

Report of Director of Resources

Report to Council

Date: 15th January 2014

Subject: Calculation of the Council Tax and Business Rates Tax Bases for 2014/15

| | | |
|--|------------------------------|--|
| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Are there implications for equality and diversity and cohesion and integration? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Is the decision eligible for Call-In? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number: | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |

Summary of main issues

1. Each year, under the Local Government Finance Act 1992, Leeds City Council is required to calculate a council tax base for Leeds and for each parish or town council within the Council's area. These tax bases are used to calculate the council taxes to be levied in Leeds and in each parish/town council for the year.
2. Members will be aware that in 2013/14 the Government introduced major changes to the funding arrangements for local government. These changes affected the way the council tax bases were calculated and also introduced a requirement for the Council to prepare an estimate of non-domestic rates income it will collect in the coming year.
3. The detailed figures are set out in the main body of the report, but the headline amounts for 2014/15 are as follows:

| | |
|--|--------------|
| Council Tax Base: | 211,767 |
| NNDR¹: | |
| Amount to be paid to Central Government: | £182,607,000 |
| Amount to be retained by Leeds under the Rates Retention scheme: | £178,955,000 |
| Amount to be passed to West Yorkshire Fire and Rescue Authority | £ 3,652,000 |

¹ Note: these amounts are indicative at this stage, they will be finalised when the NNDR1 return is completed – see Section 3.9.

4. The Council is required to finalise the council tax bases (for Leeds and the parish/town councils) and the non-domestic rates estimates by 31st January 2014.

5. Recommendations

Members are requested to:

- a) agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the Council as its council tax base for the year 2014/15 shall be 211,767 for Leeds and for each parish as listed in Section 3.5, below, and detailed in Appendix 1;
- b) note the indicative business rates shares set out in Section 3.9, and delegate authority to the Deputy Chief Executive to make the detailed calculations and to submit the final figures to the Department for Communities and Local Government on or before 31st January 2014.

1 Purpose of this report

The purpose of this report is to:

- a) seek agreement to the 2014/15 council tax bases for Leeds and the parish/town councils set out in the report;
- b) provide indicative business rates shares for 2014/15 and to request Council to give delegated authority to the Deputy Chief Executive to finalise the shares and to submit them in the *National Non-Domestic Rates Return 1 2014-15* on or before 31st January 2014.

2 Background information

- 2.1 For 2013/14 the Government made major changes to the funding regime for local government. The long-established formula grant system under which funding depended upon local needs and resources was replaced by a system based upon the capacity to deliver housing and business growth.
- 2.2 At the same time a number of council tax exemptions were removed and council tax benefit was replaced by the new Council Tax Support scheme (CTS). For 2013/14 government funding for CTS was reduced by 10% compared to the previous year, but for 2014/15 onwards funding is no longer separately identifiable.

3 Main issues

Council Tax Support Scheme

- 3.1 The council tax support scheme operates as a discount on the same basis as other discounts currently in place, with protected groups receiving a 100% discount. The scheme proposed for Leeds is the subject of a separate report elsewhere on the Agenda, but this report assumes that non-protected recipients of council tax benefit will be required to pay 26% of their council tax bills.

3.2 The localisation of CTS has the effect of reducing the overall tax base for Leeds. Based on the 26% scheme the tax base will be reduced by 36,850 Band D equivalent properties for 2014/15.

Calculation of Council Tax Base

3.3 Under the Local Government Finance Act 1992 and accompanying regulations, detailed procedures are laid down for calculating the tax base which will be used for calculating council tax. The tax base for the Leeds area is expressed as the number of Band D equivalent properties and will be used both for calculating Leeds City Council's own element of council tax and for notifying to the West Yorkshire Police and Crime Commissioner and the West Yorkshire Fire & Rescue Authority for them to calculate their own elements of council tax. The Police and Crime Commissioner and the Fire & Rescue Authority have to be notified of the tax base by 31st January 2014.

3.4 In addition to calculating the tax base for the Leeds area as a whole, a separate tax base has to be calculated for each part of the Council's areas to which a "special item" of expenditure relates. In Leeds, it is considered that only parish precepts should be treated as special items for these purposes and a tax base is therefore also calculated for each parish/town council.

3.5 Details of the calculations for Leeds as a whole and for each individual parish are given in Appendix 1. In summary, the council tax base for Leeds is calculated at 211,767 Band D equivalent properties. This is calculated estimating changes from the Valuation Office Agency's Valuation List that will take place during 2014/15 by reference to the following:

- provision for successful appeals,
- provision for exempt properties,
- changes in number of properties (demolitions and new additions),
- estimated single person and other discounts, and
- estimated collection rate.

The equivalent amounts for each of the parishes are:

| PARISH OF | Taxbase Numbers 2014/15 |
|------------------------------|-------------------------------|
| Aberford and District | 754 |
| Allerton Bywater | 1,282 |
| Alwoodley | 3,601 |
| Arthington | 286 |
| Austhorpe | 26 |
| Bardsey cum Rigton | 1,073 |
| Barwick in Elmet and Scholes | 1,949 |
| Boston Spa | 1,846 |
| Bramham cum Oglethorpe | 716 |
| Bramhope and Carlton | 1,786 |
| Clifford | 737 |
| Collingham with Linton | 1,679 |
| Drighlington | 1,776 |
| Gildersome | 1,769 |
| Great and Little Preston | 458 |
| Harewood | 1,815 |
| Horsforth | 6,614 |
| East Keswick | 586 |
| Kippax | 2,820 |
| Ledsham | 94 |
| Ledston | 157 |
| Micklefield | 490 |
| Morley | 9,814 |
| Otley | 4,570 |
| Pool in Wharfedale | 942 |
| Rawdon | 2,660 |
| Scarcroft | 787 |
| Shadwell | 958 |
| Swillington | 933 |
| Thorner | 749 |
| Thorp Arch | 362 |
| Walton | 119 |
| Wetherby | 4,413 |
| Wothersome | 8 |

- 3.6 The council tax requirement for 2014/15, which will be decided by Council in February 2014, will be divided by the calculated council tax base to arrive at the council tax for a Band D property, from which the council taxes for other valuation bands will be calculated.

Non-Domestic Rates

- 3.7 Under the Business Rates Retention Scheme introduced by the Local Government Finance Act 2012, the Council has to calculate the amounts of business rates it will collect in 2014/15. Under the scheme, the Business Rates collected have to be shared between Leeds itself, Central Government and the West Yorkshire Fire and Rescue Authority in the following proportions:

- 49% retained by Leeds;
- 50% passed to Central Government;
- 1% passed to West Yorkshire Fire and Rescue Authority.

- 3.8 The actual amounts are calculated using DCLG's *National Non Domestic Rate Return 1* (NNDR1) which has to be completed and sent back to DCLG by 31st January. However, some minor changes to the Business Rates system were announced in the Autumn Statement which appear to have delayed the issue of the 2014/15 return. At the time of writing the return is still not available.
- 3.9 In the absence of the return, it is still possible to estimate the headline amounts, although the estimates may need to be amended slightly after the NNDR1 return is completed later this month. The estimated headline amounts are as follows:
- to be paid to Central Government: £182,607,000
 - to be retained by Leeds £178,955,000
 - to be passed to West Yorkshire Fire and Rescue Authority £ 3,652,000
- 3.10 The final amount estimated to be retained for Leeds will be used in the development of the 2014/15 budget proposals which are to be considered by Executive Board on 14th February and by Council on 26th February.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 The matters set out in this report are purely factual and arise from calculations made using internal council tax and business rates records. As such, they are not subject to consultation or engagement.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The information contained in this report will inform the development of budget proposals which will be considered by Executive Board on 14th February, and agreed by Council on 26th February. The report itself has no specific implications for equality, diversity, cohesion or integration. A screening assessment has been carried out and is appended to this report.

4.3 Council policies and City Priorities

- 4.3.1 As outlined above, this report will inform the development of budget proposals for 2014/15. The budget process seeks to ensure that financial resources are used to support the Council's policies and priorities.

4.4 Resources and value for money

This is a financial report and the financial and resource implications are detailed in the main body of the report.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This decisions requested in this report will enable the City Council to fulfil its responsibilities under the Local Government Finance Act 1992 and the Local Government Finance Act 2012 in relation to council tax discounts and exemptions. The decisions

relating to council tax bases and non-domestic rates estimates will enable the Council to finalise its budget proposals and set a legal council tax for 2014/15.

4.6 Risk Management

4.6.1 The risks associated with the council tax base and the non-domestic rates estimates will be assessed as part of the budget-setting process and will be included in the budget proposals to be considered by Executive Board and Council in February.

5 Recommendations

5.1 Members are requested to:

- a) agree that, in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amount calculated by the Council as its council tax base for the year 2014/15 shall be 211,767 for Leeds and for each parish as listed in Section 3.5, above, and detailed in Appendix 1;
- b) note the indicative the business rates shares set out in Section 3.9, above, and delegate authority to the Deputy Chief Executive to make the detailed calculations and to submit the final figures to the Department for Communities and Local Government on or before 31st January 2014.

6 Background documents²

None

² The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.