



REPORT OF: DIRECTOR OF FINANCE

TO: COUNCIL

ON: 31st January 2013

SUBJECT: APPROVAL OF BLACKBURN WITH DARWEN COUNCIL'S TAX BASE AND BUSINESS RATES INCOME ESTIMATE FOR THE FINANCIAL YEAR 2013/2014

1. PURPOSE OF THE REPORT

- a. To request the Council to approve the council tax base for the 2013/2014 financial year in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

The Council is required to set the council tax base each year between 1 December and 31 January. This is to enable the billing authority (Blackburn with Darwen Council) to notify the tax base to any precepting authorities within its administration area.

- b. To request the Council to approve the estimate of business rates income for the 2013/2014 financial year in accordance with the Non-Domestic Rating (Rates Retention) Regulations 2012.

The Council is required to calculate how much business rates income it anticipates it will collect for the forthcoming financial year, in order to ascertain how much it will be able to retain and how much it will have to pay to precepting authorities and central government. The Council must notify central government and any relevant precepting authorities of the amounts calculated by 31 January each year.

2. RECOMMENDATIONS

- 1. That, in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, the amount calculated by the Council as the council tax base for the Borough of Blackburn with Darwen for the financial year 2013/14 shall be 31,668.44 (gross) and 30,560.04 based on a collection rate of 96.5%.
- 2. That the corresponding tax bases for each parish and town council together with the non-parish area of Blackburn with Darwen shall be:

Eccleshill	85.40
Livesey	1,813.43
North Turton	1,600.65

Pleasington	250.13
Tockholes	201.11
Yate and Pickup Bank	133.17
Darwen Town Council	6,604.36
Areas with no Parish	19,871.79

based on a collection rate of 96.5%

3. That the delegation to the Director of Finance, in consultation with the Executive Member (Resources), to approve the council tax base each year, as previously agreed by Council on 18 November 2004, is confirmed for future years.
4. That the net business rate yield for 2013/14 shall be calculated as £44,429,000.
5. That in future years, the approval of the estimate of business rates income is delegated to the Director of Finance in consultation with the Executive Member (Resources).

3. BACKGROUND

The Council agreed on 18 November 2004 that the setting of the council tax base be delegated to the Director of Finance in consultation with the Executive Member (Resources). However, in view of the significant impact of the introduction of a local council tax support scheme and other technical changes on the tax base calculation, full council approval of the tax base is requested for 2013/14.

Prior to 1st April 2013 business rates were collected by the Council (as a billing authority), and paid over to central government. The overall income was then redistributed via the formula grant system. From 2013/14, billing authorities will retain 50% of the business rates they collect locally, and will pass on a contribution directly to their relevant precepting authorities. The other 50% (the central share) is paid over to central government and will be returned to local authorities as Revenue Support Grant (RSG), after any reductions in the total amount are made to enable the government to meet its public expenditure targets. A system of top-ups and tariffs has been established to allow locally retained business rates to be redistributed from high business rate yield authorities to low-yield authorities.

4. RATIONALE

Council tax base

The council tax base is the estimated full year equivalent number of chargeable dwellings in an area, expressed as band D property equivalents after making allowances for disabled relief, discounts and an allowance for non-collection.

From 2013-14 local council tax support schemes will replace council tax benefit in England. Therefore, the council tax base will be reduced where a dwelling is in receipt of council tax support in a similar manner to other council tax discounts.

Further technical changes to council tax allow local authorities to remove / reduce discounts in respect of long term empty properties and second homes. The estimated impact of these changes has also been built into the tax base calculation.

Business rates base

Local authorities have previously made payments to central government on the basis of the estimates of business rates due during the year, and submitted to government on the annual NNDR1 return. Local authorities' income from business rates has been entirely dependent on the allocation received as part of the Local Government Finance Settlement. Under the new system, billing authorities' estimates of the business rates base will determine the resources available to both themselves and their major preceptors, very much in line with the arrangements for council tax.

Given the importance of the business rates base, the NNDR1 form which is used to report the estimate of the business rates base to central government takes on increased significance. A new style NNDR1 form has been developed to allow billing authorities to calculate how much business rates income they anticipate they will collect, how much they will be able to retain and how much they will have to pay to precepting authorities and central government.

The relevant amounts for Blackburn with Darwen in 2013/14 are as follows:

- net rates yield - £44,429,000;
- amount of business rates to be paid to central government - £22,214,500 (50%);
- amount to be retained by Blackburn with Darwen under the rates retention scheme - £21,770,210 (49%);
- amount to be passed to Lancashire Fire Authority - £444,290 (1%).

5. POLICY IMPLICATIONS

There are no direct policy implications arising from these calculations, other than those considered as part of the budget setting process for 2013/14.

6. FINANCIAL IMPLICATIONS

The financial implications arising from these calculations and estimates will be incorporated within the budget setting process for 2013/14.

7. LEGAL IMPLICATIONS

The council tax base for the 2013/2014 financial year has been calculated in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012.

The estimate of business (non-domestic) rates income for the 2013/2014 financial year has been calculated in accordance with the Non-Domestic Rating (Rates Retention) Regulations 2012.

The Council's Constitution will be updated with the change in respect of the delegation of the approval of the business rates estimate to the Director of Finance in consultation with the Executive Member (Resources).

8. RESOURCE IMPLICATIONS

None.

9. EQUALITY IMPLICATIONS

There are no direct equality implications arising from these calculations, other than those considered as part of the establishment of a local council tax support scheme.

10. CONSULTATIONS

The Executive Member (Resources) has been consulted fully on the calculations.

Elizabeth Hall
Director of Finance

Contact Officer:	Julie Jewson, Senior Finance Manager
Date:	23 rd January 2013
Background Papers:	Local Government Finance Act 1992 Local Government Finance Act 2012 Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 Non-Domestic Rating (Rates Retention) Regulations 2012 Council Constitution