

STOCKPORT COUNCIL

REPORT TO CABINET MEETING – SUMMARY SHEET

Subject: Stockport Billing Area - 2024/25 Council Tax Taxbase and Business Rates (Non-Domestic Rates) Forecast

Report to: Cabinet Meeting

Date: 5 December 2023

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 2023/24, the setting of the Council Tax Taxbase for 2024/25 and also presents a forecast for Business Rates income expected in 2024/25. 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 surplus of £0.902m is forecast for 2023/24 of which the Council's share is £0.760m. The 2023/24 forecast for the Business Rates element is an in-year surplus of £3.767m of which the Council's share is £3.729m.

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 2024/25 Council Tax Taxbase for budget setting purposes of 98,396.6 is recommended, the calculation and assumptions are set out in section three of the report. The Council's final 2024/25 Council Tax Taxbase will be presented for approval to the Council meeting on 11 January 2024.

Section three of the report sets out the Business Rates income forecast for 2024/25 which, assuming no further adjustment is required, will form the basis of the NNDR1 (Business Rates budget) return to Central Government in January 2024. The latest forecast suggests income of £94.131m will be achieved; Stockport's share being £93.191m 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 2024/25 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 2024/25 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 2024/25 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.

There continues 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 2024/25 Budget and MTFP forecasts and assumptions is important.

The report highlights the identification of resources as a result of the Collection Fund accounting required by legislation, an increase in the Council Tax Taxbase and benefit from the 2023/24 Greater Manchester Business Rates 100% Retention Pilot. Whilst the resources will be considered against the Council's 2024/25 Budget, MTFP and additional savings gap, 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 surplus of £4.669m in 2023/24 relating to a Council Tax surplus of £0.902m and Business Rates surplus of £3.767m subject to the delegations below;
- Declare a provisional forecast outturn Collection Fund surplus to be appropriated to the Council's General Fund in 2024/25 of £4.489m relating to a Council Tax surplus of £0.760m and Business Rates surplus of £3.729m subject to the delegations below;
- Approve the use of the declared surplus to support the Council's 2024/25 Budget, MTFP and Collection Fund Reserve in the context of increasing budget pressures linked to price inflation, pay inflation particularly relating to recent Real Living Wage increase, high interest rates impacting the Council's borrowing costs and increasing demand for services;
- Note the proposal for the Council Tax Discretionary Hardship Fund as set out in the Council Tax and Business Rates Discounts Annual Review report as per paragraph 2.3;
- Note the 2024/25 Council Tax Taxbase for budget setting purposes of 98,396.6 Band D equivalent dwellings. The Council's final 2024/25 Council Tax Taxbase will be presented for approval to the Council meeting on 11 January 2024;
- Note the 2024/25 Business Rates budget forecast subject to the completion of the NNDR1 (Business Rates budget) to be submitted to Government by 31 January 2024; and
- Note that the indicative Collection Fund resources identified are to be reviewed through the MTFP and 2024/25 budget setting processes following the Provisional Local Government Finance Settlement in December.

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

- The decision to change the provisional 2023/24 Collection Fund forecast outturn position prior to declaring the position on 31 January 2024 as required by legislation;
 - The decision to continue in the Greater Manchester Business Rates pooling arrangement; and
 - The decision to vary the Business Rates forecast presented in Table 7 linked to the submission of the NNDR1 (Business Rates budget) to Government.
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Relevant Scrutiny Committee (if decision called in): **(e)**
Corporate, Resource Management and Governance Scrutiny Committee

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.
