

STOCKPORT BILLING AREA - 2021/22 COUNCIL TAX TAXBASE AND NON-DOMESTIC RATES FORECAST

Report of the Corporate Director - Corporate and Support Services

1. INTRODUCTION AND PURPOSE OF REPORT

1.1 The purpose of this report is to:

- Present the Collection Fund outturn forecasts for 2020/21 in relation to Council Tax and Business Rates;
- Set the Council Tax Taxbase for 2021/22;
- Present a forecast for Business Rates income for 2021/22;
- 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 2021/22.

2. 2020/21 COLLECTION FUND POSITION

Council Tax

- 2.1 The Collection Fund Council Tax forecast outturn for 2020/21 is a deficit of £6.918m with the Council's share of the deficit being £5.878m.
- 2.2 At the start of the pandemic, Government announced national funding to support economically vulnerable people and households in local areas. As part of the funding allocations to Local Authorities, Government required the Council Tax liability of working age local Council Tax support recipients by up to £150 in addition to the local support they were receiving. The Council received a funding allocation of £2.462m from the Council Tax Hardship Grant and earmarked £1.315m of this to compensate for the lost Council Tax income as a result. The balance of the funding has been used to enhance the Council's discretionary support and humanitarian aid offers to residents in line with the grant conditions.
- 2.3 As required by the amended legislation governing Collection Fund accounting, the compensatory grant earmarked to fund the additional support payments is net off the in-year forecast deficit above. This results in a net Council Tax forecast deficit for 2020/21 of £5.603m. The declared net Council Tax deficit will be reimbursed over 3 years between the Council and the Greater Manchester Combined Authority (GMCA) (the Mayoral Police and Crime Commissioner (MPCC) and the Mayoral General including Fire Services (MGFS)). This is covered further in the Phasing of 2020/21 Collection Fund Deficits section below. The Council's share is £4.760m.

Table 1 – Council Tax 2020/21 Forecast Outturn

	2020/21 Requirement	Forecast Outturn	Variance	Council Tax Hardship Grant	Variance
	£000s	£000s	£000s	£000s	£000s
SMBC Income	162,718	156,840	5,878	(1,118)	4,760
GMCA MPCC	20,047	19,323	724	(131)	593
GMCA MGFS	8,753	8,437	316	(66)	250
Total	191,518	184,600	6,918	(1,315)	5,603

Business Rates

- 2.4 The Collection Fund Business Rates forecast outturn for 2020/21 is a deficit of £42.940m with the Council's share of the deficit being £42.511m.
- 2.5 The Government's national lockdown announcement in March required retail, leisure and hospitality businesses to close for the duration of the lockdown. To support businesses through this period, Government announced that the Retail Business Rates Discount scheme would be expanded providing 100% Business Rates relief to businesses forced to close. As this adversely impacted on Local Authorities expected Business Rates income collection, Government committed to reimbursing Authorities for the income loss. The Council has received a compensatory Section 31 grant of £41.228m in-year. This will be held in earmarked reserves at the financial year end and used to reimburse the element of the declared Business Rates deficit resulting from the expanded retail relief in 2021/22.
- 2.6 In line with the amended legislation governing Collection Fund accounting, the declared Business Rates deficit after applying the compensatory Section 31 grants is reduced to £1.712m. This net Business Rates forecast deficit will be reimbursed over 3 years between the Council 99% and GMCA (Mayoral General including Fire Services (MGFS) 1%). This is covered further in the Phasing of 2020/21 Collection Fund Deficits section below.

Table 2 – Business Rates 2020/21 Forecast Outturn

	2020/21 NDR1 £000s	Forecast Outturn £000s	Variance £000s
SMBC Business Rates Income	79,924	37,413	42,511
GMCA MGFS Business Rates Income	807	378	429
Total Deficit	80,731	37,791	42,940
Section 31 Grant – Covid Extended Reliefs			(41,228)
Total Net Deficit			1,712

Overall Collection Fund Balance Position

- 2.7 The overall 2020/21 forecast outturn position for the Collection Fund is a declared deficit of £48.543m and the Council's share of the declared deficit is £47.271m. However, as outlined above this declared position will be partially offset in 2021/22 by the Section 31 grant received in relation to expanded

Business Rates reliefs given to businesses during the pandemic. On this basis the Council's 2020/21 forecast outturn position for the Collection Fund (net of the expanded 100% Business Rates reliefs) is a net deficit of £7.315m and the Council's share of the net deficit is £6.043m. In line with the amended legislation governing Collection Fund accounting, the Council's share of the net deficit will be reimbursed by the Council's General Fund over 2021/22, 2022/23 and 2023/24.

- 2.8 Given the volatility of the Collection Fund forecasts which has been exacerbated by the pandemic it is recommended that these forecasts continue to be monitored. Collection Fund accounting legislation requires the Council to make its final declaration of the Collection Fund forecast position by 31 January each year to inform preceptors budget setting processes. On this basis, it is recommended that delegation is given to the Corporate Director – Corporate and Support Services in consultation with the Cabinet Member for Resources, Commissioning and Governance to update the declared Collection Fund forecast up to this date.

Phasing of 2020/21 Collection Fund Deficits

- 2.9 To support Local Authorities to mitigate the Covid-19 financial impact of the Collection Fund, Government announced that *'the repayment of Collection Fund deficits arising on 2020/21, will be spread over the next three financial years rather than the usual period of the next financial year'*. Government's intention in doing this is to 'give councils breathing space in setting budgets for next year'.
- 2.10 The amended legislation governing Collection Fund accounting states that the Council is required to estimate an 'exceptional balance' for each of the Council Tax and Business Rates 2020/21 position:
- For Council Tax, this means that only the deficit remaining after the Council Hardship Grant has been applied, net of previous year's surplus/deficit, can be spread over the three years.
 - For Business Rates, this excludes amounts in respect of expanded Business Rates relief to businesses to support them during the pandemic and is net of any previous year's surplus/deficit.
- 2.11 If this 'exceptional balance' is in deficit, the deficit phasing provisions within the amended legislation are triggered and the amount must be spread and reimbursed to the Collection Fund in three equal portions over the next three financial years. As detailed above the forecast 'exceptional balance' for the Collection Fund is £7.315m. The Council's share of this forecast 'exceptional balance' is £6.043m.
- 2.12 The result of applying the three year spreading methodology is shown in the tables below:

Table 3 Council Tax Phasing of Deficit 2020/21

	Council Tax	
	2020/21 In Year Deficit	2020/21 Spread In Year Deficit
SMBC	4,760	1,587
GMCA MPCC	593	195
GMCA MGFS	250	85
Total	5,603	1,867

Table 4 Business Rates Phasing of Deficit 2020/21

	Business Rates		
	2020/21 In Year Deficit	2020/21 Less Spreading Adjustment *	2020/21 Adjusted In Year Deficit
SMBC Business Rates Income	42,511	(1,130)	41,381
GMCA MGFS Business Rates Income	429	(11)	418
Total Deficit	42,940	(1,141)	41,799
Section 31 Grant – Covid Expanded Reliefs			(41,228)
Total Spread Net Deficit			571

* Two thirds of the net deficit £1.712m is subtracted and will be recovered in 2022/23 and 2023/24

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 businesses.
- 2.14 The Council receives its Section 31 Grant allocation from Government on an 'on account basis' in line with the Council's NNDR1 (budget) and NNDR3 (outturn) returns. Any over/underpayment made by Government (compared to the actual reliefs given to businesses 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 businesses during the year are greater than the current level of Section 31 Grants received by the Council to compensate for the loss of Business Rates income. This will result in an additional Section 31 Grant payment being made to the Council by Government in 2021/22. 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.

Greater Manchester 100% Business Rates Retention Pilot

- 2.16 2020/21 is the fourth 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. It should be noted that this is a different calculation to the calculation of the surplus/deficit presented above.

- 2.17 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 to benefit from the 2020/21 Pilot. Members are reminded that it was agreed that the Pilot benefit achieved each year is shared with a minimum of 50% being retained by the Greater Manchester Authorities and any balance retained by the Greater Manchester Combined Authority (GMCA), subject to an annual review as part of the budget setting process by Authority Leaders. However, due to the exceptional circumstances arising from the Covid-19 pandemic, 100% of the benefit in 2020/21 will be retained by Greater Manchester Authorities.
- 2.18 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 Pilot benefit in-year. Instead the Pilot benefit is accounted for a year in arrears and thus is available to support the Council's 2021/22 Budget, MTFP and investment decisions. Based on the latest position, the expected benefit of the Pilot is £3.357m of which the Council will retain 100%. The final in-year benefit position of the 100% Retention Pilot will not be known until the Greater Manchester Pilot Authorities Collection Fund outturn positions have been finalised.
- 2.19 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. It is recommended that the benefit is transferred to the Collection Fund Reserve as part of the financial year end process. The MTFP Update presented to the Cabinet meeting in October included these available resources to support the Council's MTFP and the adverse financial impact of Covid-19. As a result, these one-off resources have been earmarked to support the Council's 2021/22 Budget.

Collection Fund 2019/20 Carry Forward Position

- 2.20 In line with the statutory accounting requirements for the Collection Fund, the difference between the declared (estimated) outturn position for 2019/20 and the actual outturn position for 2019/20 on the Collection Fund needs to be distributed (if a surplus)/reimbursed (if a deficit) in 2021/22.
- 2.21 The table below shows the amount of surplus to be distributed in 2021/22.

Table 5 – Collection Fund 2019/20 Carry Forward Position

	Outturn Surplus 2019/20 £000s	Declared Surplus 2019/20 £000s	Distributed £000s
SMBC	3,406	2,394	1,012
GMCA MPCC	77	69	8
GMCA MGFS	62	42	19
Total	3,544	2,505	1,040

The Council's share of the Collection Fund carry forward balance of £1.012m is required to be distributed to the Council's General Fund in 2021/22. The MTFP Update report presented the Cabinet meeting in October included these available resources to support the Council's MTFP and the adverse financial impact of Covid-19. As a result, these one-off resources have been earmarked to support the Council's 2021/22 Budget.

3. 2021/22 BUDGET SETTING

2021/22 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 2021/22 Council Tax 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 2021/22; and
 - The local collection rate for Council Tax including forecast changes in liabilities.
- 3.3 The CTB form was submitted to MHCLG on 16 October 2020 and is included in Appendix 1 to this report. This used the Valuation List as at 14 September 2020 which specified 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 96,909.6 chargeable dwellings (CTB form line 31) for 2021/22.
- 3.5 In line with previous years an allowance can be made in the Taxbase for new dwellings that will come into liability during 2021/22. An allowance of 250 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 98.75% can be used as 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 2021/22 Council Tax Taxbase for budget setting purposes.

Table 6 – 2021/22 Council Tax Taxbase

	Taxbase for Budget Setting
Council Tax Taxbase	97,159.6
Collection Rate	98.75%
Council Tax Taxbase (for budget setting)	95,945.1

- 3.8 It is recommended that the 2021/22 Council Tax Taxbase for budget setting purposes is set at 95,945.1 Band D equivalent dwellings. This is 296.1 Band D equivalent dwellings lower than the 2020/21 Council Tax Taxbase and results in a reduction of £0.501m in Council Tax income in 2021/22 (assuming no Council Tax increase).
- 3.9 In addition, the 2021/22 forecast Taxbase presented in the MTFP approved in February included expected growth in the Taxbase of 355.5 Band D equivalent dwellings. The proposed Taxbase above means this growth has not been realised resulting in an additional adverse impact on the MTFP of £0.601m reflecting a lower forecast of Council Tax income in 2021/22. These reductions mainly reflect the larger numbers of dwellings becoming entitled to Local Council Tax Support as a result of the financial impact of the pandemic on Stockport residents. It is expected that the increased LCTS numbers will continue in 2021/22 as Government support schemes such as Furlough and Job Retention Scheme end.
- 3.10 The MTFP Update presented elsewhere on this agenda includes the forecast £1.102m adverse financial impact as a result of setting a reduced Council Tax Taxbase for 2021/22.

2021/22 Business Rates Income Forecast

- 3.11 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 (budget) return by 31 January each year. This forecast is used to determine the 2021/22 demand and payment schedule for Business Rates between the billing authority and relevant precept authorities.
- 3.12 Business Rates forecasting can be very complex and volatile in normal circumstances evidenced by the current drive to simplify the Business Rates retention system supported by Government (see Section 5). This is further supported by Government's commitment in the 2020 Spending Review to report on their fundamental review of the Business Rates Retention System in Spring 2021 due to the effect the pandemic has had on the system.
- 3.13 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. This has complexity and volatility has been exacerbated further by the pandemic.

3.14 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.

3.15 An example of the complexity and volatility, a significant number of valuation checks have been submitted by businesses to the VOA since the start of the pandemic. The basis of the valuation check is Material Change of Circumstances (MCC) linked to reductions in businesses revenue as a result of closure and restrictions. At the time of writing 537 MCC checks have been raised by businesses with 143 moving to challenges; the second phase of the valuation appeals process. Businesses have up to 16 months after completion of MMC checks to make a challenge, and the VOA have a further 18 months to consider these challenges. As a result, there is a potential for the number of challenges to rise significantly, posing real threat of successful appeals, changes in businesses rateable values and subsequently the Business Rates income forecast in 2021/22 and beyond.

3.16 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 (budget) base position for the year.

3.17 The table below shows the 2021/22 Business Rates forecast. The forecast is based on the best available information supported by the in-year monitoring of Business Rates.

Table 7 – 2021/22 Forecast Business Rates Income

	2021/22 £000s	2021/22 %
Forecast Business Rates Income	77,055	
SMBC Share	76,284	99
GMCA MGFS	771	1
Total	77,055	100

- 3.18 The 2021/22 Budget includes £15.953m of Section 31 Grants to be paid by Government to the Council in 2021/22. 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 2020/21 Section 31 Grants received and the in-year monitoring of Business Rate reliefs given to businesses.
- 3.19 The final NNDR1 (budget) return will be submitted on 31 January 2021. It is possible that the forecasts within the 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 2021/22 Budget and MTFP are updated to reflect the NNDR1 (budget) figures.
- 3.20 The forecast Business Rates income above results in an adverse adjustment to the MTFP of £0.741m in 2021/22 due to the change in forecast compared to the one approved in February. However, given the volatility and complexity of Business Rates forecasting detailed above, the MTFP Update presented elsewhere of this agenda does not include this updated forecast. Instead it is recommended that any decision to vary the 2021/22 Business Rates income forecast is delegated to the Corporate Director – Corporate and Support Services in consultation with the Cabinet Member for Resources, Commissioning and Governance linked to the submission of the NNDR1 (budget) to Government.

2021/22 Forecast 100% Business Rates Retention Pilot Benefit

The Government announced the continuation of the Greater Manchester Business Rates 100% Retention Pilot in 2021/22 in its 2020 Spending Review. This will be the fifth year of the Pilot and the Council alongside the other Greater Manchester Authorities expect to achieve a benefit from the Pilot in 2021/22 in terms of the retention of Business Rates income within Greater Manchester. The agreed calculation compares retained rates, section 31 grants, the tariff or top up, RSG and Public Health which would have been received in the 50% scheme to the amounts received in the 100% scheme. This reflects the retention of growth from the baseline set in 2013 to the current year – and the fact that districts are retaining 50% more underlying growth.

- 3.21 The Council has prudently only budgeted for the level of Business Rates income it would have received under the 50% Scheme. 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. Given the complexity and volatility of Business Rates the Council considers it prudent not to budget for the Pilot expected benefit within its 2021/22 Budget. Instead the benefit is taken a year in arrears when the final benefit is known (determined by the submission of the Council's NNDR3 (outturn) form in April each year). 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 2021/22 Budget, MTFP and investment decisions
- 3.22 The table below shows the calculation of the forecast Pilot benefit in 2021/22 (the figure shown is the total forecast benefit before any sharing with GMCA):

Table 8 – 2021/22 Forecast 100% Retention Pilot Benefit

	100% Scheme NDR1	50% Scheme	Variance
	2021/22 £000	2021/22 £000	2021/22 £000
Business Rates - SMBC Share	76,284	37,757	38,527
Business Rates - Top Up/Tariff	(16,673)	6,320	(22,992)
Grant in Lieu of Business Rates	15,953	9,068	6,885
Revenue Support Grant		3,261	(3,261)
Public Health Grant		16,193	(16,193)
Total	75,565	72,599	2,966
Forecast 100% Pilot Benefit	(2,966)	0	(2,966)
Total Excluding 100% Pilot Benefit	72,599	72,599	0

Available Resources to Support the 2021/22 Budget and MTFP

- 3.23 The table below shows the one-off resources related to the Collection Fund identified to support the 2021/22 budget included in the MTFP Update report presented elsewhere on this agenda:

Table 9 – Collection Fund One-Off Resources

	One-off £000
Council Share of 19/20 Carry Forward	1,012
Council Share of 100% Pilot Benefit Forecast	3,357
Total Available Resource	4,369

- 3.24 In addition, the GMCA have completed a review of the investment priorities funded by its share of retained Business Rates income from previous financial years. This has resulted in a potential return to GM Authorities of £16.200m subject to approval by the GMCA. The Council expects to receive an allocation of £1.376m based on the agreed allocation; 50% based on Authorities contributions and 50% based on population. This available resource will be considered as part of the Council in-year position, the 2021/22 Budget and the MTFP.

4. BUSINESS RATES POOLING ACROSS GREATER MANCHESTER**Pool Levy Saving Scheme**

- 4.1 The Council has signified its intention in October 2020 to be part of the Greater Manchester and Cheshire Business Rates (GM&C) pooling arrangement for 2021/22 covering the 10 Greater Manchester Authorities and the two Cheshire Authorities. This decision will need to be confirmed to MHCLG within 28 days of the Provisional Local Government Finance Settlement.
- 4.2 Under the pooling arrangement if the Pool in aggregate is a top up Pool it can retain any levy on growth from tariff authority members that would have

otherwise been payable to central Government. As well as strategic benefits, there have been financial advantages from retaining the levy on growth from tariff authorities. As the levy mechanism is removed in the 100% Retention Pilot, from 2017/18, Stockport no longer generates a levy on growth.

- 4.3 In the 2014 Pooling Agreement, the Pool, including the two Cheshire authorities, had to be by aggregate in a safety net position before assistance would be given from Government. Under this agreement any individual safety net payments, which did not result in the wider Pool being below the Safety Net Threshold were managed within the Pool.
- 4.4 The Pooling Agreement, for the ten GM authorities, was superseded in 2017 with the 100% Retention Pilot Agreement. This states that safety net assistance is assessed at individual authority level, regardless of how other member authorities perform and is set at 97% to reflect the increased risk associated with the Pilot.
- 4.5 It is recommended that the Cabinet delegates the decision to continue in the GM&C pooling arrangement in 2021/22 to the Corporate Director – Corporate and Support Services in consultation with the Cabinet Member for Resources, Commissioning and Governance.

5. FUTURE DEVELOPMENTS AND CONSIDERATIONS

Business Rates Review

- 5.1 The Government's planned reforms of the Business Rates retention system have been delayed until 2022/23 as focus continues to be on the national response and recovery from the pandemic. This will be informed by the publication of a report on Business Rates reform in spring 2021 announced by Government in the 2020 Spending Review. The objectives of this review are;
 - Reducing the overall burden on business
 - Improving the current business rates system
 - Considering more fundamental changes in the medium-to-long term
- 5.2 Members are reminded that the Conservative manifesto referred to a commitment to:

'protecting your high street and community from excessive tax hikes'. At the time commentators suggested that 'improving local high streets within 5 years, as the government intends, is likely to include some fundamental changes to Business Rates' and that whilst 'Business Rates as a source of income for local government is acknowledged, the strong impression is that the primary concern is to create a viable business tax rather than to preserve the sector's income stream.'
- 5.3 Further announcements about the Government's planned reliefs and reforms to Business Rates will be important as it is a significant element of the Council's resources. The Council has a robust Reserves Policy to mitigate the impact of changes in the short term whilst permanent solutions are identified.

Business Rates Revaluation

- 5.4 The Government has confirmed that the next revaluation has been postponed and will not take place in April 2021. This is to help reduce uncertainty for firms impacted by the pandemic. The next Business Rates revaluation will now take effect from 1 April 2023 and will be based on the property market on 1 April 2021 so will reflect the impacts of the pandemic on the commercial rental market.

Reset of Business Rates Baselines

- 5.5 Linked to the postponement of the planned reforms to Local Government funding and the continued focus on the response to and recovery from the pandemic Government has decided not to proceed with a reset of the business rates baseline in 2021/22. 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. 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. Conversely, a full reset would mean all the growth achieved since 2013 would be distributed nationally on the basis of the revised Business Rates baselines.
- 5.6 As part of the simplification of Business Rates accounting, Government are considering options for the basis of future baseline 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 consultations on the reforms to the Business Rates Retention System.

Business Rates Multiplier

- 5.7 In the 2020 Spending Review, Government confirmed that the Business Rates multiplier will be frozen in 2021/22; the multiplier normally increases by the confirmed September inflation rate. Local Authorities will be fully compensated for the Business Rates income loss as a result of the multiplier freeze. The 2021/22 Business Rates forecasts presented above reflect the freeze on the multiplier.

Continuation of Business Rates Extended Reliefs

- 5.8 The 2020 Spending Review did not reference the current expanded Business Rates retail relief scheme that is due to end in 2020/21. However, Government have stated that it is "also considering options for further Covid-19 related support through business rates reliefs" and that plans outlining the relief for 2021/22 will be presented in the new year.

Council Tax Hardship Funding

- 5.9 Government announced in the 2020 Spending Review that £670m of additional grant funding will be provided to Local Authorities in 2021/22 to help support households that are least able to afford Council Tax payments. It is expected

that the Council's allocation of this funding will be confirmed in the Local Government Financier Settlement in mid-December.

Irrecoverable Collection Fund Income Loss Compensation

- 5.10 Further support was announced in the 2020 Spending Review relating to the provision of Government support to compensate Local Authorities for 75% of irrecoverable loss of Council Tax and Business Rates income in 2020/21. Further guidance is expected from Government on how this funding will be allocated and in particular how Government will define what qualifies as irrecoverable income loss.

6. RECOMMENDATIONS

6.1 It is recommended that the Cabinet:

- Declare a provisional forecast outturn Collection Fund deficit of £48.543m in 2020/21 relating to a Council Tax deficit of £5.603m and Business Rates deficit of £42.940m;
- Declare a provisional forecast outturn Collection Fund deficit to be reimbursed to the Council's General Fund in 2021/22 of £47.271m relating to a Council Tax deficit of £4.760m and Business Rates deficit of £42.511m;
- Note the 2021/22 Council Tax Taxbase for budget setting purposes of 95,945.1 Band D equivalent dwellings. The Council's final 2021/22 Council Tax Taxbase will be presented for approval to the Council meeting on 21 January 2021;
- Provisionally approve the 2021/22 forecast for Business Rates income of £77.055m; and
- Note the forecast 100% Pilot benefit from the 2020/21 Pilot of £2.966m.

6.2 It is recommended that the Cabinet delegates the following decisions to the Corporate Director – Corporate and Support Services in consultation with the Cabinet Member for Resources, Commissioning and Governance:

- The decision to change the in-year provisional forecast outturn Collection Fund position in 2020/21 prior to declaring the position by 31 January 2021;
- The decision to continue in the Greater Manchester and Cheshire Business Rates pooling arrangement; and
- The decision to vary the Business Rates forecast presented in Table 7 and Table 8.

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 or jonathan.davies@stockport.gov.uk

Appendix 1 - CTB1 Return October 2020

CTB(October 2020)										
Calculation of Council Tax Base Please e-mail to : ctb.stats@communities.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 <div> St Helens Stafford Staffordshire Moorlands Stevenage Stockport Stockton-on-Tees </div>										
Check that this is your authority : Stockport E-code : E4207 Local authority contact name : Andrea Griffiths, Nick Long Local authority contact telephone number : Local authority contact e-mail address :										
CTB(October 2020) form for Stockport Completed forms should be received by MHCLG by Friday 16 October 2020										
Dwellings shown on the Valuation List for the authority on Monday 14 September 2020	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
Part 1										
1. Total number of dwellings on the Valuation List		31,503	28,676	28,450	19,468	12,951	6,450	3,437	199	131,134.0
2. Number of dwellings on valuation list exempt on 5 October 2020 (Class B & D to W exemptions)		684	427	436	311	172	79	49	1	2,159.0
3. Number of demolished dwellings and dwellings outside area of authority on 5 October 2020 (please see notes)		0	0	0	0	0	0	0	0	0.0
4. Number of chargeable dwellings on 5 October 2020 (treating demolished dwellings etc as exempt) (lines 1-2-3)		30,819	28,249	28,014	19,157	12,779	6,371	3,388	198	128,975.0
5. Number of chargeable dwellings in line 4 subject to disabled reduction on 5 October 2020		32	127	170	127	124	84	50	35	749.0
6. Number of dwellings effectively subject to council tax for this band by virtue of disabled relief (line 5 after reduction)	32	127	170	127	124	84	50	35		749.0
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)	32	30,914	28,292	27,971	19,154	12,739	6,337	3,373	163	128,975.0
8. Number of dwellings in line 7 entitled to a single adult household 25% discount on 5 October 2020	15	17,372	11,081	8,400	4,668	2,587	1,009	439	15	45,586.0
9. Number of dwellings in line 7 entitled to a 25% discount on 5 October 2020 due to all but one resident being disregarded for council tax purposes	1	286	310	301	196	157	71	29	1	1,352.0
10. Number of dwellings in line 7 entitled to a 50% discount on 5 October 2020 due to all residents being disregarded for council tax purposes	1	35	29	37	40	32	30	42	5	251.0
11. Number of dwellings in line 7 classed as second homes on 5 October 2020 (b/fwd from Flex Empty tab)		154	137	118	93	51	26	14	1	594.0
12. Number of dwellings in line 7 classed as empty and receiving a zero% discount on 5 October 2020 (b/fwd from Flex Empty tab)		729	680	475	273	151	86	44	4	2,442.0
13. Number of dwellings in line 7 classed as empty and receiving a discount on 5 October 2020 and not shown in line 12 (b/fwd from Flex Empty tab)		1	0	0	0	0	0	0	0	1.0
14. Number of dwellings in line 7 classed as empty and being charged the Empty Homes Premium on 5 October 2020 (b/fwd from Flex Empty tab)		133	71	46	25	22	12	11	1	321.0
15. Total number of dwellings in line 7 classed as empty on 5 October 2020 (lines 12, 13 & 14).		863	751	521	298	173	98	55	5	2,764.0
16. Number of dwellings that are classed as empty on 5 October 2020 and have been for more than 6 months. NB These properties should have already been included in line 15 above.		543	504	360	217	139	81	42	4	1,890.0
16a. The number of dwellings included in line 16 above which are empty on 5 October 2020 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
16b. The number of dwellings included in line 16 above which are empty on 5 October 2020 because of the flooding that occurred between November 2019 and February 2020 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 5 October 2020 and have been for more than 6 months and are eligible 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 above.		1	1	3	3	3	0	0	0	11.0
18. Number of dwellings that are classed as empty and have been empty for more than 6 months excluding those that are subject to empty homes discount class D or empty due to flooding (Line 16 - line 16a - line 16b - line 17) (equivalent to Line 18 in previous forms).		542	503	357	214	136	81	42	4	1,879.0

19. Number of dwellings in line 7 where there is liability to pay 100% council tax before Family Annexe discount	15	13,067	16,800	19,187	14,224	9,941	5,215	2,852	141	81,462.0
20. Number of dwellings in line 7 that are assumed to be subject to a discount or a premium before Family Annexe discount	17	17,827	11,492	8,784	4,930	2,798	1,122	521	22	47,513.0
21. Reduction in taxbase as a result of the Family Annexe discount (b/hwd from Family Annexe tab)	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0
22. Number of dwellings equivalents after applying discounts and premiums to calculate taxbase	27.5	26,654.0	25,520.3	25,835.3	17,949.5	12,061.0	6,068.0	3,249.0	157.5	117,522.0
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)	15.3	17,769.3	19,849.1	22,964.7	17,949.5	14,741.2	8,764.9	5,415.0	315.0	107,784.0
25. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2020-21 (to 1 decimal place)										0.0
26. Tax base (to 1 decimal place) (line 24 col 10 + line 25)										107,784.0

Part 2

27. Number of dwellings equivalents after applying discounts and premiums to calculate tax base (Line 22)	27.50	26,654.00	25,520.25	25,835.25	17,949.50	12,061.00	6,068.00	3,249.00	157.50	117,522.0
28.Reduction in taxbase as a result of local council tax support (b/hwd from CT Support tab)	11.01	8,907.85	3,275.29	1,518.12	591.03	223.56	80.83	29.02	1.68	14,638.4
29. Number of dwellings equivalents after applying discounts, premiums and local tax support to calculate taxbase	16.5	17,746.2	22,245.0	24,317.1	17,358.5	11,837.4	5,987.2	3,220.0	155.8	102,883.6
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)	9.2	11,830.8	17,301.6	21,615.2	17,358.5	14,468.0	8,648.1	5,366.6	311.6	96,909.6
32. Number of band D equivalents of contributions in lieu (in respect of Class O exempt dwellings) in 2020-21 (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)										96,909.6

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 14 September 2020 and that it accurately reflects information available to me about exemptions, demolished dwellings, disabled relief, discounts and premiums applicable on 5 October 2020 and, where appropriate, has been completed in a manner consistent with the form for 2019.

Chief Financial Officer : Date :