

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE and PROPERTY ADVISORY BOARD

9 January 2013

Report of the Director of Finance

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 COUNCIL TAX AND BUSINESS RATES

A report seeking Member approval of the council tax base for 2013/2014 and the NNDR1 submission to the Department for Communities and Local Government (DCLG). The report also updates Members on the collection of council tax and business rates for the 2012/13 financial year; the provisional non-domestic rate multipliers for 2013/14; and amendments relating to payment of council tax.

1.1 Council tax base for the year 2013/14

- 1.1.1 I append, at **[ANNEX 1]**, the council tax base for the financial year 2013/14. This shows that there are 44,924.13 Band D equivalent properties within the Borough.
- 1.1.2 Members should note that, compared to the tax base for the year 2012/13 (49,256.68 Band D equivalent properties), there has been a decrease of approx. 8.8% in the overall tax base for the Borough.
- 1.1.3 This change is a result of the council tax reduction scheme (CTRS). From 1 April 2013, current recipients of council tax benefit will be entitled to a discount under the CTRS. Therefore, the taxbase has to reflect these additional discounts accordingly.
- 1.1.4 The taxbase has also been adjusted to incorporate changes to exemptions and discounts with effect from 1 April 2013. The current Class C exemption (100% exemption for unoccupied properties up to six months) will change to a 100% discount for the first three months a property is unoccupied. The 10% discounts awarded to owners of second homes and long-term empty properties (empty for longer than six months) will be removed.
- 1.1.5 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January. Members will recall that, at the time of reporting the tax base for the year 2005/06, they agreed to give me delegated authority to calculate the tax base for subsequent years.

- 1.1.6 Although I have been given delegated authority to calculate the council tax base, Members should be aware that there has been debate, following the passing of the Local Government Finance Act 2012, as to whether it remains possible to delegate that calculation. It has been suggested that the calculation must be done by the full Council. Having taken advice from the Chief Solicitor, my view is that delegation remains possible. Nevertheless, until such time as the matter of delegation is resolved, I consider it prudent to ask Members to approve the calculation of the tax base on this occasion (in order that our tax base is not open to possible challenge) and to re-affirm the delegation to myself for future years.
- 1.1.7 I attach, at **[ANNEX 2]**, the tax base for Tonbridge and each parish of the Borough.

1.2 NNDR1 submission

- 1.2.1 We are required to submit to the DCLG, by 31 January 2013, our estimate of the amount to be collected in respect of national non-domestic rates for the forthcoming financial year. This return has taken on a higher profile than it previously had because of the changes to the rating régime for 2013/14 onwards.
- 1.2.2 In previous years this return has been compiled by my staff and duly submitted by them to the Department. However, as with the council tax base, it has been suggested that the NNDR1 must be approved by Council (although I can find nothing to confirm that this particular view is correct). However, to avoid any question being raised as to the validity of our NNDR1 submission, I believe that Council should approve the submission for the 2013/14 year. Hopefully, by the time we are required to submit the NNDR1 form for 2014/15, the issue as to whether it has to be approved by full Council will have been resolved.
- 1.2.3 On the assumption that it is decided that the NNDR1 submission does not have to be approved by full Council, then it would seem sensible for Council to give me delegated authority to compile future NNDR1 returns and to submit them to the Department.
- 1.2.4 A provisional NNDR1 return will be presented on the evening of your meeting and the final version of the return will be presented to Council.

1.3 Collection of council tax and business rates

- 1.3.1 As at 30 November 2012, the collection rate for council tax stood at 74.9%. For the same period in the year 2011/12, the collection rate was 74.9%.
- 1.3.2 As at 30 November 2012, the collection rate for business rates stood at 81.00%. For the same period in the year 2011/12, the collection rate was 82.2%.
- 1.3.3 I shall update Members, as to the collection rates for 2012/13, as at 31 December 2012, for both council tax and business rates, on the evening of the meeting.

1.4 Payment of council tax

- 1.4.1 Currently, unless a taxpayer agrees otherwise, he has the right to pay his council tax by ten monthly instalments. I have received today (20 December) a copy of The Council Tax (Administration and Enforcement) (Amendment) (No.2) (England) Regulations 2012 (SI 2012/3086). These Regulations make provision for a council tax payer to request that his council tax be payable over twelve, monthly instalments.
- 1.4.2 The same Regulations empower billing authorities to place on their website the information that we have previously published in the leaflet accompanying the council tax bills. The inclusion of the information on the website means that we no longer have to send the leaflet to every council tax payer. This initiative is to be welcomed as, to my knowledge, very few council tax payers pay attention to the leaflet. In addition, the initiative will enable us to save on the costs of printing. However, should a council tax payer request a hard copy of the information, we will be under a duty to supply such.

1.5 Autumn Statement

- 1.5.1 The Chancellor announced in his Autumn Statement a further one year extension of the increase in Small Business Rate Relief.
- 1.5.2 This means that eligible ratepayers will now receive the increased relief through the whole of the 2013/14 billing year.
- 1.5.3 Empty new builds will be exempt from empty property rates for up to eighteen months between 1 October 2013 and 30 September 2016. The eighteen month period includes the initial three or six month exemption. The relief continues beyond 31 October 2016 for those that become eligible before that date. The Government is to consult on this measure in the New Year.
- 1.5.4 It is proposed to set the small business multiplier for the year 2013/14 at **46.2p**. This multiplier is based on the 2012/13 multiplier adjusted for RPI inflation for September 2012 (2.6%).
- 1.5.5 The non-domestic rating multiplier is the small business multiplier plus an adjustment to fund the estimated cost of the small business rate relief scheme.
- 1.5.6 It has been estimated that the supplement to fund small business rate relief should be at 0.9p for 2013/14; therefore, the provisional non-domestic rating multiplier will be **47.1p**.
- 1.5.7 The provisional multipliers will be confirmed after either the local government finance report for 2013-14 has been approved by the House of Commons or 1 March 2013.

1.6 Legal Implications

- 1.6.1 The council tax base for the year 2013/14 is a factor in the determination of the Band D council tax for that year. Were the tax base not to be calculated by Council, and it was later confirmed that it should have been, then the Council's subsequent determination of its Band D council tax for 2013/14 could be open to challenge on the grounds of invalidity.
- 1.6.2 Failure to properly approve the NNDR return could render it invalid.

1.7 Financial and Value for Money Considerations

- 1.7.1 The council tax base calculated for the year 2013/14 is a factor in the determination of the Band D council tax for that year.
- 1.7.2 The percentage of council tax and business rates collected during the year impacts on the Council's finances and, consequently, on the level of council tax for future years.
- 1.7.3 The NNDR1 return determines the amount of non-domestic rates to be transferred to central government and the precepting authorities.

1.8 Risk Assessment

- 1.8.1 In respect of the council tax base, there is a small risk that, if the base were to be significantly miscalculated, the Band D council tax could be set at too high or too low a level.
- 1.8.2 Changes in the assumptions made when completing the NNDR1 could result in the Council entering a 'safety net' position.

1.9 Equality Impact Assessment

- 1.9.1 See 'Screening for equality impacts' table at end of report

1.10 Recommendations

- 1.10.1 Members are asked to **RECOMMEND:**

- 1) the approval of the taxbase and confirmation of my delegated authority to determine the council taxbase in future years;
- 2) the approval of the NNDR1 return; and
- 3) that I be given delegated authority to compile and submit future NNDR1 returns, if it transpires that these are not functions that have to be exercised by full Council.

Background papers:

contact: Paul Griffin

In respect of the council tax base and the collection of council tax and business rates, data held within Financial Services.

Sharon Shelton
Director of Finance

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	The calculation of the tax base and the compilation of the NNDR1 are merely factors affecting the ultimate level of council tax charged and the distribution of revenue raised through non-domestic rates. As such the decisions on those matters affect all taxpayers equally. Apart from the foregoing, the calculation and compilation are statutory requirements and the methodologies for performing them are laid down in Regulations.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	As explained above.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.