

## Report to CABINET

# Council Tax Tax Base and Non-Domestic Rates Tax Base Forecast 2019/20

### Portfolio Holder:

Report of the Deputy Leader & Cabinet Member (Finance and Corporate Resources), Councillor Abdul Jabbar MBE

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### Reason for Decision

This report presents to Cabinet the Council Tax Tax Base and provisional Non-Domestic Rates (NDR) Tax Base forecast for 2019/20 which will underpin the forthcoming Council Budget and Medium Term Financial Strategy scheduled for consideration at Council on 27 February 2019.

The report also seeks delegated authority to finalise the 2019/20 Non-Domestic Rates (Business Rates) forecast in order to reflect the information contained in the Local Government Finance Settlement and up to date Non-Domestic Rates details to be submitted to Central Government by 31 January 2019 via the annual NNDR 1 return.

Finally, the report seeks approval to delegate the final decision to join in the pooling of Business Rates in 2019/20 with other Greater Manchester Districts, Cheshire East & Cheshire West and Chester Councils. Oldham has pooled Business Rates with neighbouring Authorities since 2015/16. The receipt of the Provisional Local Government Finance Settlement marks the start of a 28 day period for confirming Oldham's membership within the 2019/20 Business Rates Pool and the timing doesn't therefore align with Cabinet meetings.

### Executive Summary

This report sets out information on the Council Tax Tax Base for 2019/20 using the most up to date valuation list and all other information and estimates available.

The total number of chargeable properties included in the Council Tax Tax Base calculation in Oldham for 2019/20 is 94,662. This figure is reduced to 85,761 after

allowing for discounts and exemptions and translates to the equivalent of 68,018 Band D properties. After applying adjustments for the Local Council Tax Support scheme, the additional charging to empty properties and an anticipated increase in the number of properties to be included in the valuation list over the year, the number of Band D equivalent properties reduces to 58,446. The final Tax Base after the application of the anticipated collection rate of 97% is 56,693 which is an increase of 1,027 over the Council Tax Tax Base for 2018/19.

The 2019/20 Tax Bases for Saddleworth and Shaw and Crompton Parish Councils of 8,627 and 5,438 respectively, have been calculated using the same methodology.

Under the current local government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the Ministry of Housing, Communities and Local Government (MHCLG) a locally determined and approved Business Rates forecast through the NNDR 1 return by January 31 each year. This forecast will be used to determine the 2019/20 “demand” and payment schedule for Business Rates between Oldham Council and the Greater Manchester Combined Authority. Being a participant in the Greater Manchester 100% Rates Retention Pilot Scheme means the Council no longer pays a share of Business Rates to Central Government. Instead, Oldham currently retains 99% of the income with 1% being paid to the Greater Manchester Combined Authority for Fire and Rescue services.

The estimated rating income for 2019/20 attributable to Oldham Council is currently £53.469m. Delegation is sought to enable the Business Rates forecast to be updated to take account of the Local Government Finance Settlement and up to date Non-Domestic Rates information to be submitted to Central Government by 31 January 2019 via the annual NNDR 1 return.

Members will recall that Oldham has pooled Business Rates revenues with other Greater Manchester districts and the two Cheshire Unitary Authorities since 2015/16 (Cheshire West & Chester joined the pool from 2016/17). The aim of pooling is to retain the benefits of any Business Rates growth within Greater Manchester for the benefit of the region. This report seeks approval (subject to the notification of the for Provisional Local Government Finance Settlement (PLGFS)) and the decision of Cheshire East to remain within the pool for the continuation of this arrangement on the basis that no Local Authority should be worse off by pooling than it would be if it did not pool. Delegation is also sought to enable a final decision to be made subject to the PLGFS and the decision of Cheshire East Council.

## **Recommendations**

It is recommended that

- 1) Cabinet approves:
  - a) The Council Tax Tax Base for 2019/20 at 56,693 Band D equivalent properties.
  - b) The latest estimate for 2019/20 Business Rates revenue that is attributable to Oldham Council as being £53.469m.

- 2) Cabinet notes the Tax Bases for Saddleworth and Shaw and Crompton Parish Councils of 8,627 and 5,438 respectively.
- 3) Cabinet delegates the decision to vary the final Business Rates forecast and hence the Business Rates Tax Base, if required, to the Cabinet Member for Finance and Corporate Resources in consultation with the Deputy Chief Executive Corporate and Commercial Services and the Director of Finance.
- 4) Cabinet delegates to the Cabinet Member for Finance and Corporate Resources in consultation with the Deputy Chief Executive Corporate and Commercial Services and the Director of Finance, the final decision of (subject to the information contained in the Provisional Local Government Finance Settlement and the decision of Cheshire East Council to remain within the pool) the Council's membership of the proposed Greater Manchester, Cheshire East & Cheshire West and Chester Councils Business Rates Pool for 2019/20.

**Council Tax Tax Base and Non-Domestic Rates Tax Base Forecast 2019/20****1 Background**

- 1.1 The Local Government Finance Act 1992 (as amended for the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012) requires the Council as the Billing Authority to calculate and approve the Council Tax Tax Base for 2019/20 based on the valuation list and other information and estimates available. The method of calculation is contained in the regulations.
- 1.2 This report presents for approval, Oldham Council's Council Tax Tax Base for 2019/20 and the extracted Tax Bases for Saddleworth and Shaw & Crompton Parish Councils. This will enable Tax Base information to be made available to the two Parish Councils in addition to the GMCA in relation to the major precepting functions.
- 1.3 The Council will use the Council Tax Tax Base for 2019/20 in setting the Council Tax and determining the level of Council Tax income for 2019/20.
- 1.4 Notification of the Council Tax decision must be given to major precepting Authorities by the due date of 31 January 2019. Members are advised that 2019/20 is the second year that the revised precepting arrangements within Greater Manchester have been in place. The functions of the Office of the Greater Manchester Police and Crime Commissioner (GMPCC) and the Greater Manchester Fire and Rescue Authority (GMFRA) transferred to the Greater Manchester Combined Authority (GMCA) with effect from 8 May 2017. The GMCA is therefore the major preceptor for Police and Fire and Rescue functions.
- 1.5 The Non-Domestic Rating (Rates Retention) Regulations 2013 set out a timetable for informing the Government and precepting Authorities of the Business Rates revenue calculation. The Council is required to submit a Government return (NNDR 1) by 31 January in the year prior to the financial year for which the calculation is being made. The return estimates the amount of Non Domestic Rate (NDR) that it is expected will be collected in the following financial year. Given the legislative changes introduced from April 2013 and the current 100% Business Rates Retention Pilot arrangements, the estimates now take on a higher profile as a result of the Council retaining a greater proportion of the rates collected.
- 1.6 Consequently, the Council must now formally approve the NDR forecast in a manner similar to the Council Tax Tax Base.

## 2 Current Position

### Collection Fund Forecast Outturn Position for 2018/19

- 2.1 The Collection Fund forecast outturn position is presented as part of the revenue monitoring reports considered by Cabinet throughout the year. As explained in paragraph 2.16 (below), it is exceptionally challenging to accurately forecast Business Rates revenues over the short to medium term. At this stage, for budget setting purposes and for the purpose of notifying the GMCA as major preceptor, it is assumed that the Collection Fund forecast outturn position for both Council Tax and Business Rates for 2018/19 will be a surplus of approximately £2.6m. This surplus will be available to support the revenue budget of the Council and the GMCA for 2019/20. However the date by which preceptors must be notified of the 2018/19 Collection Fund surplus is 15 January 2019. Appropriate formal notification will be provided by the required due date.

### Calculation of the Council Tax Tax Base for 2019/20

- 2.2 The Council Tax Tax Base determines the Council Tax revenue generated at a given collection rate, for each £1 of Council Tax levied. It is the estimated full year equivalent number of chargeable dwellings. This is expressed as the equivalent number of Band D dwellings with two or more liable adults.
- 2.3 In October each year the Government requires the submission of a return, the CTB1 and a version of this is used as the basis for the calculation of the Tax Base. Using this return, Appendix A shows the total number of dwellings on the valuation list in Oldham is 96,366. Allowing for exemptions, demolitions and disabled relief dwellings, this number reduces to 94,662 chargeable dwellings which are then allocated across the nine Council Tax Bands. Some of these chargeable dwellings receive discounts from Council Tax (e.g. dwellings occupied solely by students) whilst single person households pay only 75% of the charge otherwise payable. The number of dwellings is therefore adjusted to reflect these discounts and exemptions, giving a figure of 85,761.25 dwellings.
- 2.4 The nine Council Tax Valuation bands provide the basis for the Tax Base calculation, with the number of chargeable dwellings in each band being calculated through to its 'Band D equivalent'. A bill for a Band A property is equivalent to 6/9 for that of a Band D property whilst a Band H property is equivalent to 2 times (18/9) of a Band D property. The application of the Band D equivalent calculation therefore reduces the Tax Base to 68,018.2.
- 2.5 A further adjustment is required to the Tax Base due to the Local Council Tax Reduction Scheme (LCTRS). The scheme replaced Council Tax Benefit and was introduced for the first time in 2013/14. The LCTRS is treated as a discount rather than a benefit and therefore reduces the Tax Base. The 2019/20 scheme will be considered for approval at Council on 27 February 2019 and has been the subject of a consultation process. The proposed scheme for 2019/20 maintains discounts at the 2018/19 level, with discount continuing to be capped at 85% of a Band A property.

- 2.6 The proposed scheme also recognises a disregard of Bereavement Support Allowance and post graduate master's degree loan and special support payments in the assessment of CTR and also to introduce support for Universal Credit (UC)/CTR claimants including earnings disregards, use of Department for Work and Pensions information as an intention to claim and incorporation of housing costs in the UC maximum award. The Tax Base calculation allows for the introduction of proposed scheme amendments.
- 2.7 The summarised method of calculating the 2019/20 Tax Base is shown in Appendix A. This shows that, taking the above issues into account, the Tax Base would be 58,446 at a 100% collection level but will be 56,693 at a collection rate of 97% (see paragraphs 2.8 to 2.10 below). The Tax Base has increased by 1,027 compared to the figure for 2018/19 (55,666), largely reflecting an increase in the number of new properties, the empty properties brought back into use and reductions in the numbers claiming Council Tax Reduction.

#### Estimated Collection Rate

- 2.8 The introduction of LCTRS arrangements in 2013/14 added a degree of uncertainty to collection rate calculations. However since this time the Council has benefitted from the experience of almost six years payments data. This data has allowed for a more confident assessment of probable collection levels particularly from its Council Tax Reduction Scheme cohort.
- 2.9 A recent review of collection levels has been undertaken to inform the 2019/20 budget process. This review has been informed by:
- The Localisation of Council Tax initiative which has substantially changed the pattern of Council Tax payments. Evidence indicates that entitlement to benefit has been lower than initial projections and that collection levels remain in line with projections. This has allowed for the continuing rates of Council Tax Reduction applied in 2018/19 being maintained into 2019/20.
  - Higher than expected level of Council Tax collection on properties affected by technical reforms (empty properties and second homes);
  - The general economic climate and pressures on households to manage their finances which has led to an increase in the number of Council Tax payers falling into arrears;
  - The success of initiatives to reduce non-payment.
- 2.10 In view of the above it is considered appropriate to anticipate a collection rate of 97%, a maintaining of the 2018/19 assumed collection rate. Nonetheless, the Council will continue to closely monitor the collection rate and tax base position to determine whether the roll out of full service Universal Credit is having a detrimental impact on the Council Tax Collection Fund position.

#### Parish Council Tax Bases

- 2.11 The Tax Base calculated for 2019/20 for the Parish Councils of Saddleworth and Shaw & Crompton are 8,627 and 5,438 respectively. This represents an increase for Saddleworth of 98 Band D equivalent properties and for Shaw &

Crompton an additional 76 Band D equivalent properties when comparing totals to the Parish Tax Bases for 2018/19. The Tax Bases have been calculated on a basis consistent with those for the Borough as a whole.

- 2.12 In 2013/14, changes to the Local Government finance regime introduced grant compensation to Parish Councils for loss of Council Tax income. Oldham's allocation for its two Parish Councils was £0.058m and could easily be identified within the 2013/14 financial settlement information on the Department for Communities and Local Government (DCLG) website. However, in 2014/15 the specific allocation was no longer visible within the settlement information as it had been 'rolled' into the Revenue Support Grant (RSG).
- 2.13 RSG has continued to be significantly cut since 2014/15, and although since 2017/18 it has been incorporated within the Business Rate Retention pilot funding arrangements, it is still a key element in the Government grant funding paid to the Council. However, despite the reduction in its own grant funding, Oldham Council continued to provide the same level of grant support to the Parish Council's from 2013/14 up until the end of the 2016/17 financial year.
- 2.14 At Council on 14 December 2016, it was agreed that the grant compensation payable to the Parish Councils be reduced in line with reductions in the RSG as set out in the Government's original four year Local Government Finance Settlement projections for 2016/17 to 2019/20. For 2019/20 this results in a further grant reduction of £0.010m for Saddleworth Parish Council and £0.005m for Shaw & Crompton Parish Council. There will be no further reduction in grant for 2020/21. The amount of grant payable to each Parish for 2019/20 and 2020/21 is set out in the table below. The grant reduction for 2019/20 is partly offset in cash terms by the increase in the Tax Bases.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Saddleworth Parish Council	13	13
Crompton & Shaw Parish Council	5	5
<b>Total Parish Grant Payable</b>	<b>18</b>	<b>18</b>

#### Business (Non-Domestic) Rates

- 2.15 Under the current Local Government finance system introduced on 1 April 2013, local billing authorities are required to prepare and submit to the Ministry for Housing, Communities and Local Government (MHCLG) a locally determined and approved Business Rates forecast through the NNDR 1 return by 31 January each year. This forecast is used to determine the 2019/20 "demand" and payment schedule for Business Rates revenues between Oldham Council and the GMCA that will be the major preceptor for Fire and Rescue functions. Under the 100% Rates Retention Pilot arrangements, Central Government no longer receives a share of Business Rates revenues.

- 2.16 Business Rates are a highly complex and volatile tax and it is exceptionally difficult to forecast movements over the short to medium term with great accuracy. Since the change to the Business Rates regime in 2013/14 and the revaluation exercise undertaken by the Valuation Office Agency (effective from 1 April 2017), much more uncertainty has been introduced into the setting of Council budgets as the tax base is prone to significant changes and can fluctuate for many reasons; the most common of which are listed below:
- Changes in liability resulting from a change in occupancy;
  - Appeals against rating decisions, the length of time it takes to conclude appeals and the requirement to make an assessment of the cost of appeals prior to settlement;
  - Demolitions and the point at which properties are removed from the rating list;
  - New builds and the point at which rateable occupation is triggered;
  - Changes in building use and alterations to building size or layout;
  - Changes in entitlement to mandatory and/or discretionary reliefs;
  - Action taken by property owners/occupiers to avoid full liability and maximise relief; particularly empty property and charitable relief;
  - Changes in Council policy in relation to discretionary rate relief;
  - Changes in the requirement to provide for doubtful debts.
- 2.17 Fluctuations in Business Rates income are also strongly linked to the performance of the wider economy. In an economic downturn there is a heightened risk of properties being left empty and lower levels of development activity. Conversely, when the economy is more buoyant, business activity and thereby rating income can increase.
- 2.18 The level and timing of appeals against a rateable value are perhaps the most significant factors that can have an impact on variability in yield. Appeals are dealt with by the Valuation Office Agency (VOA) and can date back many years. Recent information highlights that appeals covering around £50m of rateable value remain unresolved; one of which dates back to April 2005. Total rateable value for the Oldham Billing Area is around £157m meaning appeals currently affect approximately 32% of the overall business rates tax base.
- 2.19 The Check, Challenge & Appeal process introduced by the VOA has tried to incorporate a degree of consistency to the appeals submission process whilst simultaneously seeking to limit the numbers of 'speculative' claims. Indications suggest the revised process is significantly reducing the number of claims that reach the appeal stage. However, as the process has only been in place since April 2017, it is not yet clear whether the process is reducing the real number of appeals or simply holding back the tide. What is clear is that greater financial provision will need to be made for individual claims that reach the appeal stage as having been through check and challenge their probability of securing a rateable value reduction is much greater than under the previous arrangements. Furthermore, nationally, appeals that are currently being considered are effectively test cases that may set precedents which prompt a whole new wave of local appeals or straightforward rateable value reductions.



2.20 Recognising the challenges that this volatility presents, the Council has put in place arrangements to monitor Business Rates liability on a monthly basis. The output from these monitoring arrangements shows that net liability tends to reduce as the year progresses from each April. These reductions are the result of:

- Reductions in gross rates payable as outstanding appeals are settled;
- Increases in mandatory and empty property relief as more claims are submitted and processed as the year progresses.

2.21 These trends/movements set against the base position form the basis of the forecast business rates outturn position for 2018/19 and forecast for 2019/20.

#### Greater Manchester (GM) 100% Business Rates Retention Pilot Scheme

2.22 On 1 April 2017, the GMCA, Oldham Council and the nine other GM districts commenced a pilot scheme for the 100% local retention of Business Rates. The participants agreed to pilot full Business Rates retention on the basis that no district would be worse off than they would have been under the original '50/50' arrangements whereby Business Rates revenues are shared between Central Government and the Local Authority sector. This has become known as the 'no detriment' principle. Under the pilot scheme, additional rates income is offset by reductions in other funding streams such as the RSG and Public Health grant. In its first year of operation, the pilot scheme delivered fiscal benefits for its participants. At this stage during 2018/19, Oldham's share of these benefits is forecast to be around £0.5m; a sum which will be used to support the 2019/20 budget position. The financial year 2019/20 will be the last year of the pilot, from 2020/21 a new regime will be introduced which will be based on 75% Business Rates Retention. Lessons learned from the piloting arrangements should influence the design of the 75% regime.

2.23 From the Government's perspective, the primary purpose of the pilot is to develop and trial approaches to manage risk and reward in a Local Government finance system that includes the full devolution of Business Rates revenues. It is hoped the new system will provide a stable funding stream whilst incentivising economic growth.

2.24 The pilot scheme for full business rates retention has created further impetus for working jointly across the Combined Authority area. The pilot scheme continues to provide an opportunity to develop new initiatives for cross-authority working in terms of business rates administration and also as part of the growth agenda to attract new businesses to Greater Manchester for the benefit of the region as a whole, as well as individual districts.

#### GM, Cheshire East & Cheshire West and Chester Councils Business Rates Pool 2019/20

2.25 Members will recall that Oldham has participated in Business Rates pooling since 2015/16. The aim of pooling is to retain the benefits of any Business Rates growth within Greater Manchester for the benefit of the region. For

2019/20, members of the pool for Business Rates provisionally include all ten GM districts and Cheshire East and Cheshire West & Chester Councils. Cheshire East Council has applied to be a 75% Business Rates Retention pilot however if unsuccessful they have already confirmed their ongoing commitment to the current pooling arrangements.

- 2.26 The business rates pooling proposition is such that no Local Authority should be worse off by pooling than it would be if it did not pool. Therefore, if there is any growth in business rates as a result of the economic regeneration activity planned within the borough, the Council would be able to keep its share of that benefit also benefiting from a share in any levy payment that any other levy paying Authority in the pool would normally pay to Central Government.
- 2.27 The fact that Greater Manchester is piloting full Business Rates retention, suggests participating in Business Rates pooling is no longer necessary as there are no additional financial gains to be made. However, participating in such a pool improves the 'no detriment' position of each district in the unlikely event that the 100% pilot scheme fails to derive any fiscal or economic benefits. In addition, the inclusion of the two Cheshire Unitary Authorities in the pool enables Greater Manchester to share in any benefits that relate to those Councils. A decision on membership cannot be made until the contents of the Provisional Local Government Settlement have been examined and the impact understood. Confirmation of pool membership must be made within 28 days of the receipt of the Provisional Settlement information. This is likely to be announced mid-December 2018. It is therefore recommended that Cabinet delegates the final decision of the Council's membership of the proposed Greater Manchester, Cheshire East and Cheshire West & Chester Business Rates Pool for 2019/20 to the Cabinet Member for Finance and Corporate Resources in consultation with the Deputy Chief Executive Corporate and Commercial Services and the Director of Finance subject to the contents of the Provisional Local Government Finance Settlement and the decision of Cheshire East Council to remain in the pool.

## **Impact of the 2018 Budget Statement**

### **Business Rates**

- 2.28 As part of the Budget in October 2018 the Chancellor announced a range of measures to support businesses. The key announcements were -

- **Retail Relief**

Bills will be cut by one-third for retail properties including shops, cafes and restaurants in England with a rateable value below £51,000. This is expected to benefit up to 90% of retail properties, for 2 years from April 2019, subject to state aid limits.

- **Public Lavatories**

100 per cent business rates relief for all public lavatories will be introduced from 2020/21.

- Extension of Business Rates Discount for Local Newspapers

The Government will continue the £1,500 business rates discount for office space occupied by local newspapers in 2019/20.

- Existing Small Business Rates Relief (SBRR) will continue

#### Compensatory Grant for Councils

2.29 It should be noted that the Government has confirmed that Local Government would be fully compensated for the loss of income as a result of implementing these measures by the receipt of S31 grants.

#### Other Policy Announcements

2.30 Further Government policy announcements which may impact on the Business Rates Tax Base by stemming decline or stimulating growth include;

- The launch of a new Future High Streets Fund to invest £675 million in England to support local areas to develop and fund plans to make their high streets and town centres fit for the future. This will invest in town centre infrastructure, including to increase access to high streets and support redevelopment and densification around high streets. It will include £55 million for heritage-based regeneration, restoring historic high streets to boost retail and bring properties back into use as homes, offices and cultural venues.
- The intention to consult on planning measures to support high streets to evolve. As part of this, Government will consult on creating a more flexible and responsive 'change of use' regime with new Permitted Development Rights that make it easier to establish new mixed-use business models on the high street. It will also trial a register of empty shops with selected local authorities, and trial a brokerage service to connect community groups to empty shops.

#### **2019/20 Business Rates Forecast - Conclusion**

2.31 Having considered the issues above it is clear that many factors are outside the control of the Council. Central Government confirmation that Local Government will be fully compensated for implementing policy announcements made within the Budget, provides assurance for our short term forecasts assuming a net neutral financial impact. However over the long term, the switch to more frequent revaluations and the ongoing results of Business Rates Retention are extremely difficult to assess. However, forecasts have been prepared on the basis of trends emerging from the monthly monitoring of business rates liability during 2018/19 whilst the announcement of the Provisional Local Government Finance Settlement is awaited.

2.32 For the purposes of formal decision making, Oldham Council's share of the Business (Non-Domestic) Rates forecast for 2019/20 is presented at

£53.469m. This represents the best estimate available at this time and is the assumption underpinning the 2019/20 budget estimates that are currently being reviewed and updated. However, assuming delegation is approved, the final Business Rates forecast for 2019/20 will be confirmed following submission of the Council's NNDR 1 return in late January 2019. The calculation of the current forecast of £53.469m is summarised in the table below:

<b>Forecast Business Rates Yield</b>	<b>2019/20 £000</b>
Oldham Council Share (99%)	53,469
GMCA Share (for Fire and Rescue functions) (1%)	540
<b>Total Forecast Yield</b>	<b>54,009</b>

### **3 Options/Alternatives**

- 3.1 The Council has little discretion in the calculation of the number of properties incorporated into the Council Tax Tax Base given the legislative framework that is in place. However, there is some discretion over estimating the number of new properties that will be included on the Council Tax register during 2019/20. A prudent view has been taken in this regard. The main area for an alternative approach is over the level of assumed collection rate. An increase in the collection rate would boost the anticipated Council Tax income and a decrease in the rate would decrease income. The Council has chosen to maintain its 2018/19 collection rates at 97%. This decision has been taken in light of a continuing and targeted focus on Council Tax collection rates.
- 3.2 The NNDR1 return generates the figures upon which the Business Rates Tax Base is prepared. It is not therefore appropriate to consider an alternative approach. However, as the figures included on the NNDR1 return on 31 January 2019 may vary from the estimated level, delegation is sought to allow the opportunity to revise the Business Rates forecast and approve a revised and more accurate position for budget setting.

### **4 Preferred Option**

- 4.1 It is recommended that Members approve the Council Tax Tax Base of 56,693 and an estimate of the Business Rates Tax Base of £53.469m. Delegation to the Cabinet Member for Finance and Corporate Resources in consultation with the Deputy Chief Executive Corporate and Commercial Services and the Director of Finance is however sought for the final Business Rates Tax Base decision, the final estimated net business rate yield and ultimately the Council's retained Business Rate income for 2019/20.
- 4.2 In order to improve the Council's 'no detriment' position (see paragraph 2.24), it is also recommended that Cabinet approves the Council's membership of the GM, Cheshire East and Cheshire West and Chester Councils Business Rates pool for 2019/20, subject to the review of the outcome of the Provisional Local Government Finance Settlement and the decision of Cheshire East Council to continue to be a member of the pilot. If necessary, however, the decision to discontinue pool membership or to

approve membership of a pool with revised participants is delegated to the Cabinet Member for Finance and Corporate Resources in consultation with the Deputy Chief Executive Corporate and Commercial Services and the Director of Finance.

## **5 Consultation**

5.1 Indicative Tax Base information has been shared with precepting Authorities to assist them in the budget projections, subject to confirmation by this report.

5.2 The Council will advise the preceptors of the approved Council Tax and Business Rates Tax Bases (as appropriate) by the required date of 31 January 2019 and submit the final NNDR1 also by that date.

## **6 Financial Implications**

6.1 Dealt with in full in this report

## **7 Legal Services Comments**

7.1 It is necessary for the Cabinet to set the Council Tax Tax Base having regards to the appropriate Regulations and to notify that to the relevant precepting bodies. Additionally it is now required that the Business Rates Tax Base is approved by Cabinet.

## **8. Co-operative Agenda**

8.1 Income generated from Council Tax and Business Rates supports the Councils budget process and hence supports the delivery of the cooperative agenda.

## **9 Human Resources Comments**

9.1 None

## **10 Risk Assessments**

10.1 There is a risk that if the anticipated Council Tax collection level is too high, there will be a shortfall in the income anticipated. This would have an effect on the budget setting arrangements in future years. With the introduction of LCTRS, the collection rates are now much more difficult to assess and these will be kept under constant review however the proposed collection rate seeks to minimise the risk with a prudent approach taken to setting the collection level.

10.2 There is also a risk that if the anticipated level of Business Rates is not achieved it would lead to budget pressures in future financial years. Hence a prudent approach will be taken in assessing the anticipated business rates income levels.

10.3 There are extensive recovery procedures that will ensure that the maximum Council Tax and Business Rates income level is achieved.

**11 IT Implications**

11.1 None

**12 Property Implications**

12.1 None

**13 Procurement Implications**

13.1 None

**14 Environmental and Health & Safety Implications**

14.1 None

**15 Equality, community cohesion and crime implications**

15.1 None

**16 Equality Impact Assessment Completed?**

16.1 Not applicable

**17 Key Decision**

17.1 Yes

**18 Key Decision Reference**

18.1 FCR-13-18

**19 Background Papers**

19.1 The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

File Ref: Background Papers are contained in Appendix A  
Officer Name: John Hoskins  
Contact No: 0161 770 1323

**20 Appendices**

20.1 Appendix A Calculation of the Council Tax Base for 2019/20

APPENDIX A

CALCULATION OF COUNCIL TAX TAX BASE 2019/20 (Based on all properties)

Bands	A reduced	A	B	C	D	E	F	G	H	TOTAL
Total number of Dwellings on the Valuation List		50,469	17,141	16,134	6,865	3,272	1,523	881	81	96,366
Total number of Exempt and Disabled Relief Dwellings on the Valuation List	129	(1,164)	(220)	(271)	(91)	(44)	(4)	(17)	(22)	(1,704)
No. of Chargeable Dwellings	129	49,305	16,921	15,863	6,774	3,228	1,519	864	59	94,662
Less: Estimated discounts, exemptions and disabled relief	(8.25)	(5,677.5)	(1,439.75)	(1,138)	(367.25)	(148.75)	(76)	(42.25)	(3)	(8,900.75)
Total equivalent number of dwellings after discounts, exemptions and disabled relief	120.75	43,627.5	15,481.25	14,725	6,406.75	3,079.25	1,443	821.75	56	85,761.25
Factor stipulated in regulations	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D equivalent	67.1	29,085	12,041	13,088.9	6,406.75	3,763.5	2,084.3	1,369.6	112	68,018.2
Net effect of Local Council Tax Support Scheme (LCTSS) and other adjustments										(10,598.8)
Additional Net Dwellings in 2018/19 based on known regeneration within the Borough and reductions in the levels of discounts and exemptions										1,027
<b>TOTAL AFTER LCTSS AND OTHER ADJUSTMENTS</b>										58,446.4
Multiplied by estimated collection rate										97.00
<b>BAND D EQUIVALENTS</b>										<b>56,693</b>

For information: Parish Council Tax Tax Bases –

Saddleworth 8,627

Shaw & Crompton 5,438