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**THE WORSHIPFUL THE MAYOR
AND COUNCILLORS OF THE
LONDON BOROUGH OF ENFIELD**

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Date: 25 January 2016

Dear Councillor,

Council: 28 January 2016 – “To Follow” Papers

Please find attached the following item marked as “To Follow” on the Council agenda for Thursday’s Council meeting:

Agenda Item 8: Council Tax Support Scheme & Council and Business Rate Taxbase 2016/17 - Appendix E - Business Rate Base Return 2016/17 (Pages 1-6)

In addition we have also received an amendment to Appendix D (Council Tax Base 16/17) of the same report and I therefore attach the amended version. (Pages 7-10)

The revised figure in Appendix D will also require an amendment to Recommendation 2.4 of the main report which should now read as follows:

“2.4 Pursuant to this report (see Appendix D for full detail) and in accordance with the Local Authorities (Calculation of the Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Enfield as its Council Tax Base for 2016/17 shall be 94,317 (previously 93,412) B and D equivalents.”

I hope these papers and arrangements for the meeting are clear, but if you should have any queries then please come back to me.

Yours sincerely

James Kinsella

Democratic Services Manager

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Enfield Council

Business rate base 2016/17.

Appendix E to Council Report – 28th January 2016

1. Introduction

The Local Government Finance Act 2012 introduced the business rates retention scheme (BRRS) in 2013 and the local council tax reduction scheme (the replacement for Council Tax Benefit). This BRRS scheme sees the move away from the central pooling of business rates to the sharing of risk and reward between central and local Government.

2. Recommendation

- 2.1 The Council agrees the non- domestic rating income estimate for 2016/17, excluding collection fund adjustments at the end of 2015-16 of £110,244,638 in accordance with the calculation in the NNDR1 return shown. Enfield's rate retention share will be £33,073,391.
- 2.2 That Council notes that the Government funded rate retail relief scheme is due to end on the 31st March 2016. There is therefore no proposal to extend the local rate retail relief payment of £1,500 contained in the Discretionary Rate Relief Policy for 2016/17.

3. NNDR (National Non Domestic Rates) 1 Government Return

The NNDR1 return is used to report the estimate of Enfield's business rate base to Department of Communities and Local Government (DCLG). The NNDR1 form will set the business rate base for 2016/17 with any variation between estimate and actual being dealt with through the surplus/deficit on the collection fund. The 2016-17 NNDR1 allows the council to forecast the *non-domestic rating income* as required by Regulation 3 of the Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452); and calculate the *surplus or deficit on the collection fund*, as required by Regulation 13.

4. Background

- 4.1 2016-17 will be the fourth year of the rates retention scheme. The scheme provides for non-domestic rates collected by a billing authority to be shared between it, its major precepting authorities and central government. It also provides that certain sums are to be treated as being outside the scheme. These sums are retained in their entirety by the Enfield (or by Enfield and the GLA).
- 4.2 The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of *allowable deductions* in order to arrive at a figure for its *non-domestic rating income*. It is the *non-domestic rating income* that is shared between the parties to the scheme. The framework also sets out how the billing authority is to treat *allowable deductions* – requiring that either they are paid to major precepting authorities, or transferred to the authority's General Fund.

- 4.3 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority's Collection Fund. Any such surplus or deficit is shared between the parties to the Pool.
- 4.4 2014-15 was the first year for which authorities were required, in accordance with Regulation 13 of the Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452), to estimate the likely non-domestic rating surplus, or deficit on the Collection Fund. Regulation 13 effectively requires an estimate of the surplus/deficit that the authority believes will exist at 31 March 2016, on the basis of a statutory calculation set out in Schedule 4 to the Regulations.
- 4.5 The 2016-17 NNDR1 enables (in Part 4) Enfield to provide its estimate of the Collection Fund surplus/deficit. Part 1B of the form automatically calculates the sums due to billing authorities, major precepting authorities and central Government in respect of:
- i. non-domestic rating income due under the rates retention scheme;
 - ii. the Collection Fund surplus/deficit; and
 - iii. business rates income due to authorities outside the scheme (*allowable deductions*).

5. Business Rates announcements in Autumn Statement

- 5.1 The chancellor reiterated his intention to enable local government to retain all £26bn of the income from business rates. A new 100% rates retention scheme would mean that local authorities would benefit from an additional £13bn of revenue.
- 5.2 The additional revenue will mean that councils will take on new responsibilities and that central grant to local authorities will be significantly reduced including the phasing out of Revenue Support Grant (RSG). There will be further consultation in 2016 about a potential transfer of responsibilities to local government including the funding of:
- the administration of housing benefit for pensioners
 - Transport for London's capital projects
 - public health
 - other responsibilities for local government not yet specified.
- 5.3 The system of top-ups and tariffs will remain. The uniform rate of business rates will be abolished and all councils will be able to reduce

business rates locally. The aim of this proposal is to boost growth, help attract business and create jobs. Those councils with elected mayors will be able to add a premium to their business rates to pay for new infrastructure as long as they have support of the business community through a majority of the business members of their local enterprise partnership.

- 5.4 The doubling of small business rate relief will be extended for a further year to April 2017 as expected. No similar announcement was made about an extension into 2016/17 for the retail relief scheme which is due to end in March 2016.

6. Completing the NNDR1

- 6.1 Each billing authority needs to estimate the business rate income it expects to collect in the next financial year. This is done by completing a revised NNDR1 using as its starting point the rateable value on local lists as at 31st December 2015.
- 6.2 From the gross yield figure a series of deductions must be made
1. The amount of small business rate relief
 2. The total of all mandatory and discretionary reliefs
 3. Cost of collection (provided by the DCLG)
 4. Losses on collection
 - Bad debt provision (indicative figures provided by DCLG adjusted on locally held information)
 - Future appeal provision
- 6.3 Then the following additions must be made
1. Additional yield generated to small business rate relief
 2. Additional rates collected as a result of rates deferred
- 6.4 This results in the Net Rating Income which is the figure that central government will use to estimate the central share and shares to preceptors. This figure also determines the safety net and levy payments.

7. Timetable

The NNDR1 form must be completed by the 31st January 2016. The NNDR3 return, which reports the actual out turn, will be completed by end of June 2016 and includes results in the gross collectable rates income. The NNDR3 determines the actual surplus and deficit on the collection fund and this is used to calculate the difference between the forecast surplus and deficient on the collection fund for the year before that immediately preceding the relevant financial year and the actual as determined in the NNDR3

8. The Role of NNDR1/3 in the schedule of payments

The NNDR1 estimates the net rating income and 50 % is paid to central government. Of payments to preceptors the calculation follows the same use of NNDR1 but the figure is 20% to the GLA as set out in regulation.

9. Approval

The approval of the NNDR 1 return is delegated in line with usual governance practices to the Audit committee. For this year the decision will be exercised by the full council as the return was not received until early January and the system reports to produce the data were not available prior.

10. NNDR 1

Based on the calculation at Appendix 1 the amount to be retained by Enfield under the rate retention scheme will be £32,065,338, excluding Collection fund adjustments at the end of 2015-16.

APPENDIX 1

NNDR 1 RETURN SUMMARY FOR 2016/17

1. Rateable Value at 31st December 2015	256,641,332
2. Small business rating multiplier for 2016-17 (pence) 48.40	
3. Gross rates 2016-17 - (RV x multiplier)	124,214,405
4. Estimated growth/decline in gross rates	-968,000
5. Forecast gross rates payable in 2016-17	123,246,405
6. Net cost of transitional arrangements	N/A
7. Total forecast mandatory reliefs to be provided in 2016-17	-5,522,907
8. Total forecast unoccupied property 'relief' to be provided in 2015-16	-2,360,533
9. Total forecast discretionary relief to be provided in 2015-16	-410,028
10. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2015-16	-57,548
11. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	114,895,389
12. Estimated bad debts in respect of 2015-16 rates payable	-2,297,000
13. Estimated repayments in respect of 2015-16 rates payable	-2,010,109
14. Net Rates payable less losses	110,588,280
15. Cost of collection formula	-343,642
NON-DOMESTIC RATING INCOME	110,244,638

NON-DOMESTIC RATING INCOME FROM RATES RETENTION SCHEME			
Central Government	Enfield	Greater London Authority	Total
£	£	£	£
55,122,319	33,073,391	22,048,928	110,244,638

Enfield Council

Council Taxbase 2016/17.

Appendix D (Amended) to Council Report – 28th January 2016

Introduction

The council tax base is calculated in accordance with The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012. The tax base is expressed in terms of “Band D Equivalents” (i.e. a property in Band A is equivalent to 2/3rds of a Band D property and a property in Band H is 2 Band D Equivalents). A table showing the calculation of the tax base is given below. The figures are based upon information in existing Council Tax records with adjustments to take into account the effect of estimated changes between now and March 2017.

The collection percentage used in the calculation of the tax base in previous years is as follows: -

Years	Collection Percentage
1993/95	95%
1995/97	95.5%
1997/01	97%
2001/02	97.5%
2002/04	97.75%
2004/13	98%
2013/15	96.87%
2015/16	97.19%

The estimated collection percentage is based upon experience to date and an estimate for collection of council tax from taxpayers affected by the reduction in benefit support. On present estimates it is recommended that the overall collection percentage for 2016/17 is 96.95% reflecting the higher loss provision required for the increase tax income relating to the Council Tax Support scheme.

Any under or over achievement of the collection rate including prior years' arrears will be reflected in the overall position on the Council's Collection Fund and potentially has an impact on the revenue budget in future years. These calculations and assumptions result in a Band D Equivalent Tax Base for 2016/17 of ~~93,183~~[94,317](#) properties. The main changes between the 2015/16 and 2016/17 tax bases are summarised in the following table.

Council Tax Base Movements 2015/16 to 2016/17	Band D Equivalents
2015/16 Tax Base	91,714
2016/17 Changes:	
1. Increase in properties	740
2. Council Tax Support Scheme changed from 19.5% to 25% in 2016/17 (Net of Non-Collection)	1,136
3. Other movements in Council Tax Support Scheme	649
4. Discounts & Empty Home Premium	350
5. Provision for non-collection on increase in tax base (excluding CTS changes)	(272)
2016/17 Tax Base	94,317

The Council must decide the tax base by the 31st January 2016 prior to setting the council tax for 2016/17.

London taxbase collection rates for 2015/16 are shown below. Enfield's collection rate is the 17th highest in London. Prior to the introduction of council tax support in 2013 the council tax collection rate was 98% and in the upper quartile of London borough collection rates.

Kingston-upon-Thames	59,304	99.00%
Sutton	69,723	99.00%
Barnet	132,151	98.50%
Redbridge	80,570	98.45%
Richmond-upon-Thames	85,697	98.20%
Bexley	77,303	98.00%
Havering	83,110	98.00%
Hillingdon	91,200	98.00%
Hounslow	78,761	98.00%
Camden	85,170	97.70%
Bromley	125,130	97.65%
Hammersmith & Fulham	71,983	97.50%
Kensington & Chelsea	92,778	97.50%
Harrow	79,795	97.50%
Waltham Forest	68,526	97.50%
Merton	69,638	97.25%
Enfield	91,714	97.19%
Southwark	87,727	96.75%
Croydon	113,893	96.70%
Ealing	104,596	96.70%
Wandsworth	120,607	96.60%
Barking & Dagenham	42,625	96.58%
Tower Hamlets	78,840	96.50%
Brent	82,799	96.50%
Lewisham	75,526	96.00%
Westminster	121,891	96.00%
Newham	67,097	95.86%
Lambeth	97,780	95.50%
City of London	6,240	95.00%
Hackney	63,896	95.00%
Haringey	70,810	95.00%
Islington	72,001	94.50%
Greenwich	69,702	93.50%

Recommendation

Pursuant to this report and in accordance with the Local Authorities (Calculation of the Tax Base) (England) Regulations 2012, the amount calculated by the London Borough of Enfield as its Council Tax Base for 2016/17 shall be 94,317 Band D equivalents.

2016/17 Taxbase (Note figures Calculated to one decimal place but shown to nearest whole number)	Band A (Entitled to disabled relief reduction)	BAND A 1	BAND B 2	BAND C 3	BAND D 4	BAND E 5	BAND F 6	BAND G 7	BAND H 8	TOTAL 9
1. Total number of dwellings on valuation list on 14th September 2015		5,230	11,530	33,530	36,325	20,836	9,034	5,853	888	123,226
2. Number of exempt dwellings (e.g. vacant due to hospitalisation, residence in care home or death, occupied by students, occupied by mentally impaired residents) [Line 21]		(109)	(260)	(438)	(408)	(228)	(78)	(40)	(7)	(1,568)
3. Number of chargeable dwellings [lines 1-2]		5,121	11,270	33,092	35,917	20,608	8,956	5,813	881	121,658
4. Chargeable dwellings subject to disabled reduction		(1)	(9)	(90)	(177)	(189)	(94)	(76)	(30)	(666)
5. Chargeable dwellings in this Council Tax band by virtue of disabled relief	1	9	90	177	189	94	76	30	0	666
6. Number of chargeable dwellings adjusted in accordance with lines 4 + 5	1	5,129	11,351	33,179	35,929	20,513	8,938	5,767	851	121,658
7. Statutory and discretionary discounts (see table below):										
a. Dwellings subject to 25% discounts [Lines 21 + 22 @ 25%]	(0)	(767)	(1,720)	(3,635)	(2,788)	(1,232)	(440)	(189)	(23)	(10,791.9)
b. Second Home - no discount [Line 23]	0	0	0	0	0	0	0	0	0	0.0
c. All residents disregard 50% discount [Line 24 @ 50%]	0	(5)	(5)	(17)	(30)	(18)	(19)	(24)	(8)	(124.0)
d. Council Tax Support Discounts [increased from 19.5% to 25% in 2016/17]	(1)	(1,803)	(3,592)	(7,569)	(4,703)	(2,232)	(438)	(140)	(4)	(20,480.5)
8. Total Discounts	(0.9)	(2,574.6)	(5,316.0)	(11,219.8)	(7,520.4)	(3,481.0)	(896.5)	(352.6)	(34.6)	(31,396.4)
9. 50% Empty Home Premium		33.0	31.5	33.0	21.0	19.5	6.5	6.0	2.0	153
10. Other Locally Calculated Adjustments (None 2016/17)										
11. Total Chargeable dwellings	0.0	2,587.0	6,067.0	21,992.0	28,430.0	17,052.0	8,048.0	5,420.0	818.0	90,414.0
12. Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
13. Number of Band D equivalents	0	1,725	4,719	19,548	28,430	20,841	11,625	9,033	1,636	97,557
14. General Collection Rate	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
15. General provision for 2% non-collection	0	(35)	(94)	(391)	(853)	(417)	(233)	(181)	(33)	(2,235)
16. Provision for 15% non-collection on tax increase due to council tax support					(1,005)					(1,005)
17. Tax Base 2016/17	0	1,691	4,625	19,157	26,572	20,424	11,393	8,852	1,603	94,317
Exemptions Memorandum										
18. Number of dwellings on valuation list exempt (Class B & D to W exemptions)		(109)	(260)	(438)	(408)	(228)	(78)	(40)	(7)	(1,568)
19. Estimated Net Demolitions etc. (none 2016/17)										0
20. Exempt dwelling after Technical Changes from 1 April 2013		(109)	(260)	(438)	(408)	(228)	(78)	(40)	(7)	(1,568)
Statutory Discounts Memorandum										
21. Number of dwellings entitled to a single adult household 25% discount	(1)	(2,963)	(6,738)	(13,777)	(10,267)	(4,551)	(1,625)	(706)	(86)	(40,714)
22. Number of dwellings entitled to a 25% discount due to all but one resident being disregarded for council tax purposes	0	(105)	(140)	(761)	(883)	(376)	(133)	(49)	(6)	(2,453)
23. Number of dwellings classed as second homes	0	(49)	(161)	(394)	(303)	(145)	(62)	(28)	(7)	(1,149)
24. Number of dwellings entitled to a 50% discount (all residents being disregarded for council tax purposes)	0	(9)	(10)	(33)	(60)	(35)	(38)	(48)	(15)	(248)