



**Financial Intelligence Toolkit**

**2019/20 Subscription**

**Financial Benchmarking – Local Taxation Report**

**Newtimber**

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## Summary of Key Points

- This report provides analysis of your authority's local tax situation in 2019/20, as well as recent changes. Your authority is compared to its nearest neighbour (NN) group of 16 statistically similar authorities, as well as all comparable authorities across England.

### Potential revenue gains/losses\*

- The notional impact on revenue if your authority's Council Tax rate (Band D equivalent) was increased or decreased, so as to be:
  - higher than exactly **80%** of all comparable authorities gain of **£22.1m**
  - higher than exactly **20%** of all comparable authorities loss of **£12.9m**

### Council tax

- In 2019/20, Newtimber's Council Tax rate was 7.6% higher than the nearest neighbour average, and 0.9% lower than the England average.

Tax rate (per band-D equivalent)		
Your authority		£1,396
Nearest neighbours		£1,297
England		£1,408

- Changes in your authority's council tax rate:

In 2019/20		
Your authority		+4.0%
Nearest neighbours		+4.0%
England		+3.6%

Over past five years**		
Your authority		+18.0%
Nearest neighbours		+15.1%
England		+17.4%

- Changes in your authority's council tax **base** (band-D equivalent properties):

In 2019/20		
Your authority		+3.4%
Nearest neighbours		+1.8%
England		+1.5%

Over past five years		
Your authority		+16.8%
Nearest neighbours		+13.6%
England		+9.7%

### Non-domestic rates

- Change in **the rateable value** of non-domestic properties, for your authority or billing authorities:

In 2018/19		
Your authority		+2.8%
Nearest neighbours		-0.3%
England		+0.7%

Over past five years		
Your authority		-6.7%
Nearest neighbours		-1.1%
England		+2.6%

- Retained business rate** income:

Between 2013/14 and 2017/18, your authority's retained business rates were 1.4% lower than its baseline funding level (i.e. its needs-based funding met through business rates).

Retained rates above or below baseline funding		
Your authority		-1.4%
Nearest neighbours		+2.2%
England		+3.3%

### Collection rates

- Council tax** collection rates in 2018/19:

Your authority		97.2%
Nearest neighbours		96.8%
England		97.2%

Your authority's Council Tax collection rate has decreased from 97.4% in 2017/18.

- Non-domestic tax** collection rates in 2018/19:

Your authority		100.0%
Nearest neighbours		98.1%
England		98.3%

Your authority's non-domestic collection rate has increased from 99.0% in 2017/18.

\* If your authority's tax rate is currently above these benchmarks, then there would be a notional reduction in revenue.

\*\* This is based on the simple sum of annual changes, rather than the compounded growth rate.

## 1. Comparator groups

Please note: Some nearest neighbour groups have been updated to reflect restructuring in 2019/20

For benchmarking purposes, two sets of comparator groups are used in this analysis: (a) your authority's nearest neighbour group, and (b) all comparable authorities across England.

### Nearest Neighbour (NN) group

To enable a like-for-like comparison, this analysis makes use of CIPFA's statistical 'nearest neighbour' groups. These identify councils with similar economic and social characteristics and groups them on a statistical basis. These were last updated in 2019.

For Newtimber, the nearest neighbour group is shown in the table below:

**Table 1 - Nearest Neighbour Group**

■ <b>Newtimber</b>	■ Authority H
■ Authority A	■ Authority I
■ Authority B	■ Authority J
■ Authority C	■ Authority K
■ Authority D	■ Authority L
■ Authority E	■ Authority M
■ Authority F	■ Authority N
■ Authority G	■ Authority O

### National comparator group

When making national comparisons, it is necessary to consider the services or functions carried out by each authority. For example, authorities that provide both upper- and lower-tier services will charge a higher rate of Council Tax than those that provide exclusively lower-tier services, all else being equal. To enable national comparisons, authorities are therefore categorised into three groups, as shown below.

Based on the services it provides, Newtimber falls into Group 1. All authorities in this group make up your authority's 'National Comparator Group', unless stated otherwise in the report.

**Table 2 - National Comparator Groups**

Group	Authority Type	Lower tier	Upper tier	Fire	No.
Group 1	Metropolitan districts, London boroughs and unitaries without fire responsibilities	✓	✓		120
	Unitaries with fire responsibilities*	✓	✓	✓	3
Group 2	Shire counties without fire responsibilities		✓		16
	Shire counties with fire responsibilities		✓	✓	10
Group 3	Shire districts	✓			192

\* As there are only three unitaries with fire responsibilities, these have been included in Group 1.

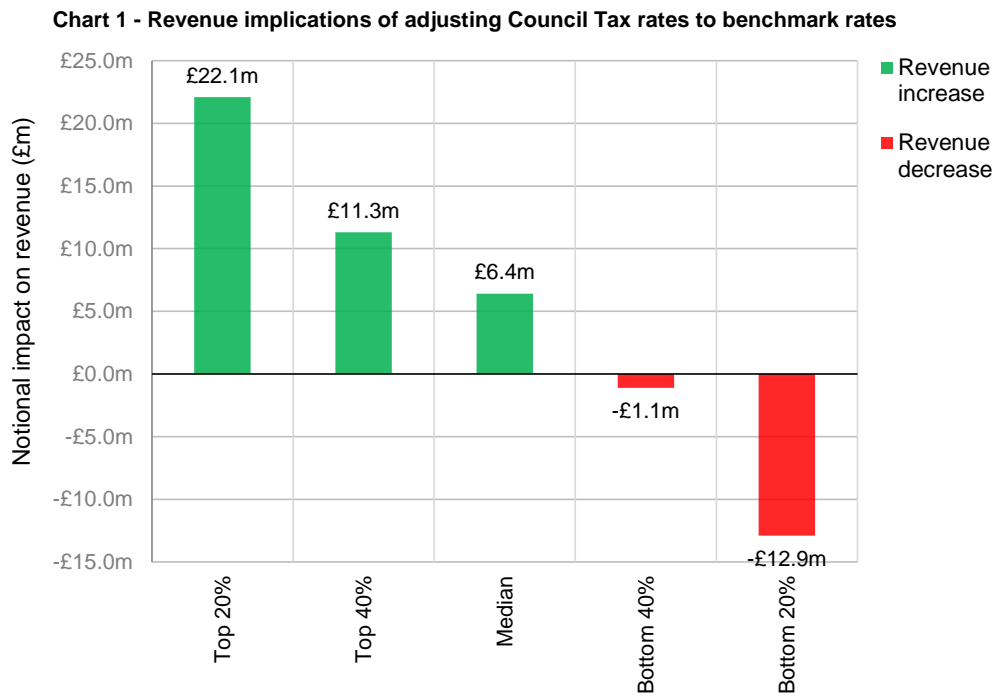
## 2. Potential revenue gains/losses

This section considers the notional gain or loss in revenue associated with setting your authority's Council Tax rate (Band D equivalent) to certain benchmark rates.

In most cases, these benchmark rates will be of theoretical interest only, given the government's policy of requiring a local referendum for Council Tax rises exceeding certain amounts.

Benchmark rates are set relative to your authority's national comparator group, as identified in Table 2.

The chart below shows the revenue implications of applying these benchmark tax rates to Newtimber's Council Tax base. For example, setting its tax rates so that it was at the cut-off point for the top 20% of authorities would generate notional revenue gains of £22.1m. Setting rates equal to the bottom 20% of authorities would result in revenue losses of £12.9m.



The following sections provide more details on your authority's Council Tax rates relative to others.

### 3. Council Tax revenue

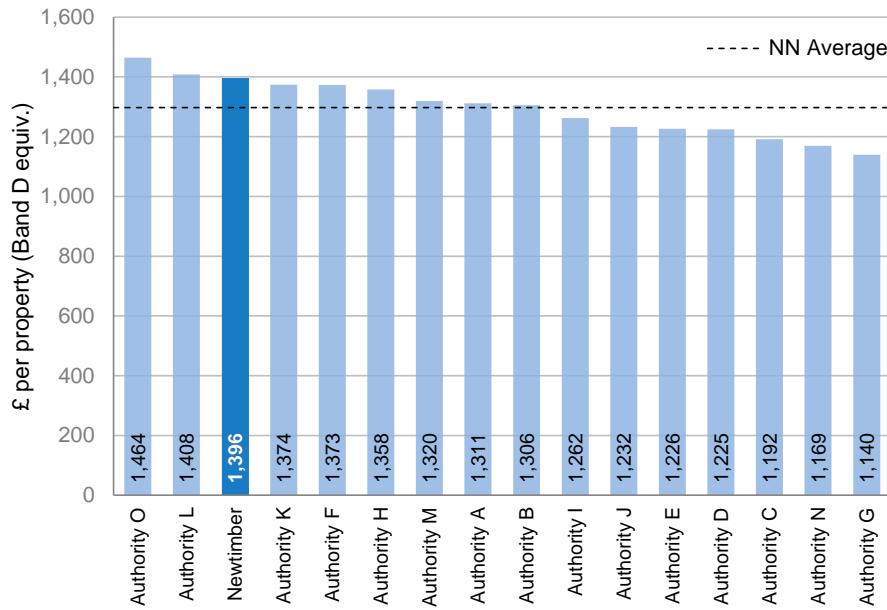
This section examines:

- Your authority's relative Council Tax rate in 2019/20
- The change in your authority's tax rate over time
- The change in your authority's tax base over time

#### Council Tax rates in 2019/20

In 2019/20, the Council Tax rate for Newtimber was £1,396 per property (Band D equivalent), 7.6% higher than the NN average of £1,297. It was ranked 3rd highest in the NN group, as shown in the chart below.

**Chart 2 - Council Tax rates compared to nearest neighbours, 2019/20**



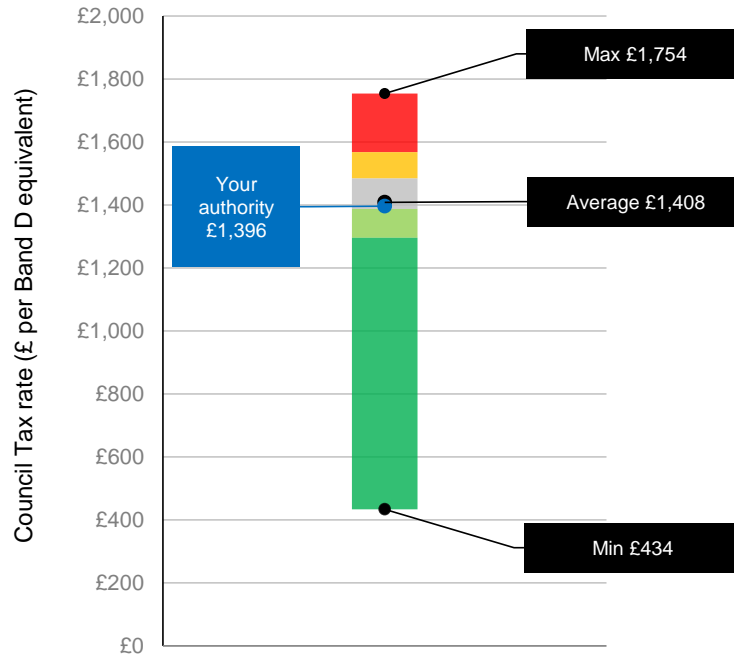
Please note that these figures:

- Exclude council tax collected on behalf of precepting authorities (e.g. police or fire authorities);
- Exclude parish and other local precepts;
- Include the Adult Social Care precept (if applicable); and
- Use adjusted Council Tax figures for county councils with fire responsibilities (if applicable).

Compared nationally, Newtimber's own Council Tax rate was 0.9% lower than the average for all comparable authorities (of £1,408 per property). It was ranked 72nd highest out of 123 authorities, with its relative position illustrated in the chart below.

**Chart 3 - Council Tax rates compared to all comparable authorities, 2019/20**

*Bottom 20% of authorities ●●●● top 20% of authorities*



## Changes in council tax rates

This section examines changes in your authority's Council Tax rate over two periods:

- Changes in the most recent year (2019/20); and
- Over the past five years (since 2014/15).

### Change in the tax rate in 2019/20

In 2019/20, local authorities were able to increase their basic Council Tax by up to 3% without triggering a local referendum. In the case of shire districts, the permitted increase was up to 3% or £5 per Band D equivalent property, whichever was greater.

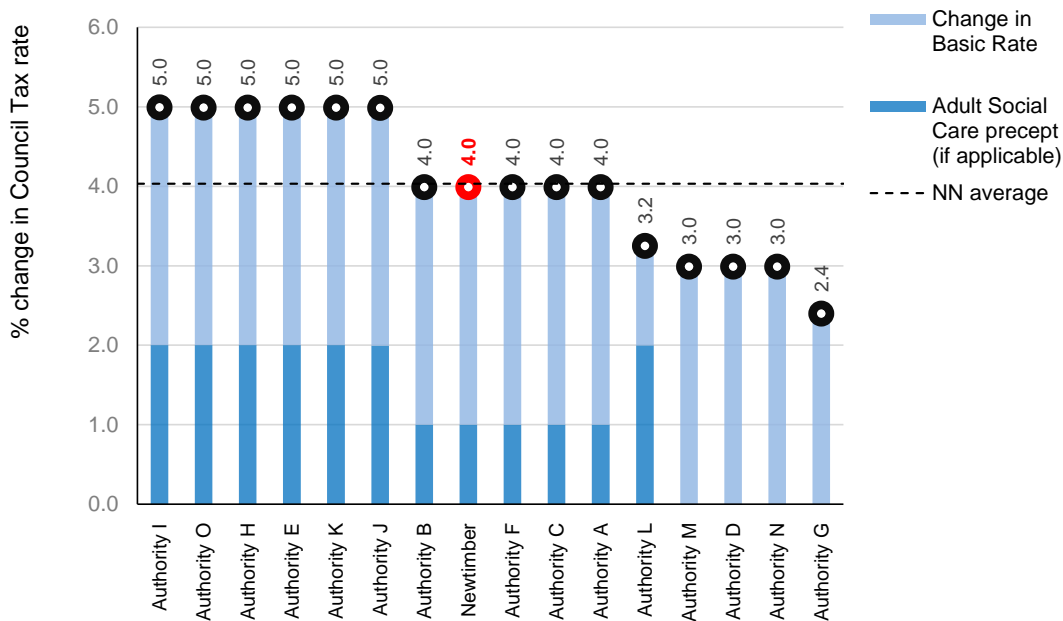
Additionally, authorities with adult social care responsibilities were able to increase their Council Tax rate by a further 2% to fund social care only. This was capped at a 6 percentage point rise between 2017/18 and 2019/20. By 2019/20, 142 of 151 adult social care authorities had reached (or were very close to) this cap.

To enable a like-for-like comparison, in this section, Newtimber is compared against 149 local authorities with adult social care responsibilities (Isles of Scilly and City of London are excluded from the analysis).

In 2019/20, Newtimber increased its Council Tax rate by 4.0%. This compared to a 4.0% average increase among its nearest neighbours, and a 3.6% increase nationally.

Newtimber's change relative to its nearest neighbours is illustrated below.

**Chart 4 - Annual change in Council Tax rates, 2019/20**



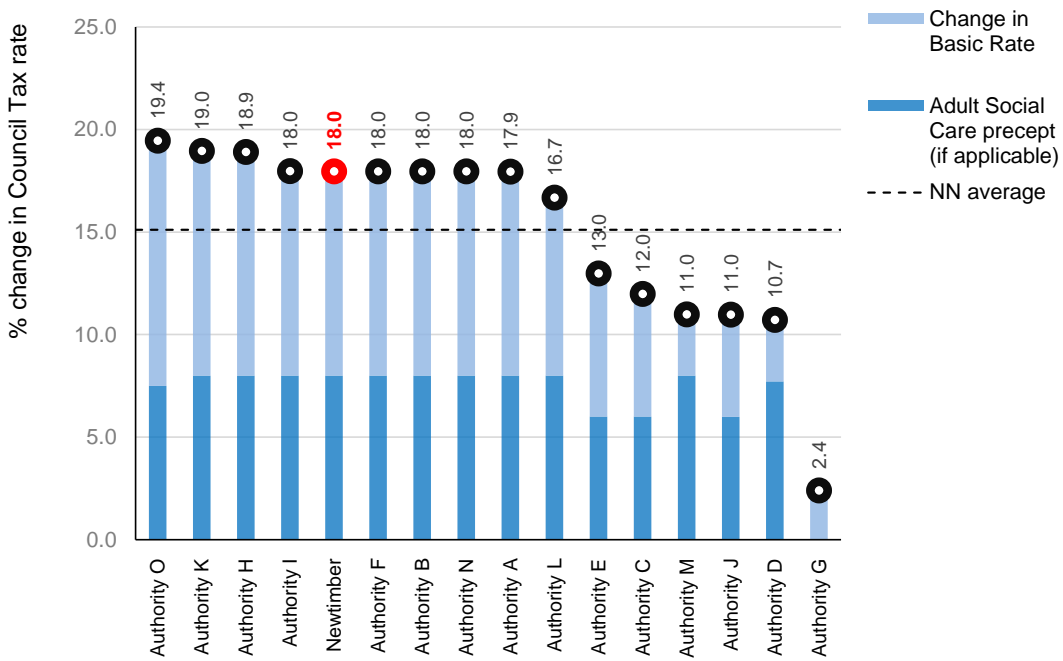


### Change in the tax rate over the past five years

Over the past five years, Newtimber has increased its Council Tax rate by 18.0%.\* This compared to a 15.1% average increase among its nearest neighbours, and a 17.4% increase nationally.

Newtimber's change relative to its nearest neighbours is illustrated below.

Chart 5 - Change in Council Tax rates since 2014/15



\* This is based on the simple sum of annual percentage changes, rather than the compounded growth rate.

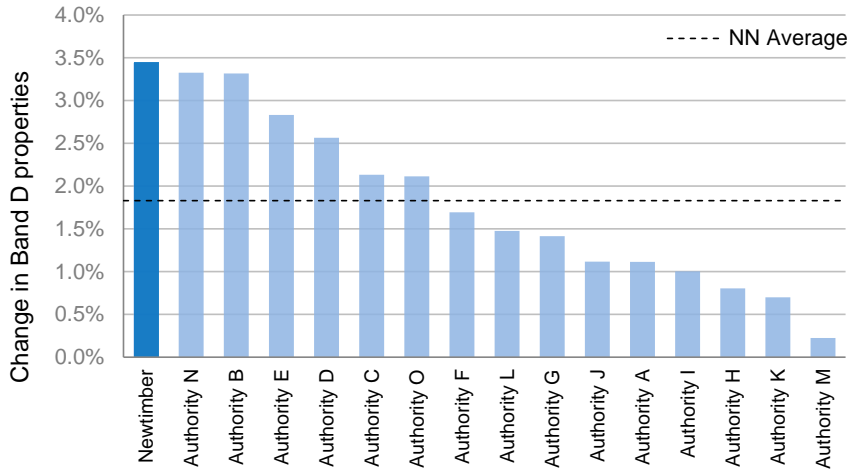
## Changes in the council tax base

This section examines changes in the council tax base, based on the number of Band D equivalent properties for tax setting purposes. Changes also reflect the impact of local council tax support schemes, discounts and exemptions. We examine changes in the most recent year, and over the past five years.

### Change in the tax base in 2019/20

In 2019/20, Newtimber's Council Tax base increased by 3.4%, greater than the nearest neighbour average of 1.8%. This is illustrated in the chart below.

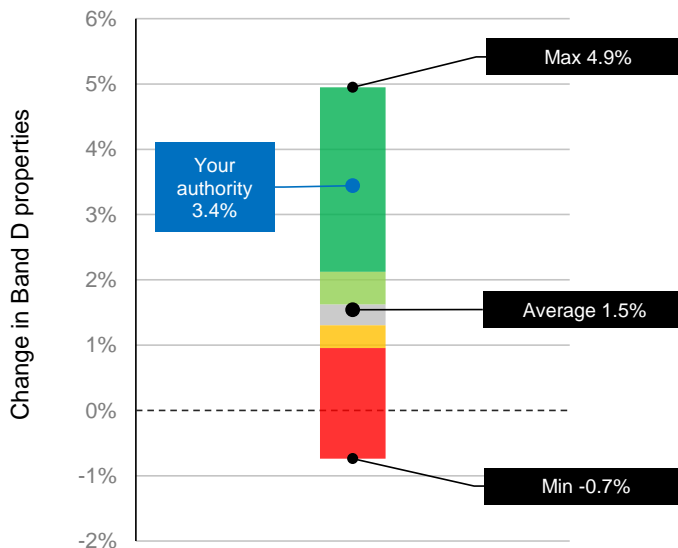
**Chart 6 - Change in the Council Tax base, 2019/20 (nearest neighbours)**



Compared nationally, the increase in Newtimber's Council Tax base of 3.4% was greater than the England average of 1.5%. Its growth rate was ranked 6th highest out of 341 authorities.

**Chart 7 - Change in the Council Tax base, 2019/20 (England)**

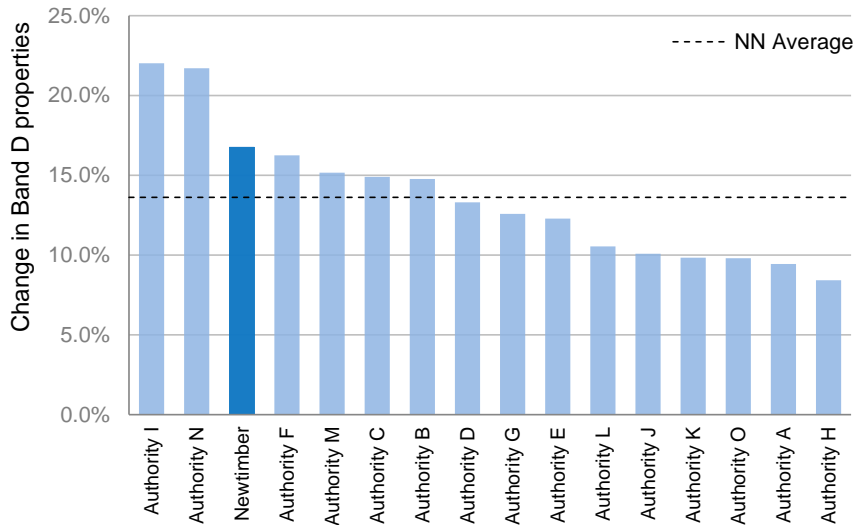
Top 20% of authorities (green, light green, yellow) bottom 20% of authorities (red)



### Change in the tax base over the past five years

Over the past five years, Newtimber's Council Tax base increased by 16.8%, more than the nearest neighbour average of 13.6%.

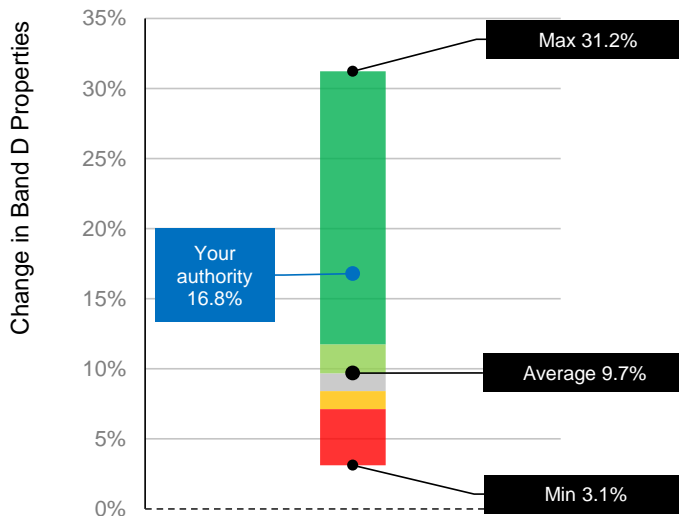
**Chart 8 - Change in the Council Tax base since 2014/15 (nearest neighbours)**



Compared nationally, Newtimber's increase of 16.8% was more than the England average of 9.7%. Its growth rate was ranked 12th highest out of 341 comparable authorities.

**Chart 9 - Change in the Council Tax base since 2014/15 (England)**

Top 20% of authorities ●●●●● bottom 20% of authorities ●●●●●



## 4. Non-domestic rates

The business rates retention scheme was introduced in 2013/14. The scheme allows local authorities to retain a proportion of local business rates income, thereby benefitting from any increased local revenues (but also losing resources from any reduction to revenues). Local authorities only benefit from growth in the physical tax base, as opposed to growth in business rates due to changes in the multiplier, which is linked to inflation, or changes in valuation resulting from Revaluation 2017.

This section provides an indication on your authority's relative performance under the scheme. Two measurements are presented:

- Changes in **rateable value**. This is a proxy for rates of change in the business tax base in your local area.
- Changes in **retained business rates income**. This identifies the change in business rate revenue that has been retained by your authority.

### Methodology

The analysis below is based on actual figures to 2017/18 (based on the NNDR3 returns), and **forecasts** for 2018/19 and 2019/20 (from the NNDR1). Forecasts are subject to uncertainty, particularly the amount needed to meet the cost of appeals arising from the 2017 revaluation. The figures **include** the impact of:

- Appeals and provision for appeals
- Levy and safety net payments
- Pilot schemes
- Section 31 grants for government policy changes to local reliefs, e.g. 100% small business rate relief

The figures **do not** include the impact of:

- Pooling arrangements
- Any local alternative arrangements to disperse growth e.g. joint pots under pilot status
- Areas that are exempt, e.g. enterprise zones and income from renewable energy sites
- Amounts received due to the multiplier cap
- Governance arrangements in pilot areas (i.e. resources moving between authorities / pots)

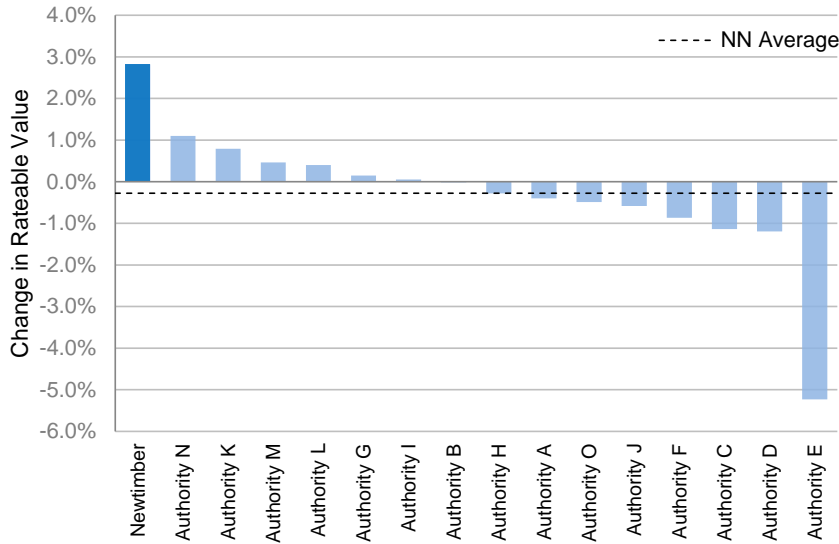
## Changes in rateable value

Rateable value is used as a proxy for the size of the tax base in your local area. It reflects the market rent that could be charged on business premises in your local area on a given date.

### Change in rateable value in 2019/20

In 2019/20, the annual change in Newtimber's estimated rateable value was 2.8%, higher than the nearest neighbour average of -0.3%. This is illustrated in the chart below.

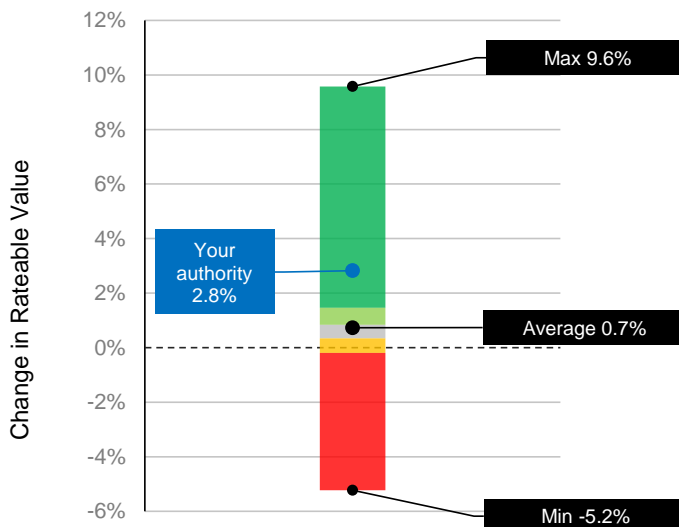
**Chart 10 - Change in estimated rateable value, 2019/20 (nearest neighbours)**



Compared nationally, the average change in Newtimber's estimated rateable value of 2.8% was higher than the England average of 0.7%. Its growth rate was ranked 20th highest out of 341 authorities.

**Chart 11 - Change in estimated rateable value, 2019/20 (England)**

*Top 20% of authorities (green), bottom 20% of authorities (red)*

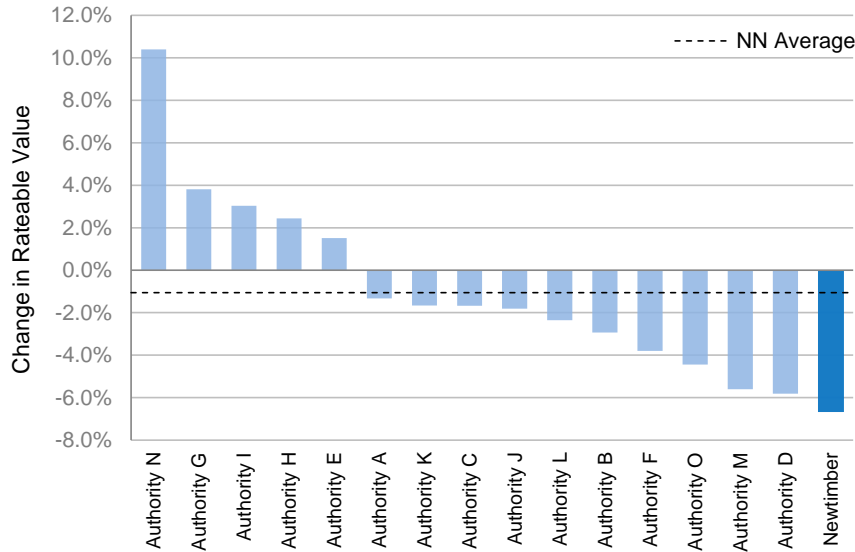


### Change in rateable value over the past 5 years

When looking at the change in rateable value since 2014/15, we have adjusted the figures to cancel out the effects of revaluation that took place in 2017.

Over the past five years, Newtimber's change in rateable value was -6.7%, lower than the nearest neighbour average of -1.1%.

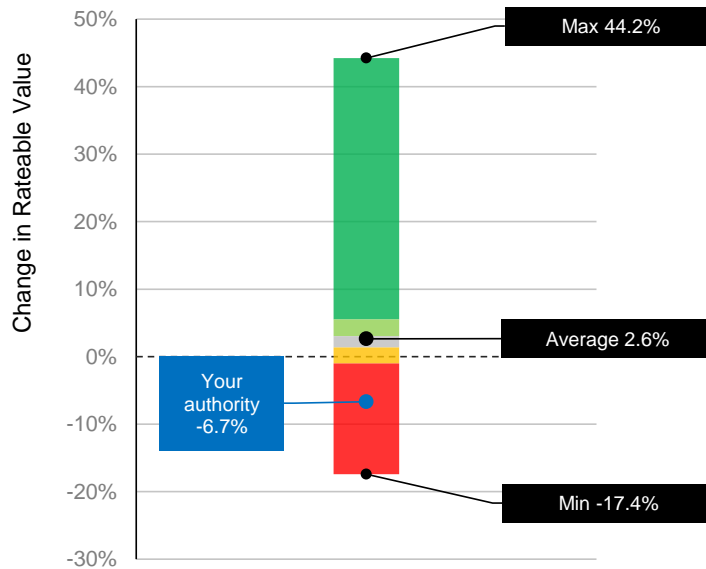
**Chart 12 - Change in rateable value since 2014/15 (nearest neighbours)**



Compared nationally, Newtimber's change of -6.7% was lower than the England average of 2.6%. Its growth rate was ranked 338th highest out of 341 comparable authorities.

**Chart 13 - Change in rateable value since 2014/15 (England)**

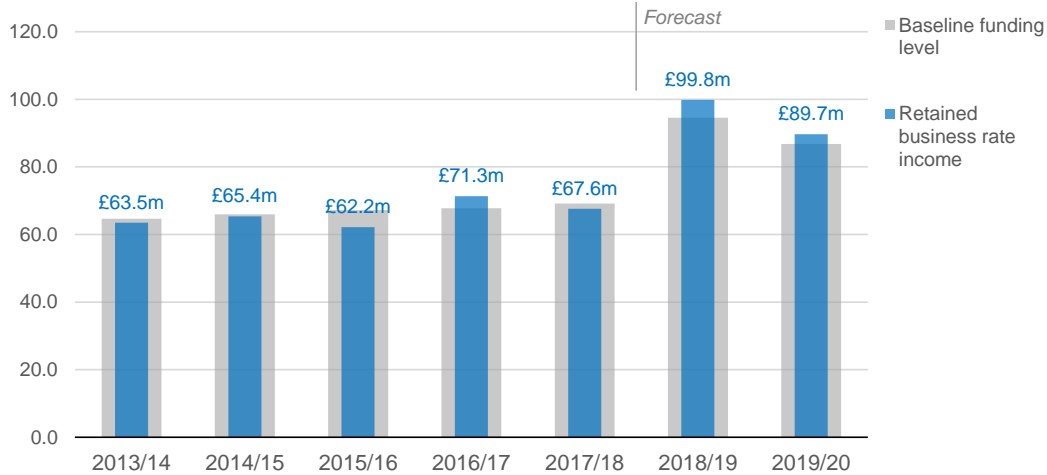
Top 20% of authorities (green), bottom 20% of authorities (red)



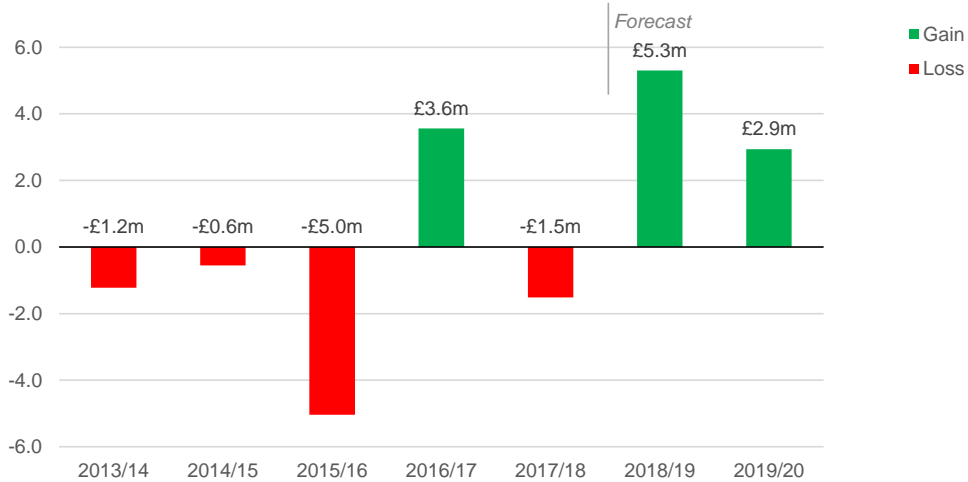
## Changes in retained business rates income

The chart below show estimated business rate income retained by your local authority. This is compared to its baseline funding level, an amount of needs-based funding determined by MHCLG.

**Chart 14 - Retained business rate income (£m)**



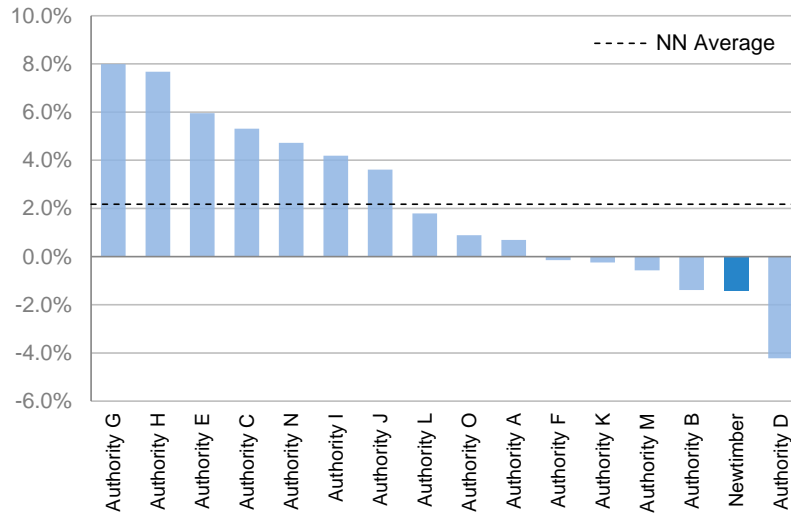
**Chart 15 - Difference from baseline funding level (£m)**



Your authority experienced a cumulative loss in revenue of £4.8m between 2013/14 and 2017/18, relative to its baseline funding level. This is equivalent to receiving 1.4% less than its baseline funding.

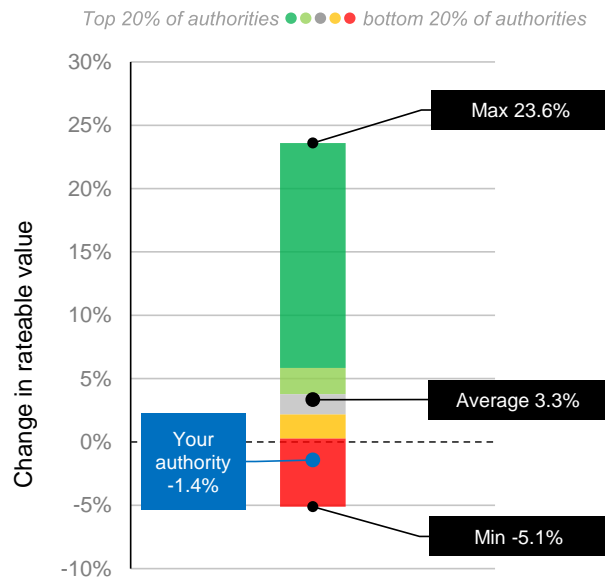
On average, your nearest neighbours received 2.2% more in retained business rates income than their baseline funding levels. Your authority was ranked 15th highest in the group on this measurement.

**Chart 16 - Retained business rates relative to baseline funding (2013/14 to 2017/18)**



On average, comparable authorities in England received 3.3% more in retained rates than their baseline funding level. Your authority was ranked 116th highest out of 123 authorities.

**Chart 17 - Retained business rates relative to baseline funding, England (2013/14 to 2017/18)**






## 5. Collection rates in 2018/19

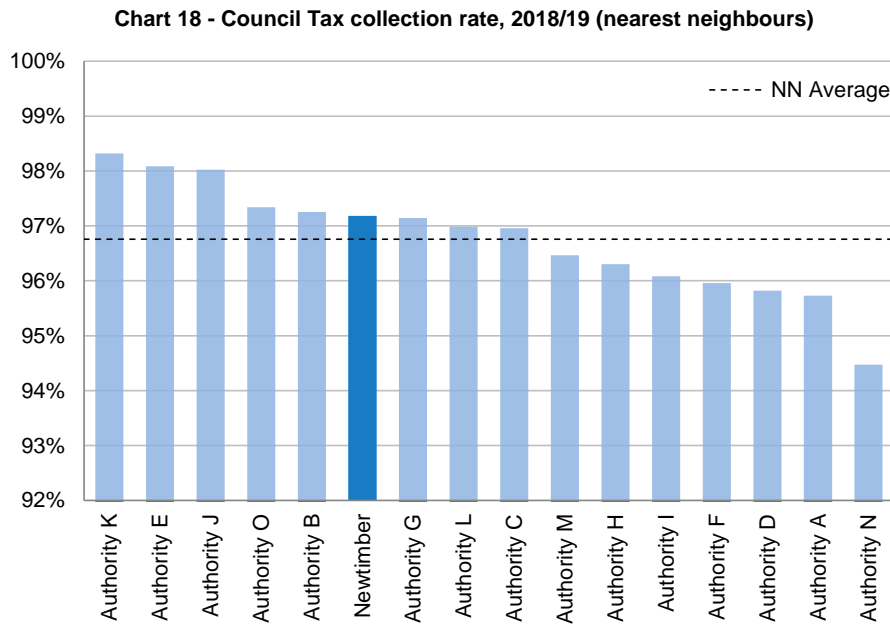
This final section examines collection rates for Council Tax and non-domestic rates.

### Collection rate for Council Tax

**Latest change**  
 In 2018/19, your authority's Council Tax collection rate decreased to 97.2%, down from 97.4% in the previous year.

Collection rates measure the receipts of Council Tax (by 31 March 2019) as a percentage of total net collectable debt.\*

In 2018/19, Newtimber's collection rate was 97.2%, which was higher than the nearest neighbour average of 96.8%. Your authority's collection rate was 6th highest in the nearest neighbour group, as illustrated in the chart below.




Compared nationally, Newtimber's Council Tax collection rate was equal to the England average of 97.2%, and was ranked 217th highest out of 341 authorities.

Based on Newtimber's Council Tax requirement of £180.0m, every one percentage point increase in its collection rate would translate to an increase in revenue of £1.8m.

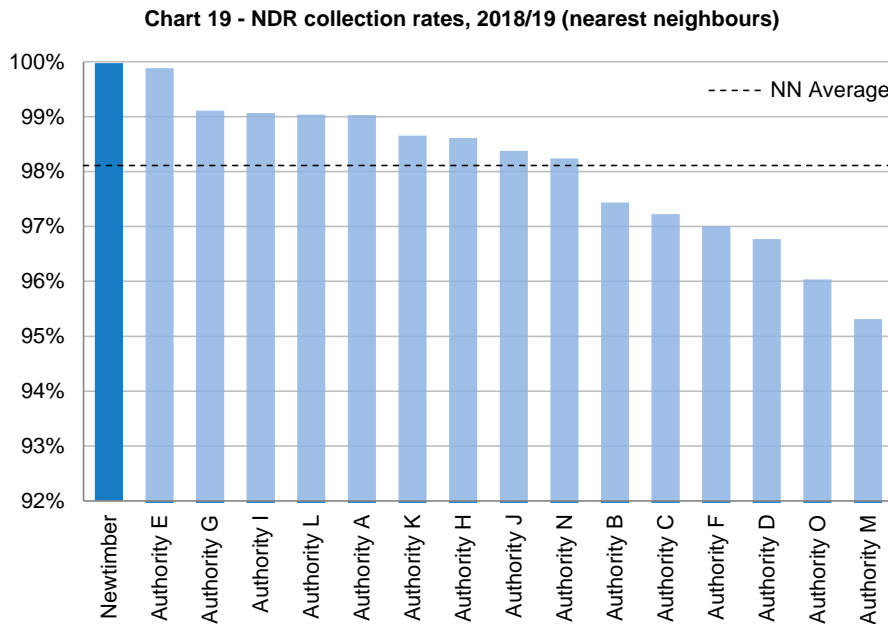
\* For county councils, collection rates are estimated based on the collection rates of their constituent billing authorities, weighted by their total net collectable debt.

## Collection rate for Non-Domestic Rates (NDR)

**Latest change**  
 In 2018/19, your authority's NDR collection rate increased to 100.0%, up from 99.0% in the previous year.

NDR collection rates are based on the receipts of the tax (by 31 March 2019) as a percentage of net collectable debt.\*

In 2018/19, Newtimber's collection rate was 100.0%, which was higher than the nearest neighbour average of 98.1%. Your authority's collection rate was highest in the nearest neighbour group, as illustrated in the chart below.



Compared nationally, Newtimber's collection rate was higher than the England average of 98.3%, and was ranked 2nd highest out of 341 authorities.

\* For county councils, collection rates are estimated based on the collection rates of their constituent billing authorities, weighted by their total net collectable debt.