

COUNCIL TAX BASE AND BUSINESS RATES FORECAST 2022/23

Reporting Officer: Corporate Director of Finance

SUMMARY

This report sets out the proposed Council Taxbase and Business Rates Forecast for 2022/23 in accordance with the legislation for approval by the Council. Council is required to calculate both its Council Taxbase as at 30 November 2021 by 31 January 2022 and the Business Rates forecast for the forthcoming year by 31 January 2022.

RECOMMENDATIONS: That:

- a) **the report of the Corporate Director of Finance for the calculation of the Council Taxbase and the Business Rates Forecast be approved.**
- b) **in accordance with the Local Authorities (Calculation of Council Taxbase) (England) Regulations 2012 the amount calculated by the London Borough of Hillingdon as its Council Taxbase for 2022/23 shall be 103,840.**
- c) **authority be delegated to the Corporate Director of Finance to submit the 2022/23 NNDR1 return to the Department of Levelling Up, Housing & Communities (DLUHC) and the Greater London Authority (GLA).**
- d) **the continuation of the Council's policy of passporting Government discounts and reliefs applied to Business Rates to the ratepayer be approved.**

COUNCIL TAXBASE

The calculation of the Council Taxbase is prescribed under the Local Authorities (Calculation of Council Taxbase) (England) Regulations 2012 and represents the equivalent number of Band D Properties within the Borough. The calculation of the Council Taxbase is based upon the following formula:

$$((H-Q+E+J)-Z) \times (F \text{ divided by } G)$$

Where:

H is the number of chargeable dwellings for the band on the relevant day less the number of exempt dwellings on that day;

Q is a factor to take account of the discounts to which the amount of council tax payable was subject on the relevant day;

E is a factor to take account of premiums, if any, to which the council tax payable, was subject on the relevant day;

J is the amount of any adjustment in respect of changes in the number of chargeable dwelling or premiums calculated by the authority;

Z is the total amount that the authority estimates will be applied as a result of the introduction of the Council Tax Reduction Scheme expressed as an equivalent number of chargeable dwellings in that band;

F is the number appropriate to that band which is used in determining the Band D equivalent (i.e. Band A = 6, Band B = 7, Band C =8, Band D = 9, Band E = 11, Band F = 13, Band G = 15 and Band H = 18;

G is the number applicable to Band D i.e. 9.

Table 1 sets out a summary of the Council Taxbase for 2022/23 including the estimated collection rate and allowance made for contributions in lieu of Council Tax in respect of Forces Barracks and Married Quarters. The detailed calculation is set out in Appendix 1 to this report.

Table 1: Total Number of Band D equivalent properties

Band	Number of properties
A	570
B	3,251
C	18,083
D	40,041
E	20,502
F	13,160
G	7,650
H	866
Total Equivalent	104,123
Equivalent number adjusted for the estimated collection rate (99%)	(1,049)
Plus, the contribution in Lieu of Council Tax in respect of Forces Barracks and Married Quarters	766
Council Taxbase for 2022/23	103,840

Changes In The Council Taxbase Since 2021/22

In calculating the Council Taxbase for 2022/23, the authority has to estimate the various changes that will occur during the financial year, which are expected to result in a net increase of 1,769 Band D equivalent properties from the 2021/22 Taxbase. Within this movement, an increase of 1,012 Band D equivalent properties relates to normal activities, with a 775 increase projected in respect of demand for the Council Tax Reduction Scheme starting to unwind as the economy recovers from the pandemic. An allowance of 18 reduction has been provided for Losses in Collection to net down to the Council Taxbase of 103,840.

During 2021/22 the Council has seen a continuation of the high demand for the Council Tax Reduction Scheme, with over 2,225 additional claimants in December 2021 compared with April 2020 as a result of the economic impact of COVID-19. It is expected that this demand will decline alongside the anticipated economic recovery following the pandemic, albeit that there can be no certainty on the timing of this. For planning purposes, it has been assumed that the current elevated demand for CTRS will continue to reduce for the remainder of the year, as has been the case throughout 2021/22.

Impact on 2022/23 General Fund Budget

The actual impact of the new Council Taxbase on Hillingdon's General Fund budget for 2022/23 is an increase of 1,769 Band D equivalents properties generating £2,194k

in additional funding for the General Fund in 2022/23 compared to 2021/22. This position reflects the outlook presented within the draft budget considered by Cabinet on 16 December 2021.

Section 106 of the Local Government Finance Act 1992

It is noted that this report falls within the provisions of the Local Government Finance Act 1992. Any Member who is two or more months in arrears with his/her Council Tax must declare the fact and not vote on the recommendations in this report.

BUSINESS RATES INCOME FORECAST

The Local Government Finance Act 2012 introduced a mechanism whereby local authorities retain a proportion of business rates as a revenue funding stream and as a result, the business rates income forecast for 2022/23 has a direct impact upon the Council's finances and is therefore submitted to Council for approval alongside the Council Taxbase.

The Business Rates Income forecast for 2022/23 has been derived from the local rating list. Following allowance for the current levels of both mandatory and discretionary reliefs, the Council anticipates a gross yield of £377,797k made up of a combination of rate payers' liabilities and Section 31 Grant income paid by Government to fund national reliefs.

The Local Government Act 2012 permitted the retention of 30% revenues by London Boroughs, with the remainder being split between Central Government and the Greater London Authority. This retained sum is reduced through a levy mechanism, with Hillingdon's share of projected 2022/23 income amounting to £56,513k, which is made up of the baseline rates income of £48,165k plus retained growth of £8,348k.

The Council is required to submit a certified NNDR1 return, containing a more detailed analysis of this business rates forecast, to both DLUHC and GLA by 31 January 2022. A recommendation to delegate authority to the Corporate Director of Finance to submit this return is included in this report.

Impact on 2022/23 General Fund Budget

The £56,513k income retained by the Council will be reflected in the budget presented to Cabinet for approval in February 2022, an increase of £1,408k from 2021/22 due to an increase in the taxbase due to economic recovery following the COVID-19 pandemic and the impact on local businesses.

Proposed Retail Rate Relief

The Chancellor, in his COVID-19 support package for business, announced that retail relief of 50% would be awarded to businesses within the retail, hospitality and leisure sectors on rates bills up to £110k against their 2022/23 liability. Furthermore, the Chancellor confirmed an extension of the Transitional Relief and Supporting Small Business schemes. An estimate for the local cost of these schemes will be included in

the NNDR1 returned to DLUHC on this basis. In line with other Government-directed discounts, the Council will be reimbursed for lost income through a Section 31 Grant.

FINANCIAL IMPLICATIONS

The forecasts outlined in this report for both Council Tax and NNDR revenues in 2022/23 were included within the draft budget published for public consultation in December 2021, with the recommendation in this report to delegate authority to the Corporate Director of Finance to submit an NNDR1 being on the basis of the position presented in this report, which mirrors the position presented to December Cabinet. Income collected during 2022/23 will be closely monitored and any variation from the projections outlined above captured through future refreshes of the Medium Term Financial Forecast process.

LEGAL IMPLICATIONS

The Borough Solicitor reports that the legal implications are contained in the body of the report.

BACKGROUND PAPERS: The Council's Budget: Medium Term Financial Forecast 2022/23 - 2026/27 - 16 December 2021.