

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: Stockport Billing Area - 2022/23 Council Tax Taxbase and Business Rates (Non-Domestic Rates) Forecast

Report to: Cabinet Meeting

Date: 7 December 2021

Report of: (a) Deputy Chief Executive

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 2021/22, the setting of the Council Tax Taxbase for 2022/23 and also presents a forecast for Business Rates income expected in 2022/23. These items form an integral and important part of the Council's budget setting and MTFP process.

Within the Collection Fund, Council Tax and Business Rates revenues are separately identified. For the Council Tax element, an in-year deficit of £0.618m is forecast for 2021/22 of which the Council's share is £0.525m. The 2021/22 forecast for the Business Rates element is an in-year deficit of £15.980m of which the Council's share is £15.820m. It should be noted that this deficit will be offset by a Section 31 grant for expanded retail relief of £17.688m. Further details are provided in section two of the report.

The calculation of the Council Tax Taxbase 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 represent the Council Tax Taxbase to be used for budget setting purposes. A 2022/23 Council Tax Taxbase for budget setting purposes of 96,883.1 is recommended, the calculation and assumptions are set out in section three of the report. The Council's final 2022/23 Council Tax Taxbase will be presented for approval to the Council meeting on 13 January 2022.

Section three of the report sets out the Business Rates income forecast for 2022/23 which, assuming no further adjustment is required, will form the basis of the NNDR1 (Business Rates budget) return to Central Government in January 2022. The latest forecast suggests income of £78.190m will be achieved; Stockport's share being £77.408m based on the 100% Business Rates Retention Pilot. The forecast may vary following publication of the Provisional Local Government Finance Settlement and the completion of the 2022/23 NNDR1 (Business Rates budget) form.

Section four of the report confirms the Council's interim decision to continue its participation in the Greater Manchester Business Rates Pool in 2022/23 pending further information from the Government in the Provisional Local Government Finance Settlement in December.

Section five of the report provides details of future developments and considerations impacting on the Collection Fund.

Comments/Views of the Cabinet Councillor: (c)

This is an important report in the context of the Council's 2022/23 Budget and Medium Term Financial Plan (MTFP).

Collection Fund accounting is a technical area of Local Authority financial accounting. The Collection Fund accounting requirements are complex and require the Council's Finance Officers to set in-year and budget forecasts in a significantly uncertain and volatile financial landscape. In addition, the Collection Fund continues to be impacted by the pandemic particularly in relation to the support given to residents through the Council's Local Council Tax Support Scheme and Business Rates reliefs given to businesses by Government to support their ongoing recovery from the pandemic.

There continues, as outlined by the Chancellor in the Governments 2021 Autumn Budget, to be a reliance on and expectation by Government that local taxation is used to fund essential local services. Being able to understand the in-year position on the Collection Fund through accurate forecasting of the Council Tax and Business Rates income streams, and the impact this has on the Council's 2022/23 Budget and MTFP forecasts and assumptions is important.

The report highlights the identification of available resources as a result of the Collection Fund accounting required by legislation, an increase in the Council Tax Taxbase and potential benefit from the 2021/22 Greater Manchester Business Rates 100% Retention Pilot. Whilst the resources will be considered against the Council's 2022/23 Budget, MTFP and investment decisions, it is noted that the underpinning forecasts and assumptions are volatile and subject to change. For this reason a number of delegations are recommended in the report to enable these forecasts and assumptions to be adjusted as appropriate once the detail becomes clearer following the Provisional Local Government Finance Settlement in December and submission of the NNDR1 (Business Rates budget) form in the new year.

Recommendation(s) of Cabinet Councillor: (d)

It is recommended that the Cabinet:

- Declare a provisional forecast outturn Collection Fund deficit of £16.598m in 2021/22 relating to a Council Tax deficit of £0.618m and Business Rates deficit of £15.980m subject to the delegations below;
- Declare a provisional forecast outturn Collection Fund deficit to be reimbursed to the Council's General Fund in 2022/23 of £16.345m relating to a Council Tax deficit of £0.525m and Business Rates deficit of £15.820m subject to the delegations below;
- Note that the declared position will be offset by Section 31 grants received from Government of £17.688m;
- Note the 2022/23 Council Tax Taxbase for budget setting purposes of 96,883.1 Band D equivalent dwellings. The Council's final 2022/23 Council Tax Taxbase will be presented for approval to the Council meeting on 13 January 2022;
- Note the forecast 100% Pilot benefit from the 2021/22 Pilot of £3.896m based on the Business Rates forecast outturn position presented in the report (subject to change as noted);
- Provisionally approve the 2022/23 forecast for Business Rates income of £78.190m subject to the completion of the NNDR1 (Business Rates budget) to be submitted to Government by 31 January 2022;
- Note the 2022/23 Business Rates budget forecast subject to the completion of the NNDR1 (Business Rates budget) to be submitted to Government by 31 January 2022; and

- Note the available one off resources identified to support the 2022/23 budget, MTFP and Investment decisions.

It is recommended that the Cabinet delegates the following decisions to the Deputy Chief Executive in consultation with the Cabinet Member for Finance, Resources and Commissioning:

- The decision to change the in-year provisional forecast outturn Collection Fund position in 2021/22 prior to declaring the position by 31 January 2022;
- The decision to continue in the Greater Manchester Business Rates pooling arrangement; and
- The decision to vary the Business Rates forecast presented in Table 8 and Table 9 linked to the submission of the NNDR1 (Business Rates budget) to Government.

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.
