's MTFP assumes a fiscally neutral position.

5.3 It is expected that the roll out of the 75% Scheme and how it will operate will be informed by the existing Pilots. Indeed the original premise of the Greater Manchester Pilot was to enable the Greater Manchester Authorities to be influential in policy decisions linked to Business Rates Retention. Linked to this, GMCA alongside other Mayoral Combined Authorities continue to lobby Government for the continuation of the Greater Manchester 100% Pilot beyond 2019/20.

## **Reset of Business Rates Baselines**

- 5.4 The Government have committed to a reset of Local Authorities Business Rates baselines in 2020/21. Government have not decided whether this will be a full reset or a partial reset for those Authorities that have seen significant growth since the baselines were introduced. The GMCA alongside the Greater Manchester Authorities continues to lobby Government for a partial reset for Greater Manchester. A partial reset would mean the Council alongside the other Greater Manchester Authorities will be able to retain an element of the growth achieved, with the balance being redistributed nationally. In contrast, a full reset would result in the redistribution of any growth benefits that have been seen during the Pilot.
- 5.5 As part of the simplification of Business Rates accounting (see paragraph 5.6 and 5.7), Government are considering options for the basis of future resets. As well as full and partial resets, the Government is also considering phased resets where Local Authorities will retain the growth they achieve for a set period before being redistributed. The Government will seek views on these options as part of the consultation on the simplification work being completed.

## **Simplification of Business Rates Accounting**

- 5.6 During 2018 the Government has been considering options for reform of the Business Rates Retention system from 2020 within the existing legislative framework. Officials have been working with the joint MHCLG and LGA Steering Group and Technical Working Groups to come up with options for reforms.
- 5.7 The Business Rates Retention Reform Consultation 2018 will seek to gain views on options to reform the business rates retention system. It is expected that the consultation will be released as part of the Provisional Local Government Finance Settlement in December.

## **6. RECOMMENDATIONS**

- 6.1 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.

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 7; and
- The decision to continue in the Greater Manchester and Cheshire Business Rates pooling arrangement.

#### BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Elaine Carrington 0161 474 4678 Jonathan Davies on 0161 218 1025 or by email at [elaine.carrington@stockport.gov.uk](mailto:elaine.carrington@stockport.gov.uk) or [jonathan.davies@stockport.gov.uk](mailto:jonathan.davies@stockport.gov.uk)

## CTB(October 2018)

## Calculation of Council Tax Base

Please e-mail to : [ctb.statistics@communities.gov.uk](mailto:ctb.statistics@communities.gov.uk)

Please enter your details after checking that you have selected the correct local authority name

Ver 1.1

Please select your local authority's name from this list

St Helens  
Stafford  
Staffordshire Moorlands  
Strenage  
**Stockport**  
Stockton-on-Tees

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](mailto:nick.long@stockport.gov.uk) / [andrea.griffiths@stockport.gov.uk](mailto:andrea.griffiths@stockport.gov.uk)

## CTB(October 2018) form for Stockport

Completed forms should be received by MHCLG by Friday 12 October 2018

Dwellings shown on the Valuation List  
for the authority on  
Monday 10 September 2018

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  
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## Part 1

1. Total number of dwellings on the Valuation List		31,130	27,871	28,120	19,248	12,790	6,321	3,382	196	129,058.0
2. Number of dwellings on valuation list exempt on 1 October 2018 (Class B & D to W exemptions)		666	385	366	265	141	63	49	1	1,936.0
3. Number of demolished dwellings and dwellings outside area of authority on 1 October 2018 (please see notes)		0	0	0	0	0	0	0	0	0.0
4. Number of chargeable dwellings on 1 October 2018 (treating demolished dwellings etc as exempt) (lines 1-2-3)		30,464	27,486	27,754	18,983	12,649	6,258	3,333	195	127,122.0
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 1 October 2018		39	131	164	134	116	81	52	35	752.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	39	131	164	134	116	81	52	35		752.0
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)	39	30,556	27,519	27,724	18,965	12,614	6,229	3,316	160	127,122.0
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 1 October 2018	14	17,042	10,688	8,389	4,549	2,514	956	388	17	44,557.0
9. Number of dwellings in line 7 entitled to a 25% discount on 1 October 2018 due to all but one resident being disregarded for council tax purposes	3	266	304	293	199	120	54	24	0	1,263.0
10. Number of dwellings in line 7 entitled to a 50% discount on 1 October 2018 due to all residents being disregarded for council tax purposes	1	35	27	31	29	33	32	43	3	234.0
11. Number of dwellings in line 7 classed as second homes on 1 October 2018 (b/fwd from Flex Empty tab)		168	123	110	103	51	28	16	1	600.0
12. Number of dwellings in line 7 classed as empty and receiving a zero% discount on 1 October 2018 (b/fwd from Flex Empty tab)		515	350	268	119	110	48	35	1	1,446.0
13. Number of dwellings in line 7 classed as empty and receiving a discount on 1 October 2018 and not shown in line 12 (b/fwd from Flex Empty tab)		252	178	129	81	42	20	10	1	713.0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 1 October 2018 (b/fwd from Flex Empty tab)		118	48	40	21	13	8	9	1	258.0
15. Total number of dwellings in line 7 classed as empty on 1 October 2018 (lines 12, 13 & 14).		885	576	437	221	165	76	54	3	2,417.0
16. Number of dwellings that are classed as empty on 1 October 2018 and have been for more than 6 months. NB These properties should have already been included in line 15 above.		422	263	217	132	95	51	39	1	1,220.0
16a. The number of dwellings included in line 16 above which are empty on 1 October 2018 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 1 October 2018 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 1 October 2018 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 above.		13	19	26	28	12	11	3	0	112.0
18 Line 16 - line 16a - line 16b - line 17. This is the equivalent of line 18 on the CTB(October 2017) and will be used in the calculation of the New Homes Bonus.		409	244	191	104	83	40	36	1	1,108.0
19. Number of dwellings in line 7 where there is liability to pay 100% council tax before Family Annexe discount	21	12,843	16,273	18,842	14,086	9,892	5,159	2,842	138	80,096.0
20. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annexe discount	18	17,713	11,246	8,882	4,879	2,722	1,070	474	22	47,026.0
21. Reduction in taxbase as a result of the Family Annexe discount (b/fwd from Family Annexe tab)	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5
22. Number of dwellings equivalents after applying discounts and premiums to calculate taxbase	31.8	26,034.4	24,624.8	25,459.8	17,730.7	11,921.4	5,956.4	3,190.0	153.8	115,102.9

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)	17.6	17,356.3	19,152.6	22,630.9	17,730.7	14,570.6	8,603.7	5,316.6	307.5	105,686.5
25. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2018-19 (to 1 decimal place)										0.0
26. Tax base (to 1 decimal place) (line 24 col 10 + line 25)										105,686.5

**Part 2**

27. Number of dwellings equivalents after applying discounts and premiums to calculate tax base (Line 22)	31.75	26,034.38	24,624.84	25,459.77	17,730.72	11,921.37	5,956.41	3,189.97	153.75	115,102.9
28. Reduction in taxbase as a result of local council tax support (b/fwd from CT Support tab)	12.67	8,410.52	2,997.19	1,426.26	546.82	201.27	69.79	22.63	1.62	13,688.8
29. Number of dwellings equivalents after applying discounts, premiums and local tax support to calculate taxbase	19.1	17,623.9	21,627.6	24,033.5	17,183.9	11,720.1	5,886.6	3,167.3	152.1	101,414.2

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)	10.6	11,749.2	16,821.5	21,363.1	17,183.9	14,324.6	8,502.9	5,278.9	304.3	95,539.0
32. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2018-19 (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)										95,539.0

**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 10 September 2018 and that it accurately reflects information available to me about exemptions, demolished dwellings, disabled relief, discounts and premiums applicable on 1 October 2018 and, where appropriate, has been completed in a manner consistent with the form for 2017.

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