

TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

07 January 2015

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 COUNCIL TAX AND BUSINESS RATES UPDATE REPORT

A report detailing recent developments in respect of council tax and business rates.

1.1 Collection of council tax and business rates

1.1.1 As at 30 November 2014, the collection rate for council tax stood at 74.04%. For the same period in the year 2013/14, the collection rate was 74.57%.

1.1.2 To gauge the impact of the revised council tax reduction scheme on the collection rate, I am reviewing the amount of recovery notices being issued compared to the previous financial year (see **ANNEX 1**).

1.1.3 As at 30 November 2014, the collection rate for business rates stood at 76.31%. For the same period in the year 2013/14, the collection rate was 80.97%.

1.1.4 I shall update Members, as to the collection rates for 2014/15, as at 31 December 2014, for both council tax and business rates, on the evening of the meeting.

1.1.5 In respect of the customers receiving a council tax reduction (CTR), approximately 89% of the council tax due for 2013/14 has been paid. For the current financial year, approximately 63% has been paid compared to 69% for the comparative period in the previous financial year. This reflects the reduction in council tax support from 91.5% to 81.5%.

1.2 Autumn Statement

1.2.1 There is a separate report on this evening's agenda highlighting the main financial issues from the Autumn Statement. In respect of business rates specifically, the Chancellor announced a package of business rate measures that will take effect in the next financial year:

- the Retail Price Index increase in 2015-16 (in respect of the multiplier) will be capped at 2% instead of 2.3%;

- the doubling of the Small Business Rate Relief will be extended for a further 12 months until 31 March 2016;
- ratepayers receiving Small Business Rate Relief that take on an additional property which would currently disqualify them from receiving relief will continue to receive their existing relief for 12 months;
- increasing the temporary £1,000 discount for shops, pubs and restaurants with rateable values below £50,000 to £1,500 for 2015-16;
- to extend the existing transitional relief scheme for two years for properties with a rateable value up to and including £50,000. As a result of this measure, small properties (with a rateable value of less than £18,000) that would otherwise face bill increases above 15% and medium sized properties (with a rateable value of £50,000 or less) that would otherwise face bill increases above 25% will benefit. This will be delivered using Localism Act discounts on which the DCLG will publish guidance shortly. This measure will not affect those ratepayers in transition to lower bills whose scheme will end on 31 March 2015; and
- business rates appeals: backdating – the government will change the rules so that alterations to rateable values can only be backdated to the period between 1 April 2010 and ratepayers' appeals made before 1 April 2015 and 1 April 2015 for Valuation Office Agency alterations made before 1 April 2016.

1.2.2 Local authorities will be refunded for the loss in rate yield as a result of these measures. Refunds will be made through s31 New Burden grants.

1.3 Business Rate Reform

1.3.1 The Government also made the following announcements in the Autumn Statement:

- the Government has announced that it will review the future structure of business rates and will report before Budget 2016. The review will not consider changes to the principle that some of the revenue from business rates should directly fund local government. It will fully consider the impact on local government funding of any changes to the structure of business rates;
- business rates administration review: interim findings – the government will publish interim findings in December 2014 setting out a summary of stakeholder responses and providing an update on how the government proposes to respond to businesses' calls for clearer billing, better sharing of information and a more efficient appeals system; and
- business rates avoidance: discussion paper – the government will publish a discussion paper on the nature and scale of business rates avoidance in December 2014.

1.4 Council Tax Base for the year 2015/16

- 1.4.1 I append, at **[ANNEX 2]**, the council tax base for the financial year 2015/16. This shows that there are 46,900.52 Band D equivalent properties within the Borough.
- 1.4.2 Members should note that, compared to the tax base for the year 2014/15 (45,804.52 Band D equivalent properties), there has been an increase of approx. 2.4% in the overall tax base for the Borough.
- 1.4.3 This increase is a result of fewer taxpayers claiming Council Tax Reduction and growth in the number of new properties.
- 1.4.4 The taxbase has also been adjusted to incorporate changes to empty property discounts with effect from 1 April 2015. The Class C discount (100% exemption for unoccupied properties up to three months) will change to a 100% discount for the first two months a property is unoccupied. A premium of 50% will also be applied to properties that have been empty for more than two years
- 1.4.5 The figures for Leybourne and Ryarsh have also been adjusted to incorporate the boundary change that takes effect on 1 April 2015.
- 1.4.6 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.
- 1.4.7 I attach, at **ANNEX 3**, the tax base for Tonbridge and each parish of the Borough.

1.5 E-billing

- 1.5.1 Members will recall that, at the meeting of this Board in May 2014, I updated on the plans to give council taxpayers (and, as a later phase, business ratepayers) the option to receive their bills electronically.
- 1.5.2 Over the course of the last year, the 'MyAccount' facility on the TM website has been extended to hold details necessary for linking MyAccount holders to their respective Council Tax accounts. The Council Tax bills production program has been amended by our IT staff to differentiate between Council Tax Bills to be printed and those Bills to be made available electronically.
- 1.5.3 Regrettably, however, due to reasons which follow, it has not been possible to progress this initiative as quickly as I hoped and it will not now be possible to launch for the main billing process in February. That said, we will be continuing to press ahead with the project and will aim to introduce the facility as soon as we can in the new financial year.
- 1.5.4 The main reason for this delay is that the TM website uses PHP, a server side scripting language for development purposes. In April this year, a PHP bug was

discovered that curtailed development. An upgrade of the Content Management System which is used to maintain the website was scheduled for June and offered an opportunity to upgrade the entire website technical environment including installation of a later version of PHP that addressed the PHP bug. The upgrade undertaken by Squiz PLC took considerably longer than expected and was not completed until December this year, six months later than scheduled. The project group have reconvened and work is once again underway.

- 1.5.5 Whilst it is disappointing that we have been unable to introduce this facility in time for annual billing, Members will understand that it is important to get this 'right' before full launch. It remains a priority project and I will continue to closely monitor the development of this facility and I will report back to Members when it becomes available for use.

1.6 Legal Implications

- 1.6.1 Nil.

1.7 Financial and Value for Money Considerations

- 1.7.1 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.

1.8 Risk Assessment

- 1.8.1 Nil.

Background papers:
Business Rates Information Letter (11/2014)

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