

Public Document Pack

Officer Decision Making

Friday, 30th January, 2015
at 12.00 pm

PLEASE NOTE TIME OF MEETING

Office of the Chief Financial Officer

This meeting is not open to the public

Decision Maker

CHIEF FINANCIAL OFFICER

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AGENDA

Agendas and papers are available via the Council's website

1 COUNCIL TAX REDUCTION SCHEME 2015 (Pages 1 - 12)

Report of the Revenue and Benefits Client officer seeking approval for variations to the scheme in line with Government directives.

2 COUNCIL TAX BASE 2015/16 (Pages 13 - 22)

Report of the Deputy Chief Financial Officer seeking approval for the Council Tax Base.

Thursday, 22 January 2015

HEAD OF LEGAL AND DEMOCRATIC SERVICES

Agenda Item 1

DECISION-MAKER:	CHIEF FINANCIAL OFFICER		
SUBJECT:	COUNCIL TAX REDUCTION SCHEME 2015		
DATE OF DECISION:	30 JANUARY 2015		
REPORT OF:	REVENUES AND BENEFIT CLIENT OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

None

BRIEF SUMMARY

The Southampton Council Tax Reduction Scheme 2014 was agreed by the Council on 16 January 2013. This report recommends changes to that agreed scheme to implement subsequent legislative changes and to take account of the annual benefits uprating.

RECOMMENDATIONS:

- (i) To approve for the year 2015-6 and subsequent years the amended Southampton City Council Tax Reduction Scheme

REASONS FOR REPORT RECOMMENDATIONS

1. The Southampton Council Tax Reduction Scheme requires amendment to implement prescribed government regulations and to take account of the uprating to the social security benefit rates that will apply from April 2015

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. There have been no recommendations for substantive change to the adopted scheme, other than to implement the required legislative changes set out in this report.

DETAIL (Including consultation carried out)

3. Council Tax Benefit was abolished with effect from 1 April 2013 and replaced by local Council Tax Reduction Schemes (CTRS). The Council commenced consultation on a draft scheme in September 2012 and an Equality and Safety Impact Assessment was prepared. The draft scheme was based on the Government Default Scheme (i.e. substantially the same as Council Tax Benefit) but with a 25% reduction in the support given (termed a 25% baseline reduction).

4. In November 2012 the Government announced that a transitional grant would be made available for 2013/14 only to authorities which implement “well designed schemes”. Well designed in this context meant a scheme that:
 - Restricted any cut for people on full benefit to 8.5%
 - Limited the taper to 25% or less
 - Avoided a sharp reduction in benefit for those entering work.
 - Did not impose large increases in non-dependant deductions
 If the Council were to introduce a scheme that complies with these criteria it would be eligible for a one-off grant in 2013/14 of £378,847.
5. As a result two schemes were approved by Council on 16 January 2013. The first for the year 2013/14 was compliant with the terms of the transitional grant. The second, for 2014/15 and subsequent years, is a 25% baseline reduction scheme.
6. It was recognised that the 2014/15 scheme and subsequent year’s scheme would need to be amended prior to its implementation in April 2014 and each April thereafter to take account of legislative change and the annual uprating of benefits
7. The Chief Financial Officer (then the Head of Finance and IT) was therefore given the delegated authority following consultation with the Head of Legal, HR and Democratic Services and the Cabinet Member for Resources to: “make any subsequent changes necessary to the adopted Scheme to give effect to the requirements of any Act, Regulations or Statutory Guidance enacted or published after the date of adoption.”
8. The main changes are;
 - To comply with Statutory Instrument 2014 No. 3312 the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (no.2) Regulations 2014 (Appendix 1)
 - Where the above regulations only apply to people defined as pensioners to make equivalent changes to the scheme provisions for people who are not pensioners.
 - To incorporate the changes to social security benefit rates announced by the Minister of State for Pensions in his written statement to Parliament on 4 December 2014 into the scheme
9. The statutory instrument and social security benefit rate changes update matters that must be in each scheme. The amendments increase a large number of figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction. The updated figures relate to;
 - non-dependent deductions (adjustments made to the maximum amount of reduction a person can receive to take account of adults living in the dwelling who are not dependents of the applicant);
 - the applicable amount in relation to an applicant for a reduction (the amount against which an applicant’s income is compared in order to determine the amount of reduction to which he or she is entitled);
 - the income bands in relation to which the amount of a person’s alternative maximum council tax reduction is calculated
 - and a disregard that applies when calculating a person’s income.

10. The amended 2015 scheme will be available to view on the council's website

RESOURCE IMPLICATIONS

Capital/Revenue

11. These were all considered in the report to Council on 16 January 2013 and there are no changes as a result of the amendments to the scheme set out in this report

Property/Other

12. None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

13. The requirement to introduce a local Council Tax Reduction scheme is contained in the Local Government Finance Act 2012 and the detailed requirements of the schemes are contained in regulations

Other Legal Implications:

14. In designing schemes authorities have a number of statutory responsibilities, including:

- The Equality Act 2010;
- The Child Poverty Act 2010;
- The Armed Forces covenant;
- Housing Act 1996

These responsibilities were taken into account when the CTRS was approved in January 2013 and there is nothing in the amendments proposed that conflicts with these responsibilities

POLICY FRAMEWORK IMPLICATIONS

15. This change is consistent with, and not contrary to, the Council's Policy Framework

KEY DECISION?	No	
WARDS/COMMUNITIES AFFECTED:	None	
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	Statutory Instrument 2014 No. 3312 the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (no.2) Regulations 2014	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out		No
Other Background Documents		
Equality Impact Assessment and Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

STATUTORY INSTRUMENTS

2014 No. 3312

COUNCIL TAX, ENGLAND

The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014

<i>Made</i>	- - - -	<i>16th December 2014</i>
<i>Laid before Parliament</i>		<i>18th December 2014</i>
<i>Coming into force</i>	- -	<i>12th January 2015</i>

The Secretary of State makes the following Regulations in exercise of the powers conferred by section 113(1) and (2) of, and paragraph 2 of Schedule 1A to, the Local Government Finance Act 1992(1):

Citation, commencement and application

1. (1) These Regulations may be cited as the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014 and come into force on 12th January 2015.

(2) These Regulations apply in relation to council tax reduction schemes(2) made by billing authorities for financial years beginning on or after 1st April 2015.

Amendment of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

2. (1) The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012(3) are amended as follows.

(2) In regulation 2 (interpretation)—

(a) in paragraph (1)—

(i) for the definition of “contributory employment and support allowance” substitute—

““contributory employment and support allowance” means an allowance under Part 1 of the Welfare Reform Act 2007(4) as amended by the provisions of

(1) 1992 c.14. Section 113(1) was amended by paragraphs 2 and 9(a) of Schedule 1 to the Local Government Act 1999 (c.27); paragraphs 40 and 52 of Schedule 7 to the Local Government Act 2003 (c.26) and section 80 of the Localism Act 2011 (c.20); Schedule 1A was inserted by Schedule 4 to the Local Government Finance Act 2012 (c.17).
(2) See section 13A(9) of the Local Government Finance Act 1992 for the definition of “council tax reduction scheme”.
(3) S.I. 2012/2885, amended by S.I. 2012/3085, 2013/3181, 2014/107, 2014/448, 2014/513.
(4) 2007 c. 5.

Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012(5) that remove references to an income-related allowance and a contributory allowance under Part 1 of the Welfare Reform Act 2007 as that Part has effect apart from those provisions;”;

- (ii) omit the definition of “service user group”;
- (b) after paragraph (7) insert—
 - “(8) References in these Regulations to an applicant participating as a service user are to—
 - (a) a person who is being consulted by or on behalf of—
 - (i) a body which has a statutory duty to provide services in the field of health, social care or social housing; or
 - (ii) a body which conducts research or undertakes monitoring for the purpose of planning or improving such services,
 - in their capacity as a user, potential user, carer of a user or person otherwise affected by the provision of those services; or
 - (b) the carer of a person consulted as described in sub-paragraph (a) where the carer is not being consulted as described in that sub-paragraph.”.
- (3) In regulation 6 (meaning of “family”)—
 - (a) omit the “or” following paragraph (3)(a);
 - (b) after paragraph (3)(b) insert—
 - “; or
 - (c) entitled to an award of universal credit.”.
- (4) In regulation 12(5) (persons treated as not being in Great Britain)—
 - (a) in sub-paragraph (h) omit “, an income-based jobseeker’s allowance”;
 - (b) omit the “or” following sub-paragraph (h);
 - (c) after sub-paragraph (h) add—
 - “(ha) “(ha) in receipt of an income-based jobseeker’s allowance and has a right to reside other than a right to reside falling within paragraph (4); or”.
- (5) In Schedule 1 (pensioners: matters that must be included in an authority’s scheme)—
 - (a) in paragraph 8 (non-dependant deductions)—
 - (i) in sub-paragraph (1)(a) for “£11.25” substitute “£11.36”;
 - (ii) in sub-paragraph (1)(b) for “£3.70” substitute “£3.74”;
 - (iii) in sub-paragraph (2)(a) for “£188.00” substitute “£189.00”;
 - (iv) in sub-paragraph (2)(b) for “£188.00”, “£326.00” and “£7.45” substitute “£189.00”, “£328.00” and “£7.52” respectively;
 - (v) in sub-paragraph (2)(c) for “£326.00”, “£406.00” and “£9.40” substitute “£328.00”, “£408.00” and “£9.49” respectively;
 - (vi) in sub-paragraph (8)—
 - (aa) omit the “or” following paragraph (a);
 - (bb) after paragraph (b) add—
 - “; or

- (c) who is entitled to an award of universal credit where the award is calculated on the basis that the person does not have any earned income.”;
- (vii) after sub-paragraph (11) insert—
 - “(11A) For the purposes of sub-paragraph (8), “earned income” has the meaning given in regulation 52 of the Universal Credit Regulations 2013(6).”;
- (b) in the following provisions for “applicant’s participation in a service user group” substitute “applicant participating as a service user”—
 - (i) paragraph 18(2)(f) (earnings of employed earners);
 - (ii) paragraph 22(12) (notional income);
 - (iii) paragraph 23(3) (income paid to third parties);
- (c) in paragraph 25 (treatment of child care charges)—
 - (i) in sub-paragraph (10)(c) and (e) after “Employment and Support Allowance Regulations 2008” insert “or the Employment and Support Allowance Regulations 2013(7)”;
 - (ii) in sub-paragraph (10)(g) for “or allowance to which sub-paragraph (vii) or (viii)” substitute “or allowance or payment to which sub-paragraph (v), (vii) or (viii)”;
 - (iii) in sub-paragraph (13)(b) for “would be payable but for” substitute “has ceased to be payable by virtue of”;
- (d) in the following provisions for “social security contributions” substitute “national insurance contributions”—
 - (i) paragraph 28(c) (disregard of changes in tax, contributions etc);
 - (ii) in paragraph 29 (calculation of net profit of self-employed earners)—
 - (aa) sub-paragraph (1)(b)(i);
 - (bb) sub-paragraph (2)(b)(ii);
 - (cc) sub-paragraph (8)(a)(ii);
 - (iii) paragraph 30(3) (calculation of tax and contributions of self-employed earners).
- (6) In Schedule 2 (applicable amounts)—
 - (a) in column (2) of the Table in paragraph 1—
 - (i) in sub-paragraph (1)(a) for “£148.35” substitute “£151.20”;
 - (ii) in sub-paragraph (1)(b) for “£165.15” substitute “£166.05”;
 - (iii) in sub-paragraph (2)(a) for “£226.50” substitute “£230.85”;
 - (iv) in sub-paragraph (2)(b) for “£247.20” substitute “£248.28”;
 - (v) in sub-paragraph (3)(a) for “£226.50” substitute “£230.85”;
 - (vi) in sub-paragraph (3)(b) for “£78.15” substitute “£79.65”;
 - (vii) in sub-paragraph (4)(a) for “£247.20” substitute “£248.28”;
 - (viii) in sub-paragraph (4)(b) for “£82.05” substitute “£82.26”;
 - (b) in column (2) of the Table in paragraph 2 for “£66.33” in each place where it occurs substitute “£66.90”;

(6) S.I. 2013/376 to which there are amendments not relevant to these Regulations.

(7) S.I. 2013/379, amended by S.I. 2013/591, 2013/1508, 2014/107, 2014/147, 2014/516, 2014/597, 2014/884, 2014/1097, 2014/2309.

- (c) in the second column of the Table in Part 4—
 - (i) in paragraph (1)(a) and (b)(i) for “£61.10” substitute “£61.85”;
 - (ii) in paragraph (1)(b)(ii) for “£122.20” substitute “£123.70”;
 - (iii) in paragraph (2) for “£24.08” substitute “£24.43”;
 - (iv) in paragraph (3) for “£59.50” substitute “£60.06”;
 - (v) in paragraph (4) for “£34.20” substitute “£34.60”.
- (7) In column (1) of the Table in paragraph 1 of Schedule 3 (amount of alternative maximum council tax reduction)—
 - (a) in paragraph (b)(i) for “£185.00” substitute “£187.00”;
 - (b) in paragraph (b)(ii) for “£185.00” and “£241.00” substitute “£187.00” and “£243.00” respectively.
- (8) In Schedule 4 (sums disregarded from applicant’s earnings)—
 - (a) in paragraph 5(1)(d)(ii) after “Employment and Support Allowance Regulations 2008” insert “or regulation 7 of the Employment and Support Allowance Regulations 2013”;
 - (b) in paragraph 6(6)(a) after “Employment and Support Allowance Regulations 2008” insert “or regulation 39(1)(a), (b) or (c) of the Employment and Support Allowance Regulations 2013”.
- (9) In paragraph 19(2)(b) of Schedule 5 (amounts to be disregarded in the calculation of income other than earnings) for “£57.35” substitute “£57.90”.
- (10) In Schedule 6 (capital disregards)—
 - (a) in paragraph 21(2)—
 - (i) omit the “or” following paragraph (o);
 - (ii) after paragraph (p) insert—
 - “; or
 - (q) universal credit.”;
 - (b) in paragraph 22(2)(b) after “Jobseeker’s Allowance Regulations” insert “1996(8)”;
 - (c) in paragraph 22(2)(e) after “Employment and Support Allowance Regulations” insert “2008(9)”.

Transitional provision

- 3. (1) The amendment in regulation 2(4) does not apply to a person who, on 31st March 2015—
 - (a) is liable to pay council tax at a reduced rate by virtue of a council tax reduction under an authority’s scheme established under section 13A(2) of the Act; and
 - (b) is entitled to an income-based jobseeker’s allowance,
 until the first of the events in paragraph (2) occurs.
- (2) The events are—
 - (a) the person makes a new application for a reduction under an authority’s scheme established under section 13A(2) of the Act; or
 - (b) the person ceases to be entitled to an income-based jobseeker’s allowance.
- (3) In this regulation “the Act” means the Local Government Finance Act 1992.

(8) S.I. 1996/207; relevant amending instrument is S.I. 2002/2380.

(9) S.I. 2008/794 to which there are amendments not relevant to these Regulations.

Signed by authority of the Secretary of State for Communities and Local Government

16th December 2014

Kris Hopkins
Parliamentary Under Secretary of State
Department for Communities and Local
Government

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 13A of the Local Government Finance Act 1992 (“the 1992 Act”) requires each billing authority in England to make a scheme specifying the reductions which are to apply to amounts of council tax payable by persons, or classes of person, whom the authority considers are in financial need (“a council tax reduction scheme”). The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (“the 2012 Regulations”) prescribe matters which must be included in such a scheme in addition to matters set out in paragraph 2 of Schedule 1A to the 1992 Act. These Regulations amend the 2012 Regulations. The majority of the amendments are to ensure consistency with changes to social security legislation.

The revised definition in the amendment in regulation 2(2)(a)(i) is in relation to Part 1 of the Welfare Reform Act 2012. As a result of that Act, income-related employment and support allowance will be abolished and employment and support allowance will no longer consist of separate contributory and income-related allowances, but only of a contributory allowance to be known simply as “employment and support allowance”. The amended definition in these Regulations includes both the old-style and the new-style form of employment and support allowance.

The amendments in regulation 2(2)(a)(ii), (2)(b) and (5)(b) replace the existing definition of, and references to, a “service user group” with the revised definition of, and references to, an “applicant participating as a service user”.

The amendments in regulation 2(3), (5)(a)(vi) and (vii) and (10)(a) insert references to universal credit where there are already references to other income-related benefits.

The amendments in regulation 2(4) restrict the category of person eligible to receive a reduction under a council tax reduction scheme. Under regulation 12 of the 2012 Regulations, persons not in Great Britain are prescribed as a category of person who must not be included in an authority’s scheme. These Regulations prescribe that a person who is in receipt of an income-based jobseeker’s allowance and whose only right to reside falls within the categories specified in regulation 12(4) of the 2012 Regulations, is a person to be treated as not being in Great Britain.

The amendments in regulation 2(5)(a)(i) to (v), (6), (7) and (9) increase certain of the figures which are used in calculating whether a person is entitled to a reduction and the amount of that reduction. The updated figures relate to non-dependant deductions (adjustments made to the maximum amount of reduction a person can receive to take account of adults living in the dwelling who are not dependants of the applicant); the applicable amount in relation to an applicant for a reduction (the amount against which an applicant’s income is compared in order to determine the amount of reduction to which he or she is entitled); the income bands in relation to which the amount of a person’s alternative maximum council tax reduction is calculated and a disregard that applies when calculating a person’s income.

The amendments in regulation 2(5)(c)(i) and (8) update the 2012 Regulations to include references to the Employment and Support Allowance Regulations 2013 (S.I. 2013/379). The amendment in regulation 2(5)(c)(iii) is a minor clarification amendment.

The amendment in regulation 2(5)(c)(ii) adds Personal Independence Payment to the list of payments for which a member of a couple is treated as incapacitated if they were in receipt of the payment but have ceased to be by virtue of hospitalisation.

The amendments in regulation 2(5)(d) update references to “social security contributions” to “national insurance contributions”.

The amendments in regulation 2(10)(b) and (c) make minor referencing amendments to the 2012 Regulations.

Regulation 3 contains a transitional provision. The amendment in regulation 2(4) will not apply to a person who, on 31st March 2015, is entitled to income-based jobseeker's allowance and liable to pay council tax at a reduced rate under an authority's scheme until that person is no longer entitled to income-based jobseeker's allowance or makes a new claim for a council tax reduction, whichever is earlier.

An impact assessment has not been produced for this instrument as no impact on the private or voluntary sectors is foreseen.

Agenda Item 2

DECISION-MAKER:	CHIEF FINANCIAL OFFICER		
SUBJECT:	COUNCIL TAX BASE 2015-16		
DATE OF DECISION:	15 JANUARY 2015		
REPORT OF:	DEPUTY CHIEF FINANCIAL OFFICER		
<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY

NOT APPLICABLE

BRIEF SUMMARY

THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2015/16

Council Tax legislation sets out a procedure to be followed to set the council tax each year. The stages are

- i. Calculate the tax base
- ii. Calculate the amount to be raised from the council tax
- iii. Divide the amount to be raised by the tax base to calculate the council tax rate for the year

It is a legal requirement that the tax base is calculated and approved by 31 January each year

COLLECTION FUND SURPLUS / DEFICIT 2014-15

Each billing authority is required to estimate the level of surplus or deficit on the Council Tax and Business Rate elements of the Collection Fund at the end of each financial year in order that these amounts can be included in the calculation of the Council Tax for the coming financial year.

These estimates must be made and notified to all precepting Authorities, by the 15 January each year (or the earliest working day before this date if it falls on a weekend). This has been completed and is included in this report for information.

NON-DOMESTIC RATES (NNDR1) 2015/16

The process requires completion of the NNDR1 form which must be 'signed-off' by the Council and returned to the DCLG by 31 January 2015.

Council has delegated authority to the Chief Financial Officer following consultation with the Cabinet Member for Resources to approve the Collection Fund Surplus/ Deficit 2014/15, the Council Tax Base for the City of Southampton 2015/16, and the NNDR1 return

RECOMMENDATIONS:

It is recommended that the Chief Financial Officer:

- (i) Approve the amount calculated by Southampton City Council as its council tax base for the year commencing 1 April 2015 as 58,824.6 equivalent Band D dwellings.
- (ii) Note the level of the Collection Fund Council Tax Surplus to be taken into account in setting the 2015/16 Council Tax at £3,742k. Southampton City Council's share of the projected surplus is £3,206k.
- (iii) Note the level of the Collection Fund Business Rate Surplus to be taken into account at £4,834k. Southampton City Council's share of the projected surplus is £2,369k
- (iv) Approve the NNDR1 estimates for submission to the Department for Communities & Local Government (DCLG) as follows:

	£000
Net Domestic Rating Income	94,907.3
Amount to be paid to Central Government (50%)	47,453.6
Amount to be retained by the Council (49%)	46,504.6
Amount to be passed to Hampshire Fire and Rescue (1%)	949.1

REASONS FOR REPORT RECOMMENDATIONS

1. The report and recommendations have been prepared as part of the statutory requirement set the Council Tax Base and approve the NNDR1 by 31 January

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

2. No alternative options are relevant to this report

DETAIL (Including consultation carried out)

CONSULTATION

3. Not Applicable.

THE SETTING OF THE COUNCIL TAX BASE FOR THE CITY OF SOUTHAMPTON FOR 2015/16

4. Council Tax legislation sets out a procedure to be followed to set the council tax each year. The stages are
 - i. Calculate the tax base
 - ii. Calculate the amount to be raised from the council tax
 - iii. Divide the amount to be raised by the tax base to calculate the council tax rate for the year
5. This report deals with the first of those stages. Council has delegated authority to the Chief Financial Officer following consultation with the Cabinet Member for Resources to approve the Council Tax Base for the City Council. It is a legal requirement that the tax base is calculated and approved by 31 January each year.
6. The Council Tax Base has two components. The first is an estimate of the number of equivalent Band D dwellings within the city that will be subject to a council tax charge in 2015/16, adjusted to reflect Local Council Tax Reduction scheme and the resulting changes in funding which took effect in 2013/14.
7. The second is an estimate of the proportion of those charges that the City Council expects to collect, both during the year and in future years.
8. The higher the collection rate, the lower the level of tax. This calculation needs to allow for both bad debts eventually written off and variations in the estimates for exemptions, discounts, new and demolished properties.
9. The Collection Rate for 2015/16 has been amended from 97.9% (broadly the lifetime council tax collection rate) to a more realistic in year collection rate of 96.95%
10. The calculations in Appendix 2 set out the total level of discounts and exemptions that are expected to be granted in the year in order to come to a total equivalent number of dwellings. The Council then makes assumptions about the number of new and demolished properties during the year to give a revised total number of properties that equates to 87,122 for 2015/16.
11. The Local Council Tax Reduction scheme replaced the previous Council Tax Benefit scheme from 1 April 2013 and there was also a change in the way in which this was to be funded. In broad terms Council Tax Benefit is no longer simply receivable on amounts granted, funding is now a finite amount which is approximately 90% of previous funding levels.
12. In 2014/15 to make the Local Council Tax Reduction scheme affordable the Council amended the transitional scheme as follows:
 - i. People of a pensionable age continued to be protected and will receive 100% support as before;
 - ii. Working Age Claimants who would be entitled to support under the previous council tax benefit arrangements will now receive 75% of the calculated support.No further changes have been made to the scheme for 2015/16
13. The Council Tax Base needs to be adjusted for the Local Council Tax Reduction scheme, which has been analysed across the property Bands accordingly to give a reduced Council Tax Base of 72,980

14. This figure is then converted into a Band D equivalent figure by applying the ratios shown in Appendix 2. This equates to 60,675.2. The collection rate percentage outlined in paragraph 24 is then applied to this figure to give the final Council Tax Base of 58,824.6.

COLLECTION FUND SURPLUS / DEFICIT 2014/15

15. Income received into the Collection Fund comes from two sources, NNDR and Council Tax. Until 2013/14 income received from NNDR payers was paid in full to the Central Government NNDR Pool after a contribution had been made to the City Council's General Fund to meet the costs of collection. The net effect of NNDR on the Collection Fund was therefore neutral. However, from 2013/14, due to the localisation of Business Rates under the Business Rate Retention (BRR) Scheme, NNDR variances now have an impact on the Collection Fund Outturn.
16. The remainder of the income received by the Collection Fund is the income due from Council Tax Payers. Some households are entitled to various allowances to the standard rate including the Single Person Discount and Council Tax Benefit that reduce the amount that they are required to pay. Until 2013/14 the cost of Council Tax Benefit was met in full by Government subsidy. However, from 2013/14 onwards this is no longer the position due to ending of Council Tax Benefit and the introduction of a Local Council Tax Reduction scheme.

Council Tax Collection Fund Surplus / Deficit

Introduction

17. Each billing authority is required to estimate the level of surplus or deficit on the Council Tax element of the Collection Fund at the end of each financial year in order that these amounts can be included in the calculation of the Council Tax for the coming financial year.
18. These estimates must be made by the 15 January each year (or the earliest working day before this date if it falls on a weekend) and then be notified to all precepting Authorities.

Council Tax

19. Appendix 1 shows a revised estimate of the Collection Fund Surpluses and deficits as at the end of December 2014. The statement shows an estimated increase in the income due from council tax payers of £3,212k compared to the original forecast at tax setting time.
20. The additional income is mainly attributable to the following:

	£000
Empty Properties – Additional Income	1,021
Exempt Properties – over estimate	555
CT Reduction Scheme – over estimate	766
New Properties	888
Total	3,230

- The Empty Properties additional income was due to the Council Tax Base (CTB) form treating as all 100% non-chargeable when most were 100% chargeable. No adjustment was made when setting the 2014/15

CTB to reflect this.

- The Council Tax Reduction £15,403k was slightly overestimated at £16,169k, as were Exempt properties £6,318k compared to £6,873k.
- New Properties income of £888k was not reflected in the 2014/15 CTB.

21. The statement in Appendix 1 shows an increase in the level of the surplus brought forward on the Council Tax Collection Fund on 1 April 2014 of £530k.
22. The amounts identified above combine to make a surplus of just over £3,742k on the Council Tax Account. This surplus will be shared between the precepting authorities as follows:

	£000
Southampton City Council	3,205.5
Police and Crime Commissioner for Hampshire	383.9
Fire & Rescue Authority	152.8
	3,742.2

This surplus of £3,742k of which the Council's share is £3,206k will be taken into account in setting the 2015/16 Council Tax.

Business Rates Collection Fund Surplus / Deficits

Introduction

23. From 1 April 2013 the arrangements in respect of NNDR changed from a position where the Authority purely collected business rates on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies, (Hampshire Fire and Rescue Authority (HFRA) in Southampton's case). This change affects the retention of that income collected and also carries a risk to the Council for failure to collect rates in comparison with a predetermined "Start-Up" funding assessment. Risks of non-collection include rates billed from 1 April, those not yet collected from prior years and appeals that were not resolved before that date.
24. Appendix 1 shows a revised estimate of the Collection Fund Surpluses and Deficits as at the end of December 2014. The statement shows an estimated increase in the income due from business rate payers of £4,988k compared to the original forecast at tax setting time.

The additional income is mainly attributable to the following:

	£000
Business Rates Income	1,154
Movement in Appeals Provision – Current years	1,155
Movement in Appeals Provision – Previous years	3,762
Payment to DCLG – Transitional arrangements	(1,042)
Total	5,029

25. The statement in Appendix 1 shows an increase in the level of the deficit brought forward on the Business Rates Collection Fund on 1 April 2014 of

£153k.

26. The amounts identified above combine to make a surplus of £4,834k on the Council Tax Account. This surplus will be shared between Central Government, Southampton City Council and Hampshire Fire and Rescue Authority as follows:

	£000
Central Government	2,417.1
Southampton City Council	2,368.7
Hampshire Fire & Rescue Authority	48.3
	4,834.1

This surplus of £4,834k of which the Council's share is £2,369k will be taken into account in setting the 2015/16 Council Tax.

NNDR1 2015/16

27. The process requires completion of the NNDR1 form which must be 'signed-off' by the Council' and returned to the DCLG by 31 January 2015. Council delegated authority to the Chief Financial Officer, following consultation with the Cabinet Member for Resources to approve the NNDR1 at its meeting on 16 January 2013.
28. The NNDR1 form consists of four parts:
- PART 1A: Non-Domestic Rating Income Collectable Rates
 - PART 1B: Payments
 - PART 1C: Section 31 Grant
 - PART 2: Net Rates Payable
 - PART 3: Collectable Rates and Disregarded Amounts
 - PART 4: Estimated Collection Fund Balance
29. Annual billing has been run within the Academy System to populate Part 2 using the rateable value as at 31 December 2014. Given the continued uncertainty of the impact of in year adjustments such as appeals the form allows for estimated growth / decline of various elements. After allowing for these various elements and the impact of the Autumn Statement changes (funded by Section 31 Grant) the Councils Net Rates Payable for 2015/16 is £104,293k.
30. Part 3 takes into account estimated losses in collection of £1,500k and estimated repayments in respect of the 2015/16 Rates of £7,572k giving a Collectable Rates figure of £95,221k.
31. Part 4 is our estimate of the 2014/15 Collection Fund Balance compared to our NNDR 1 submission namely a £4,834k surplus of which 49% or £2,369k is attributable to the Council as set out in paragraphs 15 to 18.
32. Part 1 takes the Part 3 total of £95,221k and adjusts for Costs of Collection of £314k giving a Non Domestic Rating Income of £94,907k.
33. Part 1 of the NNDR 1 can be summarised as follows:

	DCLG (50%)	SCC (49%)	HFRA (1%)	Total
	£000	£000	£000	£000
Non Domestic Rating Income	47,453.6	46,504.6	949.1	94,907.3
Cost of Collection	-	314.0	-	314.0
Surplus 2014/15	2,417.1	2,368.7	48.3	4,834.1
Amounts Due	49,870.7	49,187.3	997.4	100,055.4
Section 31 Grants	-	1,975.1	40.3	2,015.4
Total	49,870.7	51,162.4	1,037.7	102,070.8

34. The NNDR1 is the best estimate of the likely yield. Our figures are set out below and these will be submitted to the DCLG at the end of January subject to approval by the 31 January:

	£000
Estimated Net Domestic Rating Income	94,907.3
Amount to be paid to Central Government (50%)	47,453.6
Amount to be retained by the Council (49%)	46,504.6
Amount to be passed to HFRA (1%)	949.1

RESOURCE IMPLICATIONS

Capital/Revenue

35. The revenue implications are contained in the main report and there are no capital implications.

Property/Other

36. None.

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

37. The Local Authorities (Funds) (England) Regulations 1992,
The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, and
The Non-Domestic Rating (Rates Retention) Regulations 2013

Other Legal Implications:

38. None.

POLICY FRAMEWORK IMPLICATIONS

39. The report has been prepared in accordance with the statutory requirements with respect to estimation of the Collection Fund Surplus / Deficit for 2014/15, the setting of the Council Tax Base for 2016/17, and preparation and approval of Non-Domestic Rates (NNDR1) for 2015/16.

KEY DECISION? Yes/No

WARDS/COMMUNITIES AFFECTED:	
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SUPPORTING DOCUMENTATION

Appendices

1.	Collection Fund Surplus / Deficit 2014/15
2.	Council Tax Base 2015/16

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No
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Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
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1.	None	
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COLLECTION FUND SURPLUS/DEFICIT 2014/15

Appendix 1

	Estimate 2014/15 £000	Revised Estimate 2014/15 £000	Variance £000
Council Tax			
<u>Income</u>			
Income due from Council Tax Payers	87,697.3	90,725.7	3,028.4
Transfers to General Fund - Hardship Fund		200.0	200.0
	87,697.3	90,925.7	3,228.4
<u>Expenditure</u>			
Southampton City Council Precept	73,467.0	73,467.0	0.0
Hampshire Police Authority Precept	8,799.6	8,799.6	0.0
Fire & Rescue Services Precept	3,501.4	3,501.4	0.0
Distribution of previous year's surplus	2,081.9	2,081.9	0.0
Provision for Bad Debts CT	1,929.3	1,946.0	16.6
	89,779.2	89,795.8	16.6
CT - Deficit / (Surplus) for the Year	2,081.9	(1,129.9)	(3,211.8)
CT - Deficit / (Surplus) Brought Forward	(2,081.9)	(2,612.3)	(530.4)
CT Deficit / (Surplus) Carried Forward	0.0	(3,742.2)	(3,742.2)
NNDR			
<u>Income</u>			
Income from NDR Payers	103,002.9	104,156.9	1,154.0
Apportionment of Previous Years Deficit			
SCC	8,646.9	8,646.9	0.0
DCLG	8,823.4	8,823.4	0.0
Hampshire Fire & Rescue Authority	176.5	176.5	0.0
	120,649.6	121,803.6	1,154.0
<u>Expenditure</u>			
Payment to DCLG Transitional Arrangements	201.0	1,243.2	1,042.2
Payments to DCLG	46,491.9	46,491.9	0.0
SCC - NNDR Dist to General Fund	45,562.1	45,562.1	0.0
Hampshire Fire & Rescue NNDR Distrib.	929.8	929.8	0.0
Allowance to General Fund for NNDR Collection	318.0	318.0	0.0
Provision for Bad Debts NNDR	1,500.0	1,540.3	40.3
Appeals Provision 14/15	8,000.0	6,845.1	(1,154.9)
Appeals Provision Prior Years		(3,762.1)	(3,762.1)
	103,002.9	99,168.3	(3,834.5)
NNDR Deficit / (Surplus) for the Year	(17,646.7)	(22,635.3)	(4,988.5)
NNDR - Deficit / (Surplus) Brought Forward	17,646.7	17,801.1	154.3
NNDR Deficit / (Surplus) Carried Forward	0.0	(4,834.2)	(4,834.2)
Total Deficit / (Surplus) Carried Forward	0.0	(8,576.4)	(8,576.4)
Council Tax (Surplus)/Deficit			
Contribution (to)/ from SCC	73,467.0		(3,205.5)
Contribution (to)/ from HPA	8,799.6		(383.9)
Contribution (to)/ from F&RS	3,501.4		(152.8)
Council Tax Collection Fund Balance c/f	85,768.0		(3,742.2)
NNDR (Surplus)/Deficit			
Contribution (to)/ from SCC	49.00%		(2,368.7)
Contribution (to)/ from DCLG	50.00%		(2,417.1)
Contribution (to)/ from HF&R	1.00%		(48.3)
NNDR Collection Fund Balance c/f	100.00%		(4,834.2)

CALCULATION OF COUNCIL TAX BASE - 2015/16

	Band A Dis Rel	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total	
Total number of dwellings on the Valuation List	0	33,171	33,761	22,263	9,199	2,987	1,383	436	33	103,233	
Number of dwellings on valuation list exempt (Class B and D to W exemptions)	0	2,087	1,625	1,421	601	175	47	20	24	6,000	
Number of demolished dwellings and dwellings outside area of authority	0	2	0	0	0	0	0	1	0	3	
Number of chargeable dwellings		31,082	32,136	20,842	8,598	2,812	1,336	415	9	97,230	
Number of chargeable dwellings subject to disabled reduction	0	66	170	149	76	32	28	21	7	549	
Number of chargeable dwellings subject to CT by virtue of disabled relief	66	170	149	76	32	28	21	7	0	549	
Number of chargeable dwellings adjusted for disabled relief	66	31,186	32,115	20,769	8,554	2,808	1,329	401	2	97,230	
Number of dwellings entitled to a 25% single adult discount	20	17,993	10,420	5,421	1,973	552	179	42	0	36,600	
Number of dwellings entitled to a 25% discount with 1 or more disregard	1	561	759	471	151	47	18	1	0	2,009	
Total Dwellings entitled to 25% discount	21	18,554	11,179	5,892	2,124	599	197	43	0	38,609	
Number of dwellings entitled to a 50% discount with all residents being disregarded for council tax purposes	0	19	21	29	14	26	28	22	2	161	
Number of dwellings classed as second homes	0	244	215	165	96	52	13	6	0	791	
Number of dwellings classed as empty and receiving a zero% discount	0	571	349	210	85	33	8	3	0	1,259	
Number of dwellings classed as empty and receiving a discount.	0	202	139	83	63	20	6	1	0	515	
Number of dwellings classed as empty and being charged the Empty Homes Premium	0	85	45	30	14	4	0	1	0	179	
Number of dwellings where there is liability to pay 100% council tax	45	12,329	20,734	14,740	6,342	2,160	1,099	334	0	57,783	
Number of dwellings in line 7 that are assumed to be subject to a discount or a premium	21	18,857	11,381	6,029	2,212	648	230	67	2	39,447	
Total equivalent number of dwellings after discounts, exemptions and disabled relief	61	26,388	29,203	19,228	7,968	2,631	1,263	379	1	87,122	
Add New Properties	0	0	0	0	0	0	0	0	0	0	
Less Demolished Properties	0	0	0	0	0	0	0	0	0	0	
Total Properties after New Build & Demolitions	61	26,388	29,203	19,228	7,968	2,631	1,263	379	1	87,122	
Value of Council Tax Support (CTS) - Includes Fire and Police	£ 19,093	£ 7,770,326	£ 5,331,372	£ 1,884,528	£ 495,299	£ 98,307	£ 27,348	£ 6,142	£ -	£ 15,632,415	
Assumed Council Tax for Band - Includes Fire and Police	£ 835.30	£ 1,002.36	£ 1,169.42	£ 1,336.48	£ 1,503.54	£ 1,837.66	£ 2,171.78	£ 2,505.90	£ 3,007.08	£ -	
Total equivalent number of dwellings for CTS	23	7,752	4,559	1,410	329	53	13	2	0	14,142	
Total Properties after New Build & Demolitions and CTS	38	18,636	24,644	17,818	7,639	2,577	1,250	377	1	72,980	
Ratio to band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	0	
Number of band D equivalents (to 1 decimal place)	21.1	12,424.2	19,167.6	15,838.2	7,638.7	3,149.8	1,805.8	627.8	2.0	60,675.2	
										Collection Rate	96.95%
										Council Tax Base	58,824.6